



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE

STUDIES FACULTY OF BUSINESS

**AN ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL
PRACTICE: THE CASE OF MUGHER CEMENT FACTORY**

BY

TIGIST YOHANNES

ST. MARY'S UNIVERSITY

JUNE 2017

ADDIS ABABA, ETHIOPIA

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LIST OF ACRONYMS

MCF	Mugher cement factory
BSC	Balanced score card
HRMD	Human resource management and development
PA	Performance appraisal
PAS	Performance appraisal system

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ABSTRACT

The main objective of the study was to assess performance appraisal practice at Muger Cement Factory. Both structured and unstructured interviews are used to collect data from 20 managerial and 72 non-managerial employees of the two branches of the factory (*Addis Ababa and Tatek*) located throughout Addis Ababa city. The branches as well as respondents are selected using stratified sampling methods and the collected data were analyzed in descriptive way. The purpose of the system is mainly for salary increment, bonus and promotion. Additionally, most employees believe that the performance appraisal of the organization is important and has benefit for their future performance as well as organizational success. But the system encountered a lot of challenges like: lack of rater ability to evaluate employee performance, absence of employee participation in setting performance evaluation criteria, no link between some evaluation criteria and giving similar result for all employees. Generally, the performance appraisal system of the organization was in effective and unsuccessful in relation with the factory goal. The performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated. The factory's human resource and Human Resource Management and Development department should follow up those raters who are not having file and encourage those using it now. The factory's management should give training to supervisors and managers who are responsible for conducting performance evaluation are given as recommendation.

Keywords: Performance appraisal, Feedback, Motivation, and Balanced Scorecard, Muger Cement Factory, Ethiopia.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

An effective and efficient utilization of resources, such as human, material, financial and information resources is a key in an organizations success or failure. The human resource management is one of the most important resources for the success of an organization if properly managed. Therefore, performance appraisal helps to manage this important resource in an organization. Performance management systems are employed "to manage and align" all of an organization's resources in order to achieve highest possible performance. Performance measurement systems are described as the overall set of metrics used to quantify both the efficiency and effectiveness of action. The effectiveness and success of an organization therefore lies on the people who form and work within the organization. Performance appraisal is a means of evaluating an employee current and or past performance relative to his or her performance standards (Desseler, 2013).

An organization's performance management system helps to meet its short and long term goals and objectives by helping management and employees do their jobs more efficiently and effectively, and performance appraisal is one part of this system (Bacal, 1999). Hence, it benefits both employees and employers. Employers benefit from understanding their employees' weaknesses and strengths. Understanding the employees helps to make basic enforcement for weakly performing employee by giving training and development in order to improve his/her performance before rushing to punishment. It also helps to make remuneration and promotion readily available for those who performed well. In addition to this, performance appraisal is not only important to employee's problem identification, but also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency. Employees benefit by getting feedback about their performance of certain period in time, to improve themselves on their poor performance or to be motivated for their good performance. When information about previous performance is used to focus an employee's attention on

achieved levels of performance or how much is being done, the message to the employee is that it instructs him or her to orient future efforts toward increasing subsequent performance (Frank *et al.*, 1982).

The ultimate objective of performance appraisal is identifying, measuring, and managing of human performance in an organization and to give feedback to employees who may improve their performance on job and also organizations success. For performance appraisal to meet its desired objective appropriate techniques must be in place. Hence there is a need to match appraisal techniques to different performance appraisal situations in the organization. There are a variety of methods for evaluating of employees' performance. Obviously, no method can claim that it has an integrated approach in performance appraisal; however, one of the most important methods for the appraisal of employees' performance is the Balanced Scorecard (BSC) (Mohammad and Mahaudul, 2010).

For performance appraisal to meet its desired objective appropriate techniques must be in place. Hence there is a need to match appraisal techniques to different performance appraisal situations in the organization. One way or another any organization comes up with the rating of its employees. The result of performance rating is important to the organization and it is also vital for employees and these calls for the need for feedback. When the feedback indicates certain deficiencies in what is being done, the message transmitted to the employee indicates that subsequent behavior should change in a direction designed to reduce the noted inadequacies. On the other hand, feedback can also serve a motivational function. When information about previous performance is used to focus an employee's attention on achieved levels of performance or how much is being done, the message to the employee is that it instructs him or her to orient future efforts toward increasing subsequent performance (Frank *et al.*, 1982).

Aspects of individual employees are considered such as accomplishments, potential for future improvement, strengths and weaknesses, etc.

An organization's performance management system helps to meet its short and long term goals and objectives by helping management and employees do their jobs more efficiently and effectively, and performance appraisal is one part of this system (Bacal, 1999).

Historically, performance appraisal has been conducted annually (long-cycle appraisals); however, many companies are moving towards shorter cycles (every six months, every quarter), and some have been moving into short-cycle (weekly, bi-weekly) performance appraisal. The interview could function as "providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions". Performance appraisal is often included in performance management systems. Performance appraisal helps the subordinate answer two key questions: first, "What are your expectations of me?" second, "How am I doing to meet your expectations?"

Performance management systems are employed "to manage and align" all of an organization's resources in order to achieve highest possible performance. The effectiveness and success of an organization therefore lies on the people who form and work within the organization. The ultimate objective of performance appraisal is identifying, measuring, and managing of human performance in an organization and to give feedback to employees who may improve their performance on job and also organizations success.

Although many factors contribute to productivity employees' job performance is viewed to be the most influential one. One of the indicators in enhancing and improving the service industry is job performance. Job performance refers to the behaviors that are expected in the line of the organizations' goals and the purpose under control of individual employees (Campbell *et al.*, 1993) cited in (Mekonnen, 2014).

Performance measurement systems are described as the overall set of metrics used to quantify both the efficiency and effectiveness of action. Psychological studies made over time suggest meaningful variation in individual performance exists at within-person and between persons level. These studies contend that personal and social factors explain individual performance. In other words, employee performance depends on individual and group behavior (Shepherd, 2006).

However, the biggest influence on organizations performance is the quality of the labor force at all levels of the business. The most important role for human resource managers is to raise the performance of employees in the organization. To do this, employees' performance has to

be managed and this is not an easy job. Therefore, the main aim of this research is assessing the employees' performance appraisal practice in case of Mughar cement factory.

1.2 Definition of Terms

Performance is evaluating an employee's current and/ or past performance relative to set performance standard (Dessler, 2013).

Job performance refers to the behaviors that are expected in the line of the organizations' goals and the purpose under control of individual employees (Campbell *et al.*, 1993) cited in (Mekonnen, 2014).

Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting based on predetermined goals (Armstrong, 2006). Performance appraisal is a formal system of periodic review and evaluation of an individual's job performance.

The Balanced Scorecard (BSC) is a system used strategically in business, industry, government and nonprofit organizations worldwide to align business activities to the vision and strategy of organizations.

Feedback is any information received by an individual that indicates the correctness "accuracy" or adequacy of past behaviors.

Motivation: is the psychological process that causes the arousal, direction, and persistence of voluntary action that is goal oriented (Herzberg and Mausner, 1959).

1.3 Statement of the Problem

Performance evaluations can serve as effective tools for improving employee performance and productivity as well as determining employee developmental needs. If implemented properly, regular performance reviews can raise individual self-esteem and deepen the relationship between supervisor and subordinate. People often perform better when they have an idea how their supervisor views their work, knowledge and skill. They are more likely to initiate honest conversation regarding goals and job-related issues as well.

In this regard, Mughher cement factory has a written appraisal procedure and system called Balanced Score Card (BSC). However, in practice the company is not profitable, despite having written performance appraisal document for each department and individuals (Mughher Cement Factory 2013; 2014; 2015). If a company had a rewarding appraisal system which is fair, motivating and free for getting/giving feedback, it would have made the company successful, productive and profitable as far as it had created competitive and productive working environment. In addition to lack of profitability of the company, the 2013; 2014; 2015 Annual Performance Report of Mughher Cement Factory also stated massive staff turnover each year. All these cases and the aforementioned report states that the firm has been practicing performance appraisals.

Performance appraisal occurs constantly in both public and private organizations. When it is properly done, performance appraisal provides feedback to employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success. Failure to have a carefully crafted performance appraisal, can probably lead to failure in the business process itself. Performance appraisal researches carried out in Ethiopia in different organizations and brought significant input and experience in the country (Nigatu, 2007; Dagimawit, 2013; (Mekonnen, 2014) Adeba, 2014; Melat, 2014; Roson, 2016 and Yosef, 2016). However in most cases it has organization specific setup, issues and solutions. Therefore, I came up dealing with Mughher cement factory performance appraisal for my research.

Therefore, this study is proposed with the aim of assessing the practices of employees' performance appraisal in regard to why and how it is carrying out as well as what are the

issues with the practicability of performance appraisal in order to sort out the gap with the real company output in Mughher cement factory mainly focusing on Tateq and Addis Ababa Branches.

1.4. Research Questions

This study addressed the following basic research questions:

1. How is the performance appraisal practices of Mughher cement factory is practices?
2. To what extent performance evaluation is used for various purposes?
3. How is employees' attitudes and values to the existing performance appraisal in the Factory.
4. What are the major challenges of performance appraisal at the Factory?

1.5. Objective of the Study

1.5.1. General objective

The general objective of this study was to assess employees' performance appraisal practice on Mughher cement factory specifically Addis Ababa and Tatek branch.

1.5.2. Specific objective

The study was able to address the following specific objectives: -

- To identify the practice of performance evaluation at Mughher cement factory
- To investigate the purposes performance appraisal serves in the Factory
- Finding out the existing employees' attitudes and values to of performance appraisal
- Uncover potential challenges related to performance appraisal

1.6. Significance of the Study

The results of this study are significant in various respects. Firstly, on the base of the findings of the study, the reports draw some conclusions and identify the problems of performance evaluation and give signal to the human resource management of the factory to take remedial action to minimize the subjectivity of evaluation in prospective employees for salary increment, promotion etc. Second, it is piece of contribution to the current knowledge in the practice of performance in an enterprise working in Ethiopia and invites for further research to bring behavioral change in the area of performance evaluation both in the mind of the raters, employees and those parties responsible in the design of the instruments of performance evaluation forms that are used to judge the performance of employees. Thirdly, it gives the researcher the opportunity to gain deep knowledge in the practice of performance evaluation. Finally, it helps researchers in provision of information as secondary data for future use in the academic area.

1.7. Scope and limitation of the Study

Though there are various human resource management activities practiced in Mughher cement factory, this study is confined to only performance appraisal issues. This is because, the fact that performance appraisal is flat to subjectivity and the basses for critical managerial decisions, the student researcher is interested to make depth investigation on the issue.

The study focused on assessment of performance appraisal system in the case of Mughher cement factory specifically Addis Ababa and Tateq branches.

Since this study was conducted within an organization where the researcher is an employee of the case organization and a participant in the performance management system. Respondents showed reluctant approach in providing sufficient and relevant information due to the the assumption that I know everything. Therefore, various ways of extracting information have been put in place one way or the other and it is believed that the required data have been gathered properly. In addition, respondents' busyness, especially operational workers, created challenges to collect data on time. Thus, some respondents failed to respond properly. Thus, the researcher tried to decrease those challenges by putting into practice suitable time schedule for all groups as

may be needed/required. Besides, an effort was made to gather information via telephone communication, email, faxes etc.

1.8. Organization of the Study

The study was organized through five chapters. The first chapter covers the background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope of the study, limitations of the study and the research methodology. The second chapter critically reviews the relevant theoretical literature to the topic of performance appraisal systems followed by the empirical literature, practices and processes that Mugher Cement Factory applies to manage its staff performance appraisal. Whereas the third chapter deals with the research methodology implemented in the study. The fourth chapter presents the result and discussions of data analysis. And the last chapter summarizes the findings as well as the conclusion and recommendation of the study

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual frame work

2.1.1 What is performance appraisal?

Performance appraisal is a formal program in which employees are told the employer's expectations for their performance and rated on how well they have met those expectations. Performance appraisals are used to support HR decisions, including promotions, terminations, training, and merit pay increases.

Performance appraisal is a formal system of periodic review and evaluation of an individual's job performance (Mondy, 1981 as cited in Dargie, 2007). It occurs constantly in both public and private organizations. When it is properly done, performance appraisal provides feedback to employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success. Moreover, performance appraisal data enables management:

- *to help with career planning, training and development, pay increases, promotion and placement decisions.*
- *to assess the success of recruitment, selection, placement, training and development programs, and other related activities.*

Performance appraisal is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organizations, and society all benefit (Aswathappa, 2002). Thus, the objective of performance evaluation is not only designed to check past performance (i.e. controlling) but also predicts the promotion potential of the candidate in the future (i.e. Development and coaching).

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Armstrong, 2009).

2.2 Theoretical literature

2.2.1 Nature of performance appraisal

Appraising performance of individuals, groups, and organization is the common practice of all societies. While in some instances, these appraisal processes are structured and formally sanctioned, in other instances they are formal and integral parts of daily activity. In social interactions, performance evaluation is done in a haphazard and often in unsystematic ways. But in organizations, formal programs by evaluating employee and managerial performance conducted in a systematic and planned manner have achieved widespread popularity in recent year (Rao, 1999 as cited in Teklu, 2015)

2.2.2 Benefits of Performance Appraisal

Performance Appraisal benefits both employees and employers. Employers benefit from understanding their employees' weaknesses and strengths. Understanding the employees helps to make basic enforcement for weakly performing employee by giving training and development in order to improve his/her performance before rushing to punishment. It also helps to make remuneration and promotion readily available for those who performed well. Performance appraisal is not only important to employee's problem identification, but also important to the organization for effective utilization of human resource by identifying strong employees from best for utilization of manpower, to bring effectiveness and efficiency. Employees benefit by getting feedback about their performance of certain period in time, to improve themselves on their poor performance or to be motivated for their good performance. An organization's performance management system helps to meet its short and long term goals and objectives by helping management and employees do their jobs more efficiently and effectively, and performance appraisal is one part of this system (Bacal, 1999)

The main reason for appraising performance is to enable employees to use their effort and ability so that organizations achieve their goals and consequently their own goals.

Generally, the following are the main uses of performance appraisal.

- **Performance improvement:** Performance feedback allows the employee, the manager, and personnel specialists to intervene with appropriate actions to improve performance.
- **Compensation adjustments:** Performance evaluation help decision-makers determine who should receive pay rises. Many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through performance appraisals.
- **Placement decisions:** Promotions transfer and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance.
- **Training and development needs:** Poor performance may indicate a need for retraining. Likewise, good performance may indicate untapped potential that should be developed.
- **Career planning and development:** Performance feedback guide career decisions about specific career paths one should investigate.
- **Staffing process deficiencies:** Good or bad performance implies strengths or weaknesses in the personnel department's staffing procedures.
- **Informational inaccuracies:** Poor performance may indicate errors in job analysis information, human resource plans, or other parts of the personnel management information system. Reliance on inaccurate information may have led to inappropriate hiring, training, or counseling decision.
- **Job-design errors:** Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors.
- **Equal employment opportunity:** Accurate performance appraisals that actually measure job-related performance ensure that internal placement decisions are not discriminatory.
- **Feedback to human resources:** Good or bad performance throughout the organization indicates how well the human resource function is performing (Werther, 1996).

2.2.3 The Performance Appraisal Process

The basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively. In order to realize the purpose of performance appraisal organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated below:

- i. Establish Performance Standard
- ii. Communicate Standards to Employees
- iii. Measure Actual Performance
- iv. Compare Performance with Standard
- v. Discuss Appraisal with Employees
- vi. Initiate Corrective Action

2.2.3.1 Establishing Performance Standards

The first step in appraising performance is to identify performance standard. A *standard* is a value or specific criterion against which actual performance can be compared (Baird, et.al, 1990) cited in (Dargie, 2007). Employee job performance standards are established based on the job description. Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the broad criteria against which employee's performance is measured.

2.2.3.2 Communicating Standards to Employees

For the appraisal system to attain its purposes, the employees must understand the criteria against which their performance is measured. As Werther and Davis (1996), stated to hold employees accountable, a written record of the standards should exist and employees should be advised of those standards before the evaluation occurs. Providing the opportunity for employees to clearly understand the performance standards will enhance their *motivation* and *commitment* towards their jobs.

2.2.3.3 Measuring Performance

Once employees have been hired their continued performance and progress should be monitored in a systematic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the already established job performance standards and requirement. The aim of performance measure is to detect departure from expected performance level.

2.2.3.4 Comparing Performance with Standard

After evaluating and measuring employee's job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compare performance with the standard either performance match standards or performance does not match standards.

2.2.3.5 Discussing Appraisal with Employees

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results (Glueck, 1978). After the evaluation, the rater must describe work-related progress in a manner that is mutually understandable. According to Baird et.al (1990), feedback is the foundation upon which learning and job improvement are based in an organization. The rater must provide appraisal feedback on the results that the employee achieved that meet or exceed performance expectations. As Glueck (1978) noted reaction to positive and negative feedback varied depending on a series of variables such as:

- the importance of the task and the motivation to perform it
- how highly the employee rates the evaluator
- the extent to which the employee has a positive self-image, and
- the expectancies the employee had prior to the evaluation; for example, did the employee expect a good evaluation or a bad one?

In sum, it is important that employees should be fully aware that the ultimate purpose of performance appraisal system is to improve employee performance, so as to enhance both organizational goal achievement and the employee's satisfaction.

2.2.3.6 Initiating Corrective Action

The last step of the performance appraisal is taking corrective action. The management has several alternatives after appraising performance and identifying causes of deviation from job-related standards. The alternatives are *taking no action, correcting the deviation and reviewing the standard*. If problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must analyze and identify the reasons why standards were not met. This would help to determine what corrective action should be taken. For example, the cause for weak performance can range from the employee job misplacement to poor pay. If the cause is poor pay, corrective action would mean compensation policy reviews. If the cause is employee job misplacement, corrective action would mean assign employee to a job related to his/her work experience and qualification. Finally, it is also important to revise the performance standard. For example, the major duties stated in the job description and the qualification required to do the job may not match. In this case corrective action would mean to conduct job analysis to effectively determine the *job description* and *job specification*. Hence, the evaluator would have a proper guide i.e., performance standards that make explicit the quality and/or quantity of performance expected in basic tasks indicated in the job description (Chatterjee, 1995 as cited in Dargie, 2007).

2.2.4 Employee Participation in the Appraisal System

Rasheed et al. (2011) asserted their views about the participation of employees in appraisal systems. They said that through participation, employees are given an opportunity to raise their voice. They further added that biasness reduces and trust on the supervisors develops when performance standards and criteria for evaluation are set with the help of employee in a joint session between employee and supervisor. Decreased employee participation increases appraisal related tension and appraiser- appraise conflicts.

Comprehensive and effective participation within the performance appraisal consists of joint rater-ratee development of: 1) performance standards, 2) the rating form, 3) employee self-appraisal, and 4) rate participation in the interview (1992 as cited in Roberts, 2003).

Performance Standard Participation Clear and specific standards of performance are major elements of a valid and reliable performance appraisal system. The key is to develop standards that measure the essential job duties and responsibilities utilizing a balance of process, outcome, and individual and group-based performance standards. The development of reliable, valid, fair and useful performance standards is enhanced by employee participation, as workers possess requisite unique and essential information necessary for developing realistic standards (Jordan, 1990 as cited in Roberts, 2003).

Rating form participation: Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definition of what the organization considers worthy of formal appraisal. As such, it is important to gather employee input on the aspects of performance formally appraised as well as the measurement scales provided (Roberts, 2003).

2.2.5 Timing of Performance Appraisal

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance appraisal depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient. More frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard. As (Mathis, 1997) further explained the importance of formal and systematic performance appraisal as follows.

First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or

by an on-the-spot examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

Second, a systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year.

Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal at 90 days after employment, at six months, and annually is common timing. This regular time interval is a feature of formal appraisals and distinguishes them from informal appraisals. Both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable (Mathis, 1997).

Obisi (2011) asserted that for most people, objectives cannot be accomplished by a performance appraisal given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. It is also not in the interest of the organization for performance appraisal to be conducted once in a year because it would be difficult for the appraiser to know what happened throughout the year and be able to remember them.

Boice (1997) argued that employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly. They further strengthened their argument by stating added value of conducting performance evaluation frequently.

Two situations that are eliminated by conducting reviews frequently are:

1. Selective memory by the supervisor or the employee; and
2. Surprises at an annual review.

People generally tend to remember what happened within the last month or high profile situations (good or bad). Frequent reviews help eliminate the effects of this, generally unconscious, selective memory.

2.2.6 Methods of Performance Appraisal

Organizations currently use several methods to appraise performance. Jafari, et al (2009) denominated that there are three existent approaches for measuring performance appraisal. These are (1) absolute standards (2) relative standards and (3) objectives.

2.2.6.1 Absolute Standards

In the absolute standards, as performance appraisal approach, the employees are compared to a standard, and their evaluation is independent of any other employee in a work group (Dessler, 2012). Included in this group are the following methods:

The essay appraisal: It is the simplest evaluating method in which evaluator writes an explanation about employee's strong and weak points, previous performance, positional and suggestion for his (her) improvement at the end of evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy , 2008).

The critical incident appraisal: It focuses on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job and based on individual's performance than characteristics. The necessity of this system is to try to measure individuals' performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the

manager writes down the positive and negative individuals' performance behavior in evaluation term (Mondy , 2008).

The checklist: In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. Answers of checklist are often "Yes" or "No" (Decenzo, 2002 cited by Jafari et al., 2009).

The graphic rating scale: This is the most commonly used method of performance appraisal because they are less time-consuming to develop and administer and allow for quantitative analysis and comparison. It is a scale that lists some characteristics and range of performance of each individual.

Therefore, employees are ranked by determining a score which shows their performance level. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Mondy, 2008).

Forced choice: This method evolved after a great deal of research conducted for the military services during World War II. It is a method in which the evaluator should rank individual work behavior between two or more states. Each state may be favorable or unfavorable. The activity of evaluator is to determine which state has an explanation of employee most (Mondy, 2008).

Behaviorally anchored rating scales (BARS): This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS let the evaluator to rank employees based on observable behavioral dimensions. The elements of this method are result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 2000)

2.2.6.2 Relative Standards

In this category, individuals are compared against other individuals. These methods are relative standards rather than absolute measuring device. The most popular of the relative method are group order ranking, individual ranking and paired comparison.

Group order ranking: In this method, employees are placed into a particular classification, such as “top one-fifth”. For example, if a rater has 20 employees, only 4 can be in the top fifth and 4 must be relegated to the bottom fifth (Decenzo, 2002, as cited by (Jafari, 2009)).

Individual ranking: In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2012).

Paired comparison: In this method, employees are compared with all others in pairs. The number of comparison is followed as $(N \cdot (N-1))/2$ in which N: shows the number of employees. After doing all comparisons, the best person is determined for each characteristic (Mondy W. , 2008).

2.2.6.3 . Objectives

This approach to appraisal makes use of objectives. Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO). Management by objectives is a process that converts organizational objectives in to individual objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews (Ingham, 1998).

2.2.6.4 360 Degree Feedback Appraisal

360 degree evaluations are the latest approach to evaluating performance. It is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. ‘Feedback from multiple sources’ or ‘360 degree feedback’ is a performance appraisal approach that relies on the input of an employee’s superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses’ (Yukl and Lepsinger, 1998). The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee’s competencies (Shrestha, 2007). According to Wiese (2000) in the typical 360-degree process, supervisor(s), subordinates, peers and (less frequently) internal or external customers provide feedback on

performance for each target rate, using some type of standardized instrument. Rasheed, Aslam, et al (2011), claimed that 360-degree appraisal system is more effective as compared to the other systems that are one sided and could be biased at times. In 360-degree appraisal system, information is obtained through several sources; it includes the boss, top management, assistants, co workers, customers, dealers and advisors. All these can be classified into internal and external parties. In 360-degree appraisal system, information can be obtained from anyone who interacts with the employee and can tell how that employee behaves with him.

2.2.7 Performance Appraisal Criteria

Performance usually requires more than one dimension. If the performance criteria leave out some important job duties, they are deficient. If some irrelevant criteria are included in the criteria, the criteria are said to be contaminated. Managers use deficient or contaminated

According to Armstrong (2009), the criteria for reviewing performance should be balanced between: achievements in relation to objectives; the level of knowledge and skills possessed and applied (competences or technical competencies); behavior in the job as it affects performance (competencies); the degree to which behavior upholds the core values of the organization; day-to-day effectiveness. As Mathis and Jackson stressed, performance criteria are standards commonly used for testing or measuring performances.

Criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based.

Trait based criterion: identifies a subjective Character trait such as “pleasant personality”, “initiative,” or “creativity and has little to do with the specific job. Such traits tend to be ambiguous, and courts have held that evaluation based on traits such as “adaptability” and general demeanor” are two vague to use as the basis for performance-based HR-decisions.

Behavior-based criterion: focus on specific behaviors that lead to job success. Results-based criterion: look at what the employee has done or accomplished. For some jobs where measurement is easy and appropriate, a results-based approach works very well. Generally, criteria are relevant when they measure employees on the most important aspects of their jobs.

But there are also problems with these criteria. Mathis and Jackson (1997) again said, jobs usually include many duties and tasks, and so measuring criteria for measuring performance much more than they should.

2.2.8 Responsible Body to Conduct Performance Appraisal

Performance appraisal is the most significant activity of an organization. If the right persons are not assigned to process Performance appraisal activities, then the strategic objectives of organization is seriously affected. By tradition, a manager's authority typically has included appraising subordinates' performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates' performance, it only makes sense that these managers do the evaluating of that performance. However, others may actually be able to do the job better (Robbins, 1998). Among these are:

i. Immediate supervisor:

Traditional rating of employees by supervisors is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee's performance realistically, objectively, and fairly. The unity of command notion - the idea that every subordinate should have only one boss - underlies this approach. The advantage to this source of appraisal is that supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control their subordinates continuously. Moreover, supervisors are accountable for the successful performance of their subordinates (Robbins, 1998).

ii. Peers:

Peer evaluations are one of the most reliable sources of appraisal data. First, peers are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters results in a number of independent judgments. A boss can offer only a single evaluation, but peers can provide multiple appraisal. And average of several ratings is often more reliable than a single evaluation. On the downside, peer evaluations can suffer from coworkers' unwillingness to evaluate one another and from friendship based biases. Moreover, peer appraisal may be reliable if the work group is stable

over a reasonably long period of time and performs tasks that require interaction (Robbins, 1998).

iii. Self appraisal:

As part of the overall process, employee self-appraisals should be encouraged (Goff and Longenecker 1990, as cited in Boice, 1997). This helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-improvement. The employee's self appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. Self appraisals give the supervisor helpful insight as to how the employee views his/her performance. Generally speaking people will be at least as tough on themselves as the formal rater.

However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious drawbacks, self appraisals are probably better suited to developmental uses than evaluative (Robbins, 1998).

iv. Immediate subordinates:

The concept of having supervisors and managers rated by employees or group members is being used in a number of organizations today. A prime example of this type of rating takes place in colleges and universities where students evaluate the performance of professors in the classroom. There are three primary advantages to this source of appraisal. First, in situations where manager-employee relationships are critical, employee ratings can be quite useful in identifying competent managers. Second, this type of rating program can help make the manager more responsive to employees, though this advantage can quickly become a disadvantage if it leads the manager to try to be "nice" rather than to try to manage. Finally, it can be the basis for coaching as part of a career development effort for the managers. The hope is that the feedback will assist their managerial development.

A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The "proper" nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists

workers may rate the manager only on the way the manager treats them and not on critical job requirements (Robbins, 1998).

V. Multi source rating (Comprehensive or 360° rating):

Multi source feedback recognizes that the manager is no longer the sole source of performance appraisal information. Instead, feedback from various colleagues and constituencies is obtained and given to the manager, thus allowing the manager to help shape the feedback from all sources. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360° system. Thus, the manager's perception of an employee's performance is still an important part of the process (Bozeman, 1997). Bozeman asserts that; this source of appraisal has the following advantages and drawbacks.

Multi-rater evaluation provides an integrated assessment of individual performance that maximizes the strengths and minimizes the weaknesses of individual ratings, a fuller conceptualization and measurement of the job performance domain, an improved legal defensibility over single-source ratings, and an increased use of performance feedback for individual improvement and development. Multi-rater evaluation also is an attractive prospect to individual raters in that raters tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation.

Despite the purported benefits of multi-source performance appraisal cited above, the following drawbacks could be noted: different rater groups (e.g. supervisors, subordinates) frequently do not agree concerning an individual's job performance. Based on traditional conceptions of reliability and validity, low inter-rater agreement indicates unreliability and, therefore, invalidity. Accordingly, the validity of multi-source performance appraisal has been questioned.

On the other hand, Mathis 1997 affirmed that performance appraisal can be done by anyone who is familiar with the performance of individual being appraised. They presented the following list as possible options: Supervisors who rate their employees, Employee who rate

their supervisors, Team members who rate each other, Outsider sources, Employee self-appraisals and Multi-score appraisal.

2.2.9 Challenges of Performance Appraisal

Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999).

1. Human errors (rating biases)

Human errors are not called so because they just happen and supervisors neither know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted:

1.1. Single Criterion A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors (Saiyadain, 1999).

1.2. Strictness or Leniency Some supervisors tend to rate all their subordinates consistently low or high. These are referred to as strictness and leniency errors. The strict rater gives ratings lower than the subordinate deserves. This strictness error penalizes superior subordinates. The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error (Lunenburg, 2012).

1.3. Halo Error This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar. For example, the supervisor likes Tom because he is so cooperative. The halo effect leads Tom's supervisor to automatically rate him high on all appraisal dimensions. The result is that subordinates are rated consistently high, medium, or low on all performance appraisal dimensions (Saiyadain, 1999).

1.4. Central Tendency Errors Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao, 2004).

1.5. Recency of Events Ideally, performance appraisals should be based on data collected about a subordinate's performance over an entire evaluation period (usually six months to a year). However, as is often the case, the supervisor is likely to consider recent performance more strongly than performance behaviors that occurred earlier. This is called the recency of events error. Failure to include all performance behaviors in the performance appraisal of a subordinate can bias the ratings (Lunenburg, 2012).

1.6. Similarity Error This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006). Another very common critic is the performance rating suffer from many biases like age, ethnicity, gender, physical appearance, attitudes and values, in-group/out-group, personal like/dislike and so on (Cook Mark, 1995, as cited in Toppo, 2012).

2.2.10 Guidelines for a Successful Performance Appraisal System

Researchers have studied the performance appraisal process with the goal of determining the components of a successful performance appraisal system. For instance, Longenecker and Fink (1999, as cited in Cintrón, 2008) found that a successful performance appraisal system could be divided into three critical components: systems design, managerial practice, and appraisal system support, with each component containing several factors.

i. Systems design

The systems design component requires a clearly defined purpose for conducting performance appraisal.

All employees must understand why performance appraisal is being conducted and the specific goals for it. The specific goals will allow the managers to select performance criteria that will support the organization's objectives and incre

ase the motivation of the managers to carry out the appraisals properly.

A second factor of effective systems design is to have the input of managers and employees in the design, development, and choice of criteria used in the appraisal. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system. Roberts (2003) noted that employee involvement is a useful tool for increasing job-related autonomy, which is a prerequisite for employee growth. Roberts also points out that employee participation gives employees voice in the appraisal process which gives the employee the opportunity to refute performance ratings, documentation, or verbal feedback with which they disagree. If employees are convinced the appraisal process is fair, they are more likely to acknowledge their performance ratings, including unfavorable ones.

The third factor addresses the importance of user-friendly and easy-to-understand appraisal procedures and forms. The performance criteria, rating procedures, and feedback should be relevant and meaningful for both supervisors and their employees. The forms should facilitate communication between the supervisors and the employees concerning behaviors, work processes, and opportunities to improve.

The final factor within an effective systems design is an understanding by both supervisors and their employees of the appraisal process and their roles in it. This requires that they have training and education (Longenecker and Fink, 1999 as cited in Cintrón, 2008).

ii. **Managerial Practice**

The second critical component of a successful appraisal system defined by (Longenecker, 1997) consists of three factors concerning managerial systems practices.

The first factor is supervisors must conduct performance planning at the beginning of the appraisal cycle. Performance planning includes writing job descriptions and reviewing them with the employees, setting and agreeing upon goals, and communicating the expectations of behaviors and results for which the employees will be held accountable.

The second factor is supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place. Using frequent, informal feedback allows minor issues to be addressed promptly rather than growing into more serious ones over the passage of time.

The final factor within the managerial systems practices component is supervisors must be motivated to carry out effective appraisals. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization.

iii. **Appraisal System Support**

The third and final component of an effective performance appraisal system describes organizational support of the appraisal system (Longenecker, 1997).

The first factor is performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum standards.

A second factor is appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by administrators giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials.

A final factor is appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of the system by the employees,

comparing the relationship between performance and rewards, and reviewing the consistency of implementation of policies and procedures across all departments and locations.

2.2.11 B SC in Employees Appraisal

As (Niven, 2006) discussed in his study, the balanced scorecard is not a complex concept (no more than 20 measures scorecard spread across four perspectives, combining financial and nonfinancial measures). In the effect, the processes of collecting, analyzing, reporting and distribution information related to a BSC initiative can be labor intensive and time consuming, which may create many problems, especially in large or complex organizations. This process may represent exhausting work on which people may spend the majority of the time planned for the BSC initiative. Such problems may be overcome by designing a system to provide scorecard information automatically from other transaction systems in the origination.

One of the great advantages of the Balanced Scorecard management system is its tremendous versatility. It is easily adapted to any aspect of business management, and *employee evaluation* is no exception. By analyzing the employee's relationship with the company from each of the four key perspectives, you can see where the employee is fully contributing to your success and where he or she could improve.

The Balanced Scorecard allows supervisors and managers to objectively analyze the employee's performance and contribution to the company. It prevents the problems associated with subjective evaluation by providing concrete metrics that can be applied equally to every employee.

This protects the company in two ways. First, it ensures that supervisors do not, deliberately or unconsciously, give more favorable evaluations to employees they enjoy working with. Second, it provides the company with demonstrable data that can be used to defend against discrimination or unfair labor practice lawsuits.

The Balanced Scorecard also provides managers with a more rounded view of each employee's role in the company.

- For example, how does one effectively evaluate a salesperson who is popular with his clients, but consistently far over budget in expenses?
- Likewise, how does one determine the business value of a department leader who is outstandingly efficient, but whose taskmaster mentality leads to a high employee turnover?

2.3 Empirical literature

Performance management is an increasingly common phenomenon in the public sector (Adcroft and Willis 2005). All public sector organizations will be required to scrutinize the performance of the organization and its staff. Examination of the literature review traces back first steps into performance management by the public sector to the conservative government of the late 1980's and early 1990's. It was under those Governments that organizational and managerial reforms were introduced, and public sector performance management became firmly established (Boland and Fowler 2000 Tadege, 2014)

The public sector was becoming much more market orientated, and successive conservative governments tried to improve accountability by developing standards and targets (Harrison and Goulding 1997). These increased standards led to the development of the Citizen's Figureer in 1991, and this were the trigger for the launch of many figurers in the public sector. The Citizens Figureer (1991) developed the idea that there should be a link between an individual's performance and their pay. It did not, however, examine whether money does motivate people. In 1993, the Local Government Management Board (LGMB) published the first guidance to performance management aimed specifically at the public sector (LGMB 1993). It is clear message was that performance management links the strategy and service objectives of the organization to jobs and people. It again linked the option of relating performance management to reward strategies. The guidance gave a clear emphasis on the fact that organizational performance is a product of what people achieve and do (Rogers 1999 Tadege, 2014).

There are a lot of individuals conducted researches having the same title in different organizations in Ethiopia Asfaw (2007). In his study he investigated the attitude and reactions of employees towards the overall performance appraisal system as well as its major component parts such as standard setting, appraisal instrument, feedback, and appeal

procedure in Bank of Abyssinia. Data were obtained via a questionnaire from 75 participants in the head office and four branches of the bank. An interview was also made with some 10 key personnel of the bank particularly with employees working in Administration and Human Resource department. The findings of the study indicated that respondents perceived the performance appraisal system as an unfair and a system which cannot accurately measure their job related performance. Respondents also indicated their dissatisfaction with standard setting, and performance rating instrument used by the organization. The respondents indicated their relative satisfaction with feedback aspect of performance appraisal. Satisfaction was indicated with the appeal procedure of the performance appraisal of the organization.

“Practice and challenges of performance appraisal in developing countries in case of Ethiopia Ministry of culture and tourism” research conducted by (Hundare, 2014). Her study was collected data through questioners and interviews and analysis technique employed was descriptive method. The study findings indicates that the most common challenge of PA in the organization are: subjectivity, lack of employees participation in the appraisal process, non-alignment between performance standards and employees job, lack of ability to evaluators that emanated from halo error , recency error, lack of adequate training, lack of transparency, discussion, and trust between the appraisers and appraise.

Teshome (2013) on his study in Ethio-telecom on 2013 used questionnaire to collect primary data from 182 respondents working in the six zonal offices were selected using positive sampling technique and analyzed using both descriptive and inferential. The descriptive study revealed that is unclear performance standards/criteria, lack of ongoing performance feedback, rater’s error in evaluating performance and use of performance appraisal program for administrative purpose only. The inferential part of his study revealed that there was a strong positive relationship between performance appraisal variables with personal improvement and organizational development particularly appraisal process and procedure. Based on this he concluded that the appraisal process was not clearly communicated before implementation ;lack of required skill on the side of the appraiser and criteria is weak to measure performance highly affected the overall effectiveness of the performance appraisal of ethio-telecom at large and personal development in particular.

The research conducted by Mekonnen (2014) “the performance management practice and challenges in Ethiopian Management Institute” tries to address the basic questions of how the alignment is made between organizational goal with that of the department and individual goal, how the planning, execution, assessment and review process was handled and identifying the purpose of having PMS in EMI and challenges faced while implementing performance management.

The study finding revealed that organizational goals were not fully aligned with departmental and individual goals, participation of employee’s in the planning stage of performance management is not across all staff of EMI, lack of regular feedback, lack of uniformity in gathering information about employee’s performance and lack of software for automating the PMS are the major problems noted. And finally he concluded that even though EMI has some good qualities in clearly defining the mission, vision and values and developing strategy map but a lot have to be made in making performance management system to be more useful for the organization. Align organizational goals with departmental and individual level, to improve the level of employee’s participation in the PMS process, to enhance the awareness of employees about the purpose of PMS, goals should be settled in mutual agreement, letting employees to assess their own performance using self-appraisal method, gather information about the performance of an employee from different sources are also given as recommendation.

The balanced scorecard translates an organization’s strategy into four perspectives (financial, customer, internal business processes and learning and growth) with a balance among the following elements:

- Internal and external measures
- Objective and subjective measures
- Performance results and drivers of future results and

- The balanced scorecard [also balances] traditional financial measures with non-financial measures (Ittner, et al, 1997; Kaplan et al., 1992).

The factory visualizes these perspectives on different angles based on nature and context of the factory. Although the evaluation points are varied through departments; each perspective of balanced score card is demonstrated by the factory are discussed below.

- i. **Customer perspective**: The customer perspective demonstrated the strategy of good relationships with customers, and superior customers. It helps in identifying our customers and giving more attention: to create loyal customers, to hold and retain them and to focus on specific market area. On which the company can achieve the organizational vision and mission by addressing what to produce and how can serve them. Also, in this perspective the organization should demonstrate how it differentiates itself from the competitors by retaining, attracting, and sustaining relationships with its targeted customers.
- ii. **Financial perspective**: This perspective explains the financial results and customers need on it. On which the factory explains the effectiveness of financial system and way how to present it to customers. Growth, profitability, cost effectiveness on production and providing the product to the customer at the minimum possible price of the factory is demonstrated. And also the addition of benefit from the asset turnover by the company considers stakeholder's side.
- iii. **Internal business process perspective**: This strategic view of the factory discusses the key areas or business processes that needs more attention. This could help to fulfill and satisfy the customers need. In addition to this it adds value on process of producing and distributing the company products.
- iv. **Learning and growth perspective**:- Within this perspective the factory addresses those objectives pointed within internal business process and customer perspectives. Additionally it helps to show:
 - a. Ways of developing skills and potential of employees (Human capital)
 - b. Mechanism of establishing modernized information system (Information capital)
 - c. Creating conducive Work culture and management which will lead to success (Organizational capital). This will help to achieve the stated strategy by creating conducive work environment.

In addition to that it makes possible to modify company's growth, change, profitability, creativity and business processes.

The aforementioned strategic view of the four business perspectives has cause and effect relationship: internal business process perspective learning and growth perspective are considered as enablers; whereas customer perspective and financial perspective are results.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design and Approach

Since the study was a case study, it was conducted based on the descriptive research technique to describe and interpret the events that have already happened in the past as well as now. That have influences on the present performance appraisal system of Mughher cement factory. The research approach is both quantitative and qualitative.

3.2 Population and Sampling

Mughher Cement Factory is a leading public enterprise in the industry playing a significant role in national development by producing and supplying to the market mainly two types of cement products which are needed for construction industry in the country. Currently, the factory has four direct sales outlets; which are located at main factory gate of Mughher, Tatek Cement mill and packaging plant, Addis Ababa Cement Plant and Warehouse site at Adama.

The researcher selected a target respondent group for the study using stratified probability sampling method. Stratified random sampling was used to select representative respondents and to get sufficient and timely information from both branches (Addis Ababa & Tateq) ,which were considered in this study. This technique was preferred because it was used to assist in minimizing sampling error or bias when dealing with the population. With this technique, the sampling frame was organized into relatively similar groups (strata) before selecting elements for the sample. According to Janet (2006:94) as cited in (Mekonnen, 2014), this step increases the probability that the final sample had been representative in terms of the stratified groups. The strata were those two *Addis Ababa and Tatek* branches located in and western side of Addis Ababa city, respectively. In addition there are sub strata within the two branches and thus representative respondents were taken from each sub strata.

The total population in this study was 566 employees in the two branches selected, where 346 were in Addis Ababa while 220 were working in Tateq (Table 3. 1). The sampling was carried out based on the following equation (Yamane, 1967).

$n = \frac{N}{1+N(e)^2}$, where: n = sample size; N =Total Population and e =acceptable range of error (is the desired level of precision), which is the range in which the true value of the population is estimated.

$N=566$; e = for the purpose of this study it is +10 % ($e = 0.01$).

$$n = \frac{566}{1 + 566 * (0.01)^2}$$

$$= 85$$

Accordingly, 85 employees as a total sample both from administrative and operational employees, in which 52 *i.e.*, $((346/566)*85)$ and 33 *i.e.*, $((220/566)*85)$ respondents were from *Addis Ababa Branch and Tatek Branch*, respectively (Table 1). This method was selected because the number and nature of operation that Muger cement Factory engaged doesn't constitute a similar department.

Furthermore, due to the heterogeneous nature of the operation that the factory was operating in the two branches, respondents from administrative and operational managers were considered separately.

In Addis Ababa 154 administrative and 192 operational employees and managers were working. Therefore, the researcher selected 23 $((154/346) * 52)$ and 29 $((192/346)*52)$ respondents from administrative and operational managers of *Addis Ababa Branch*, respectively. Similarly, in *Tatek Branch* from the 97 administrative managers 15 $((97/220)*33)$ and from the 123 operational managers 18 $((123/220)*33)$ respondents were selected (Table 3.1).

Table 3. 1. Sample determination of the study

No.	Branches	No of administrative and operational Employees			Sample size		
		ADM	OPR	TNE	ADM	OPR	TSS
1	Addis Ababa	154	192	346	23	29	52
2	Tateq	97	123	220	15	18	33
	Total	251	315	566	38	47	85

Key: ADM – Administrative; OPR – Operational; TNE- total number of employ; TSS- total number of sample size

3.2. Data Analysis

The study was conducted using both primary and secondary data source. Primary data sources were workers at each branches, operational managers, service managers, Human resource managers. Secondary data sources were from books, research articles, organizational publications, other related documents, reports, appraisal results, etc. The primary data collected by using questionnaires from employees of Muger cement factory and un-structured interview with the HRMD main process of the factory.

The basic questions of the study were developed by referring the available related literature on the issues of performance appraisal system. Based on the basic questions and the review of the literature of the study, questionnaires and interview questions were designed. The questionnaire was prepared in English and Amharic, as it was distributed to employee of the Factory. Questionnaires distributed and interviews were also conducted by the researcher on face to face base to get further and reliable information, opinion and attitudes of the respondents organized to enrich the data that gathered by questionnaire.

In order to gathered primary data from workers and management members questionnaire interview were conducted. Document analysis was made thoroughly so as to get supplemental information from secondary data sources.

Data gathered through questionnaire were analyzed quantitatively and classified and presented in tabular and graphic form with appropriate percentage values computed. Thus,

study had applied tools like frequencies, percentages and other basic statistics. Microsoft Excel was used for ease of data presentation and analysis. Qualitative data were gathered through interview, email, fax, observation and document analysis.

3.3. Ethical Considerations

In this study, ethical issues were taken into consideration. The respondents were assured that the responses they gave were used with complete confidentiality and the confidentiality of the research data was ensured. All data were used for the purpose of the research study only. The researcher also took individual responsibility for the conduct and consequences of the research by adhering to the time schedule agreed upon with the supervisors and management. The respondents' who participated in the study were informed about the aims and objectives of the study. The research participants were not be subjected to harm in any ways whatsoever; respect for the dignity of research participants were prioritized. The texts and materials used in any part of this study have been fully referenced with Harvard style. The researcher was open and honest when communicating or dealing with respondents. The study was used only for the academic purpose.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

In this chapter the data collected from employees and head of HRMD main process of MCF are discussed, analyzed and interpreted to arrive at meaningful results. Questionnaires were distributed to non-managerial as well as operational and administrative managers (supervisors, team leaders, head of main and sub-processes) of MCF and discussion was made with head of HRMD main process of MCF. Based on unstructured interview questions designed by the student researcher and notes of the discussion are incorporated in this chapter discussions. The data collected are analyzed using Microsoft-excel and presented using 24 Tables and 3 Figures. The chapter is presented and interpreted in two sections, the respondents profile and questions related to specific objective. Questions presented in likert scale as very high and high are considered only as high, and very low and low are considered only as Low for convenience purpose.

Table 4.1 .Summary of Questions Distributed And Response Rate.

Type of employee	Questionnaire distributed	Questionnaire collected	Percentage of collection rate
Managers	25	20	80%
Non-managers	85	72	84.7%
Total	110	92	83.64%

Source: primary data (2017)

As indicated in the table above, from a total of 110 questionnaires distributed 92 (83.64%) responses were *collected* and the remaining 18(16.36%) were not collected due to different reasons. From this can be said is that adequate number of questionnaires was returned that enabled the researcher to assess performance appraisal practice at the factory.

4.2. Performance Appraisal at MCF

In this section, respondents' general profile which includes age category, gender, educational background and service year in the factory is discussed and its relationship with the study is explained (See appendix 1). Data were collected from respondent employees through questionnaire that is prepared in both English and Amharic. In addition to questionnaire, unstructured interview was undertaken with human resources department of the two branches.

This section is concerned with the presentation, analysis and interpretation of data collected for the study and the section is organized in 14 sub sections. Each one of them is discussed one by one.

4.2.1. Frequency of Performance Evaluation

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance appraisal depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient (Mullins 1996:501 as cited in MOTA, 2013).

In line with this, the interview discussion made with head of HRMD main process revealed that the factory conducts performance evaluation semi annually. But, no reason is mentioned for conducting it twice a year than saying the policy document dictates. Other respondents were asked to indicate the frequency of performance evaluation and their response is depicted in table 4.2.

Table 4.2 .Employees’ Response on Frequency of Performance Appraisal Time

Frequency of evaluation	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Every 3 month	2	2.78	0	0
Every 6 month	65	90.27	20	100
Once a year	5	6.95	0	0
Total	72	100	20	100

Source: Primary data (2017)

As stated above 90.27% of non manager respondents responded performance evaluation has been made twice a year while 6.95% responded performance appraisal conducted once a year. Similarly, all managers said that performance appraisal conducted biannually. This shows that large majority of respondents (90.27% of non managers and all of managers) are responded the frequency in which performance evaluation is conducted is semiannually. This is the best practice since actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly (Boice, 1997).

4.2.2. Method of performance appraisal practice

Organizations currently use several methods to appraise performance. Jafari, et al(2009) denominated that there are three existent approaches for measuring performance appraisal: (1) absolute standards (2) relative standards and (3) objectives. Each of this standards has their own advantage and disadvantage. In relation with this interview discussion made with head of HRMD main process; he revealed that the factory uses only balanced scorecard (BSC) as means for evaluation of employee’s performance. Similarly, other respondents were asked to indicate the method of performance evaluation and their response is depicted in table 4.3.

Table 2.3 Employees' Response on Method of performance appraisal practice

Technique of appraisal	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Ranking method	1	1.38	19	95
Essay method	1	1.38	0	0
Objectives	0	0	0	0
Critical incident	2	2.77	0	0
Balanced score card	64	88.88	0	0
If other	4	5.55	1	5
Total	72	100	20	100

Source: Primary data (2017)

The above table shows that 89% of the non manager respondents agreed that the organization uses BSC on which their performance has been evaluated. While 3%, 0%, 2%, 0%, and 6% indicated that ranking method, essay method, Objective, critical incident, and others are measure of the performance of employees respectively. From this we can conclude that most of employees know the method applied by the factory to evaluate their performance. One of the great advantages of the Balanced Scorecard management system than other is its tremendous versatility. It is easily adapted to any aspect of business management, and employee evaluation is no exception (Team, BSC Designer, 2015).

4.2.3. Responsible Body to Conduct Performance Appraisal

Performance appraisal is the most significant activity of an organization. If the right persons are not assigned to process performance appraisal activities, then the strategic objectives of organization is seriously affected. By tradition, a manager's authority typically has included appraising subordinates' performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates' performance. It only makes sense that these managers do the evaluating of that performance (Robbins, 1998). Respondents were asked who evaluates their performance and the response is depicted in table 5.

Table 4.4 .Employees’ Response on Who Evaluates their Performance

Evaluator	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Immediate supervisor	65	90.27	19	95
Colleagues	1	1.38	0	0
My subordinate	0	0	0	0
My self	2	2.78	0	0
Customer	1	1.38	0	0
If other	3	4.16	1	5
Total	72	100	20	100

Source: primary data (2017)

As the above table depicts 90.27% of non manager respondents indicated that their performance is evaluated by their immediate supervisors and 1.38%, 2.78%, 1.38% and 4.16 said colleagues, by employees themselves, customers and by others respectively. This is so true with managers. 95% of the managers stated that it is the immediate supervisor who evaluates employees’ performance and the remaining 5% said they were evaluated by other than those mentioned above. This shows that either the factory is not willing to use other possibilities such as peers, customers, immediate subordinates or may have other justifications. This issue needs further investigation.

Immediate supervisors are not the only right individuals to evaluate employees’ performance. There may actually be others who are able to do the job better (Robbins, 1998). Self-appraisal helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-improvement. The employees self appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. Self appraisals give the supervisor helpful insight as to how the employee views his/her performance (Goff and Longenecker, 1990, as cited in Boice and Kleiner, 1997). If employees are not given an opportunity to evaluate themselves, they will become highly defensive during the appraisal review and may refuse to accept evaluation result.

4.2.4. *Raters quality*

Respondents were also asked to indicate to how much extent that the evaluators' are qualified. Their response is shown in table 6 below.

Table 4.5 . Employees' Response to what extent that the evaluators are qualified

Level of Agreement	Non managers	
	Frequency	Percent
Very high	10	13.8
High	12	16.6
Neutral	8	11.1
Low	22	30.5
Very low	20	27.7
Total	72	100

On the basis of evaluator's quality, also 58.2% of the total respondents disagreed that evaluator's are well trained and have quality to evaluate employees' performance. Whereas 30.4% agree the issue and 11.1% are neutral to the statement. This indicates that evaluator's quality based on performance assessment of employees is not satisfactory. If evaluator's are not well trained and have adequate knowledge; they will face difficulties on how to enhance the career path of their employees and potential employees start to look for other opportunities in the market.

4.2.5. *Opportunity to Participate in Designing the Form*

According to Beer (1987), the form used to record the performance of the employees is blamed if it is bulky, not customized and if employees did not participate in the design of the form of evaluation. Accordingly, respondents were asked if they participated in design of the form and their response is presented in table 4.6.

Table 4.6 . Employees’ Response on whether they participate in designing the Form

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	1	1.38	2	10
High	1	1.38	1	5
Neutral	3	4.17	2	10
Low	19	26.39	12	60
Very low	48	66.67	3	15
Total	72	100	20	100

Source: primary data (2017)

As shown in table 4.6 above 93.06% of non manager respondents disagreed they got an opportunity to participate in the design of performance evaluation form. 2.76% agreed they got an opportunity to participate and 4.17% were neutral. Similarly, 75% of managers disagreed that employees got an opportunity to participate in evaluation form designing activity. While 15% agreed they got and 10% were neutral. On the other hand, interview discussion with the head of HRMD main process also disclosed that the factory does not have practice of participating employees in evaluation form design. The response of employees shows that they don’t have an opportunity to participate in designing the form. As Beer (1987) affirmed an evaluation form is blamed when employees do not participate in its design. When employees are evaluated by the form whose design they have not participated, they lack ownership and confidence on the form. This in turn, would increase dissatisfaction with the process of performance evaluation.

4.2.6. Access to See Performance Evaluation Result

It's within the employees’ rights to know how they are progressing in performing the assigned tasks. Thus, they should have access to see their performance evaluation result. Table 4.7 presents employees’ response whether they have access to see their performance evaluation result.

Table 4.7. Employees' Response on whether they have Access to see their Performance Appraisal result

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
yes	60	83.33	20	100
no	12	16.67	0	0
Total	72	100	20	100

Source: Primary data (2017)

83.33% of non manager respondents agreed that they have access to see their performance evaluation result; the remaining 16.67% disagreed. 100% of managers agreed that employees have access to see their performance evaluation result. Responses of both managerial and non managerial employees (83.33of non manager and 100% of managers) show that employees of the factory have access to see their Performance appraisal result. In line with this, an interview conducted with head of HRMD main process also revealed that employees have access to see their result and will sign on the form explaining they agree with the result or not and gives some comment on the evaluation. In line with this, the interview discussion made with head of HRMD main process revealed that employees have access to see their evaluation result and it shows transparency of the performance appraisal process of the factory and also helps know their strength and limitations, as well. But most of the time managers and other responsible persons do not take on the consideration about the comments given by employees.

4.2.7. Appealing to Higher Official if the Evaluation Result is biased and Inaccurate

According to Mathis and Jackson (1997) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has a strong dislike of certain ethnic groups, this bias is likely to result in distorted appraisal result for some people. When this happens, rater's may want to appeal to higher officials. The following table depicts employees' response whether they can appeal to higher official if they believe their evaluation result is biased or inaccurate.

Table 4.8 . Employees’ Response on whether they can Appeal to Higher Official

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
yes	30	41.67	18	90
no	42	58.33	2	10
Total	72	100	20	100

Source: Primary data (2017)

The above table shows that 41.67% of the non manager respondents agreed that they can appeal to higher officials if they believe their evaluation result is biased and inaccurate while 58.33% indicated they cannot appeal. 90% of managers agreed that subordinates can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 10% of managers indicated that their subordinates cannot appeal to higher officials. Generally most of respondents (41.67% of the non manager and 90% of managers) said that they can appeal to higher officials when they perceive their evaluation is biased and inaccurate. However; significant number of non-managerial employees does not agree with access of appealing process of the organization. An interview discussion with head of HRMD main process confirmed that employees can appeal to higher officials if they perceive their performance evaluation is unfair. But there is no experience on revision of the result for their compliance, and also in the convention it says that ‘before showing and make them to sign on the Performance appraisal result; the supervisor or her/his evaluator should show the result to top management’ but this is not properly followed. As Mathis and Jackson (1997) stated; it is likely that performance evaluation result can be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in the factory means the management has given due focus to performance appraisal process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation process.

4.2.8 To what extent performance appraisal practice is uniform among departments and branches?

Table 4.9 Managers response uniformity among departments

No.	Option	Responses												
		V H		High		Neutral		Low		VL		Total		
		Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	
1	The use of appraisal method	4	20	5	25	1	5	8	40	2	10	20	100	4
2	evaluation time and reporting	12	60	2	10	2	10	1	5	3	15	20	100	12
3	appraisal criteria	1	5	1	5	1	5	14	70	3	15	20	100	1
4	providing feedback to employees	11	55	8	40	0	0	1	5	0	0	20	100	11
5	the use of appraisal result for training	12	60	7	35	1	5	0	0	0	0	20	100	12

Source: Primary Data (2017); Key: VH-very high; VL-very low; Freq.-Frequency ; %age-percentage

Table 4.10 Non manager's response uniformity among departments

No.	Option	Responses										Total
		V H		High		Neutral		Low		VL		
		Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	
1	The use of appraisal method	40	55.5	10	13.8	11	15.2	5	6.9	6	8.3	72/100
2	evaluation time and reporting	42	58.3	5	6.9	14	19.4	6	8.3	5	6.9	72/100
3	appraisal criteria	5	6.9	6	8.3	8	11.1	15	20.8	38	52.7	72/100
4	providing feedback to employees	4	5.5	6	8.3	10	13.8	20	27.7	32	44.4	72/100
5	the use of appraisal result for training	2	2.7	1	1.3	2	2.7	67	93	0	0	72/100

Source: Primary Data (2017); Key: VH-very high; VL-very low; Freq.-Frequency ; %age-percentage

The use of appraisal method 69.3% of the respondents are agreed that the appraisal method used among departments and branches are uniform. Other 15.2% of non managerial employees do not agree with the homogeneity of the appraisal practice within branches and departments while the remaining 15.2% are neutral. On the other hand 50% of managers do not agree with the uniformity of Performance appraisal methods among departments whereas 45% of managers agree the similarity. While the remaining 5% showed they are neutral. Evaluation time and reporting between departments and branches are dominantly agreed with uniformity 65.2%. Whereas 15.2% of respondents said there is different between branches and departments on timing and reporting PA. While 19.4% of respondents are indifferent. 70% of managers said that there is uniformity on evaluation timing and reporting Performance appraisal. But 20% do not agree with this, and 10% of managers are neutral. 73.5% of non managerial employees said that appraisal criteria used by parts of the factory is not uniform. Whereas 15.2% of respondents disagree with others and says that criterion of each department and branches are similar and 11.1% are neutral. When we come to the managers response 85% of them are also said that criteria's used within the organization are not similar. 10% of them are said similar and the remaining 5% are neutral. 93% of respondents said that appraisal result is not used for getting trainings. But 4.3% of the respondents said that managers and other officials get training based on their result obtained from Performance appraisal. 2.7% of respondents are do not have any information whether it is used for training or not. 95% of managers said that the Performance appraisal result is used for training but none of managers are said no. The remaining 5% of respondents are neutral. A typical employee's job is made up of a number of tasks. From above discussion any one can understand that there is no uniformity of implementation of Performance appraisal through departments. Since performance elements and standards should be linked to strategic organizational goals, and be results-focused, measurable, understandable, verifiable, equitable, achievable, and provide for meaningful distinctions between levels of performance. In addition, an employee performance plan should be flexible so that it can be adjusted, as necessary, to reflect changing program objectives and work requirements (Services).

Because feedback is an important part of the performance appraisals; the researcher emphasized more beside points raised above. According to Longenecker (1997), the raters should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. The feedback

should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005). Employees' response whether they receive timely feedback frequently is shown in the following Figure 4.1 & 4.2.

Figure 4.1. Response about Timely Feedback on Appraisal Results

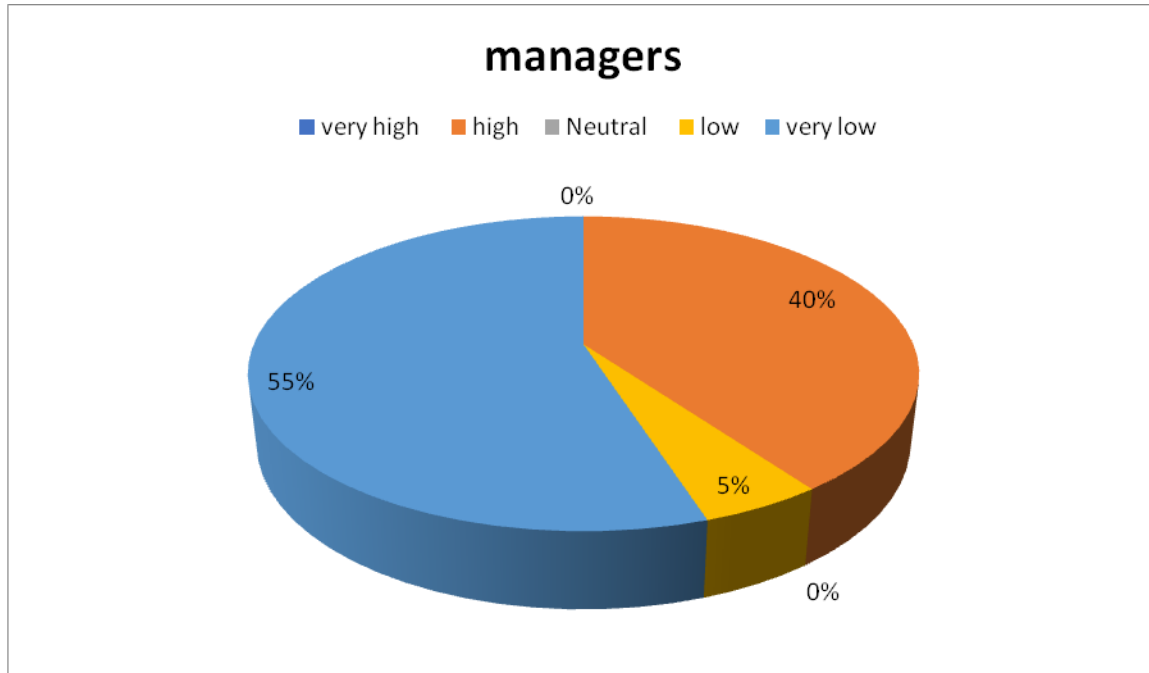
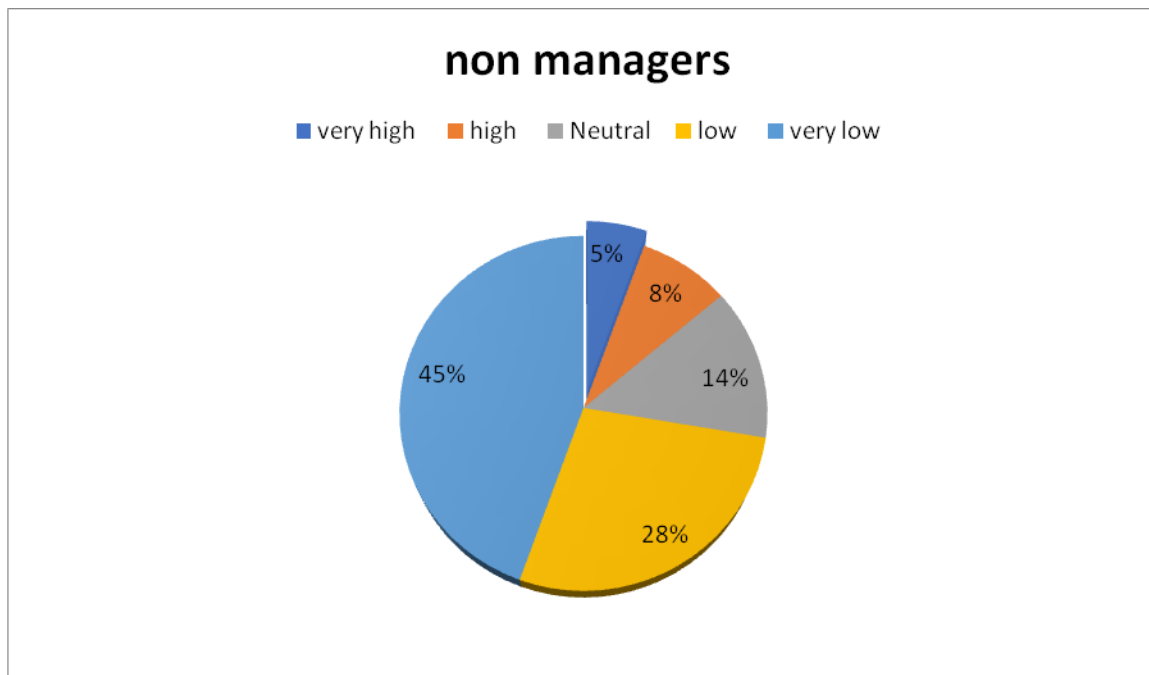


Figure 4.2. Ratings about Timely Feedback on Appraisal Results



As depicted in pie Figure 1 and 2 above 13.8% of the non manager respondents agreed that they receive timely feedback from their subordinates concerning their performance; while 72.1% indicated they don't receive feedback and 13.8% rated they are neutral. 95% of managers, on the other hand, indicated that they provide performance feedback to their subordinates; while 5% indicated they don't.

The above response shows that majority of the factory's employees 72.1% witnessed that they don't receive timely feedback from their raters. Whereas, 95% managers on the other said they properly send feed buck for the evaluation taken place. The interview discussion made with head of HRMD main process also disclosed that employees are given feedback in timely manner during the appraisal period on their evaluation form. But most of the time employees don't even properly read it and don't consider it as important. Giving specific and timely feed back to the employees on their performance helps both the factory and the employees in correcting any shortcoming manifested during work performance and motivates employees towards better future performance.

4.2.8. Managers' and non managerial employee's response on the performance appraisal practice achieve organizational goal

Performance appraisal has become a strategic tool for improving organizational effectiveness. Performance appraisals are often used interchangeably with performance assessment, evaluations, and performance review or employee appraisal. The significant role of performance appraisal in any establishment of organizations has become indispensable when we talk of organizational success. The success of any organization is dependent on how well the performance of every employee is effectively appraised and managed (Paul, et al) .

Table 4.11. Contribution of performance appraisal practice to the organizational goal

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly success	7	9.7	5	25
Success	8	11.1	3	15
Neutral	15	20.8	2	10
Unsuccessful	11	15.2	9	45
Very unsuccessful	31	43	1	5
Total	72	100	20	100

58.2% of non managerial employees agree that the extent of performance appraisal practice has not successfully contributed to achieve the organizational goals. The remaining respondents 20.8% explains the Performance appraisal practice has contribution in achieving organizational goals and 20.8% respondents said they don't know (neutral). 40% of managers, on the other hand, indicated that they believe performance appraisal practice has successfully achieved the organizational goal; while 50% of managers do not agree with contribution of Performance appraisal practice in relation with the factory goal and the remaining 10% neutral. When effective, the appraisal process reinforces the individuals' sense of personal worth and assists in developing his/her aspirations. According to Maud (2001) performance helps firms, industries and nations to achieve sustainable competitive advantage. Industry is a thrust area for countries in their quest for competitiveness. It must be noted that factory which have maintained the momentum of continuous growth, and profitability showed better ratio of manpower effectiveness. Each element has crucial sub-components which serve as building blocks for productivity (Rao, 1994 as cited in Wanjala, 2015).

4.2.9. Criteria of Performance Appraisal

The criterion or criteria that management choose to evaluate, when appraising employee performance, will have a major influence on what employees do. Mathis and Jackson (1997:341 and Robbins, 1998: 1204-05) affirmed that criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based. The criteria Mughar Cement Factory uses to evaluate performance of supervisors, tem leaders, head of main and sub-processes is

BSC. The criteria in the appraisal form are not equal weight by the company: Financial evaluation criteria 10%, internal business process evaluation criteria 50%, Learning and growth evaluation criteria 20% and Customer evaluation criteria 20%.

Table 4.12. Manager's response on relevance of criteria used

Level of Agreement	Financial evaluation criteria		Internal business process evaluation criteria		Learning and growth evaluation criteria		Customer evaluation criteria	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Very high	11	55	14	70	16	80	7	35
High	2	10	6	30	4	20	3	15
Neutral	6	30	0	0	0	0	3	15
Low	1	5	0	0	0	0	4	20
Very low	0	0	0	0	0	0	3	15
Total	20	100	20	100	20	100	20	100

Table 3. Non-managers response on relevance of criteria used

Level of Agreement	Financial evaluation criteria		Internal business process evaluation criteria		Learning and growth evaluation criteria		Customer evaluation criteria	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Very high	20	27.7	23	31.9	22	30.5	8	11.1
High	17	23.6	9	12.5	24	33.3	6	8.3
Neutral	21	29.1	20	27.7	8	11.1	26	36.1
Low	6	8.3	13	18	10	13.8	20	27.7
Very low	8	11.1	7	9.7	8	11.1	12	16.6
Total	72	100	72	100	4	100	72	100

As depicted in table 4.12 and 4.13 above 65%, 100%, 100%, and 50% of the manager respondents agreed that Financial evaluation criteria, Internal business process evaluation criteria, Learning and growth evaluation criteria, and Customer evaluation criteria; respectively are relevant to evaluate their performance; while 30%, 0%, 0%, and 15% indicated they don't agree with the relevance of Financial evaluation criteria, Internal business process evaluation criteria, Learning and growth evaluation criteria, and Customer evaluation criteria; respectively and 5%, 0%, 0%, and 35% rated they are neutral. 51.3%, 44.4%, 63.8% and 19.4% of non-managers, on the other hand, indicated that financial evaluation criteria, internal business process evaluation criteria, learning and growth evaluation criteria, and customer evaluation criteria; respectively are best measure of their performance and their subordinates; while 19.4%, 27.7%, 24.9%, and 44.3% indicated they don't. The remaining 29.1%, 27.7%, 11.1%, and 36.1% of non managerial respondents are neutral. From the above analysis one can understand the majority of the criteria's used by the organization are relevant and believed us important mechanism to evaluate their performance except customer evaluation criteria. Obviously when customers are evaluating the employees service delivery; sometimes they fill the evaluation form carelessly and some other customers were giving more marks without proper know how to the reason and intention of the evaluation; even if there are more customers who are giving adequate marks and follow the instructions carefully. Conversely employees don't want to be evaluated by the customers and got frustrated since customers have access to evaluate their performance. If the customers have no access to evaluate their service then they deliver their service without any care for customers. This merely affects the organizational goal.

4.2.10. Evaluation of BSC implementation based on other specific criteria

Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors (Saiyadain, 1999).

Even if BSC is the measure of Performance appraisal in the factory; when we come to actual implementation of the four perspectives of evaluation criteria varies from department to department. Based on this the student researcher raised question about the evaluation criteria that should have been more consider in performance appraisal process to have clear image.

Table 4.14 Managers response implementation based on other specific criteria

No.	Option	Responses										Total
		V H		High		Neutral		Low		VL		
		Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	
1	Job knowledge	10	50	5	25	2	10	2	10	1	5	20/100
2	Efficiency	14	70	3	15	1	5	1	5	1	5	20/100
3	Duty consciousness	15	75	2	10	0	0	2	10	1	5	20/100
4	Responsibility	4	20	14	70	2	10	0	0	0	0	20/100
5	Cooperation	5	25	2	10	5	25	4	20	4	20	20/100
6	Personal integrity, maturity and self discipline	2	10	3	15	13	65	1	5	1	5	20/100
7	Adaptability	3	15	5	25	7	35	3	15	2	10	20/100
8	Communication	2	10	4	20	14	70	0	0	0	0	20/100
9	Effort to improve oneself	3	15	16	80	1	5	0	0	0	0	20/100
10	Punctuality and attendance	8	40	8	40	2	10	0	0	2	10	20/100
11	Health condition neatness and personal appearance	0	0	1	5	5	25	12	60	2	10	20/100
12	Leadership	1	5	2	10	10	50	4	20	3	15	20/100
13	Administrative ability	4	20	2	10	7	35	5	25	2	10	20/100
14	Judgment	4	20	3	15	9	45	3	15	1	5	20/100
15	Initiation	3	15	15	75	0	0	2	10	0	0	20/100

Source: Primary Data (2017); Key: VH-very high; VL-very low; Freq.-Frequency ; %age-percentage

Table 4. Non-Managers response implementation based on other specific criteria

No.	Option	Responses										Total
		V H		High		Neutral		Low		VL		
		Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	
1	Job knowledge	7	9.7	5	6.9	40	55.5	15	20.8	5	6.9	72/100
2	Efficiency	28	38.8	11	15.2	13	18	11	15.2	9	12.5	72/100
3	Duty consciousness	10	13.8	14	19.4	25	34.7	8	11.1	15	20.8	72/100
4	Responsibility	15	20.8	17	23.6	17	23.6	13	18	10	13.8	72/100
5	Cooperation	7	9.7	10	13.8	24	33.3	27	37.5	4	5.5	72/100
6	Personal integrity,maturity and self discipline	14	19.4	14	19.4	34	47.2	5	6.9	5	6.9	72/100
7	Adaptability	39	54.1	18	25	13	18	2	2.7	0	0	72/100
8	Communication	19	26.3	30	41.6	18	25	1	1.3	4	5.5	72/100
9	Effort to improve oneself	20	27.7	18	25	6	8.3	21	29.1	7	9.7	72/100
10	Punctuality and attendance	25	34.7	23	31.9	7	9.7	8	11.1	9	12.5	72/100
11	Health condition neatness and personal appearance	10	13.8	11	15.2	39	54.1	12	16.6	0	0	72/100
12	Leadership	9	12.5	32	44.4	28	38.8	1	1.3	2	2.7	72/100
13	Administrative ability	3	4.1	25	34.7	12	16.6	26	36.1	6	8.3	72/100
14	Judgment	29	40.2	17	23.6	13	18	6	8.3	7	9.7	72/100
15	Initiation	28	38.8	16	22.2	15	20.8	13	18	0	0	72/100

Source: Primary Data (2017); Key: VH-very high; VL-very low; Freq.-Frequency ; %age-percentage

From the above Figure any one can understand that Adaptability, communication, punctuality and attendance, judgment, leadership, efficiency and effort to improve oneself are agreed criteria's to be focused on valuation of performance in the factory those has weight of 79.1%, 67.9%, 66.6%, 63.8%, 61%, 56.9%, 54% and 52.7% respectively by non managerial employees. Whereas the remaining criteria's: responsibility, administrative ability, (personal integrity, maturity and self discipline), duty consciousness, health condition and personal appearance, cooperation and job knowledge are not to be included as clear measure of performance.

On the other hand from manager's point of view effort to improve oneself, responsibility, initiation, efficiency, duty consciousness, punctuality and attendance and job knowledge takes the largest portion 95%, 90%, 90%, 85%, 85%, 80% and 75% weight respectively as best means to measure the performance of employees than others like: adaptability, cooperation, judgment, communication administrative ability, (personal integrity, maturity and self discipline), leadership health condition neatness and personal appearance which are dominantly agreed not to focus on implementation of Performance appraisal.

Based on the above analysis again it is identified that employee's initiation, punctuality and attendance, efficiency and effort to improve oneself are the criteria's that gives comfort for both managers and non managers to be focused in the Performance appraisal system of the factory. On the other hand Cooperation, administrative ability, (personal integrity, maturity, and self discipline) and health condition, neatness and personal appearance are criteria's those do not wanted to be worried as performance measure in the factory.

4.2.11. Purposes of Performance Appraisal

There are potentially many reasons for undertaking performance appraisal. (Ikramullah2012), asserted that Performance appraisal is being used for purpose of administrative decisions relating to (salary, promotion, retention or termination, layoff) and developmental decisions like (training of employees, furnishing appraise with regular performance feedback, employees' transfers, determining employees strengths and weaknesses). In line with this, the interview discussion conducted with the head of HRMD main process of the factory indicated that Performance appraisal result is being used for the purpose of salary increment, bonus declaration and promotion. Respondents were asked their view for what purpose performance evaluation result should be used. Their response is shown in the following table.

Table 4.16. Employees' Response on the Purpose for which Performance Evaluation Result should be used

Purpose	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Salary increment	33	45.8	6	30
Bonus	18	25	6	30
Promotion	20	27.7	6	30
Training and development	1	1.3	1	5
Termination	0	0	1	5
Total	72	100	20	100

Source: Primary Data (2017)

As depicted above in table 17 from non manager respondents 27.7% indicated it should be used for promotion, 45.8% for salary increment, 1.3% for training and development and 25% for bonus. Of manager respondents, 30% believe that it should be used for salary increment, 30% for bonus, 30% for promotion and 10% for training and development. Most of non manager respondents responded performance evaluation is used for salary increment, promotion and bonus (30% 30% and 30% respectively).

4.2.12. Employee's attitude on the performance appraisal evaluation result

Table 4.17. Employees' Response whether they satisfied with the performance appraisal result they got

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	6	8.4	15	70
High	15	20.84	5	0
Neutral	28	38.9	0	15
Low	13	18.06	0	15
Very low	10	13.8	0	0
Total	72	99.7	20	100

Source: Primary Data (2017)

From the above table any one can understand that 29.24% of non managerial respondents are responded that the result from Performance appraisal is satisfied them. 31.86% greater number of respondents said that they are dissatisfied with the evaluation criteria and the remaining 38.9% respondents are in between the two options. 70% of managers said that most employees are satisfied with their result from the evaluation of Performance appraisal and 15 % neutral, the remaining 15% of managers think that employees are not satisfied with Performance appraisal evaluation result.

4.2.13. Challenges of Performance Appraisal in MCF

Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999:204-207). Saiyadain further listed human errors such as single criterion, strictness or leniency, halo error, central tendency errors, recentness of events and similarity error. In line with this, employees of MCF were asked to indicate the challenges they believe are prevalent in MCF. Accordingly, their response is shown in the following table.

Table 4.18 Employees’ Response / is there any problem (challenge) in the performance appraisal practice of the factory

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Yes	60	83.3	17	85
No	12	16.6	3	15
Total	72	100	20	100

Source: Primary Data (2017)

From the above table we can understand that 83.3% of non managerial respondents are responded that Performance appraisal system of the factory has problem on implementation. Whereas the remaining 16.6% respondents said that they are ok with the Performance appraisal implementation. 85% of managers think that Performance appraisal implementation of the factory is running without any difficulties and the remaining 15% of managers do not agree with others on the implementation Performance appraisal system of the factory.

Form the above analysis it is possible to understand non managerial employees thinks the Performance appraisal implementation has problem; whereas managers think inversely. This

difference is most of the time expected because unless there is a problem on the Performance appraisal implementation; the factory becomes profitable. Since performance appraisal properly done, it provides feedback to employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success (Dagimawit, 2013).

Table 4.19 Employees' Response on Performance Evaluation Challenges Prevailing in MCF

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Lack of rater ability to evaluate employee performance	22	30.1	8	40
No link between some evaluation criteria and employee job	9	12.5	1	5
Rater bias in evaluating performance	18	25	5	25
Absence of employee participation in setting performance evaluation criteria	2	2.7	4	20
Lack of communicating performance standards and expectations to the employees	5	7	0	0
Employees negative attitude and resistance to appraisal practice	1	1.3	1	5
Appraisal result is not linked to reward	4	5.5	0	0
Appraisers do not usually keeps a file to their employees to give appropriate evaluation result	4	5.5	0	0
In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings.	7	9.7	1	5
Total	72	100	20	100

Source: Primary Data (2017)

As depicted in the above table 5, 1% of non manager respondents indicated lack of rater ability to evaluate employee performance as performance evaluation challenge; while 12.5%, 25%, 2.7%, 7%, 1.3%, 5.5%, 5.5% and 9.7% said no link between some evaluation criteria and employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria, lack of communicating performance standards and expectations to the employees, Employees negative attitude and resistance to appraisal practice, appraisal result is not linked to reward, Appraisers do not usually keeps a file to their employees to give appropriate evaluation result and In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings respectively. From manager respondents, 40%, 5%, 25%, 20%, 0%, 5%, 0%, 0% and 5% said lack of rater ability to evaluate employee performance, no link between some evaluation criteria and employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria, lack of communicating performance standards and expectations to the employees, Employees negative attitude and resistance to appraisal practice, appraisal result is not linked to reward, Appraisers do not usually keeps a file to their employees to give appropriate evaluation result and In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings respectively are performance evaluation challenges prevailing in the organization.

As the above response shows though all challenges are believed to exist in MCF, indicated lack of rater ability to evaluate employee performance and rater bias in evaluating performance got major percentage (30.1% of non managers and 40% of managers and 25% non managers and 25% of managers). In relation with keeping files of subordinate; it is possible to say that majority of the respondents clearly indicated their agreement that raters keep file of what their subordinates have done during the performance evaluation period. However, the number of respondents who disagreed is not negligible. Rating employees without keeping records leads to recency error, focusing only on recent happenings (Saiyadain, 1999:204-207).

An interview discussion made with human resource and facility service process disclosed that lack of focus and carelessness by some departments are a challenge on the factory. He added that there are instances where the supervisor or manger reports that a certain staff is not able to perform toward expectation and at the same time rating him/her at an average for fear that he/she might miss the benefit package. This shows rating is carelessly done and is not strict. He also

added that operational managers focus more on operation than giving due attention to performance evaluation as one component of the operation. At times managers are pushed to send evaluation results to HRMD department. Cognizant with this fact the HRMD department was asked if there is any practice of giving awareness creation training on performance evaluation to management team. The reply disclosed that there is no practice of delivering training to management team and raters pertaining to performance evaluation. This shows the focus MCF management given to performance evaluation.

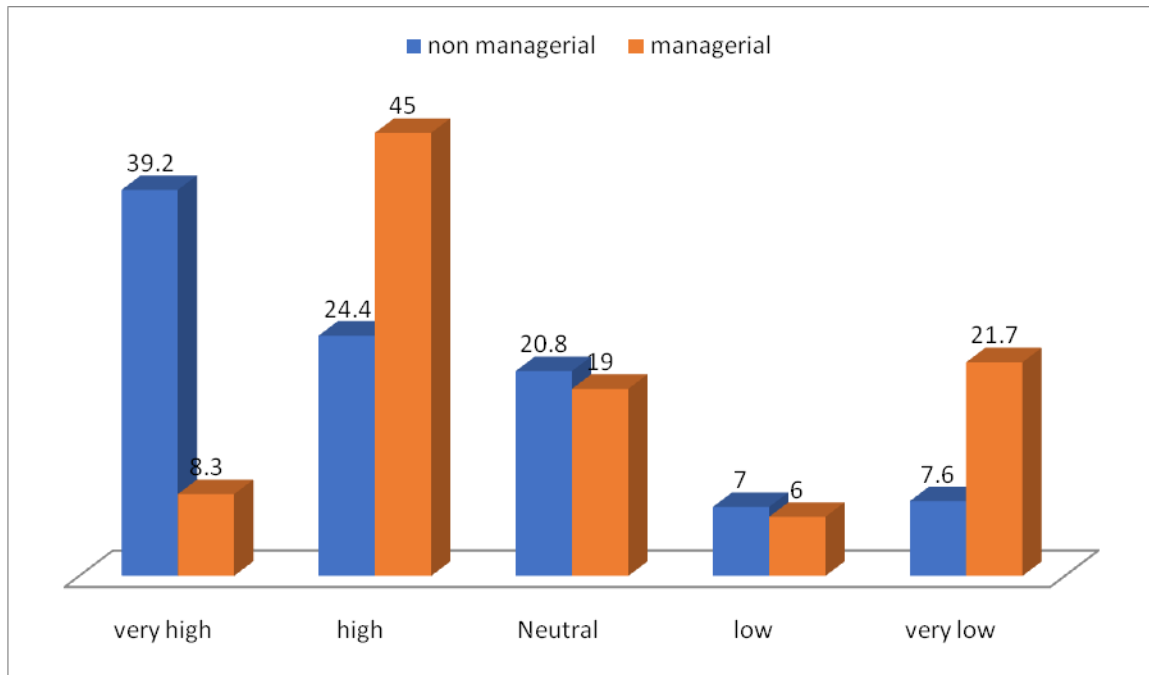


Figure 4.3. Employees response on whether ratings of employees are same?

Source: Primary Data (2017)

As can be observed from the above Figure 14.6% of non manager respondents did not agreed that their supervisors give similar ratings to all employees, while 63.6% did agreed and 20.8% were neutral. Of managers, 27.7% indicated that they don't give similar ratings to all staff members; while 53.3% agreed they do and 19% remained indifferent. From this can be inferred is that large number of managerial and agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. But 63% of the non managerial and 53.3% of managers agreed that there is practice of giving similar rating; even if managers are denied. This means that there is practice of giving similar rating in MCF

which is one of the challenges of Performance appraisal. When all employees are given similar ratings, high performers will get de-motivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the factory.

4.2.14. Employees’ Understanding On Benefits of performance appraisal

Employees were asked whether they understand benefits of performance evaluation to them and the factory. Their response is presented in table 21.

Table 4.20 Employees’ Understanding On Benefits of Performance Evaluation to the Employees and the factory

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	9	12.5	13	65
High	42	58.3	5	25
Neutral	6	8.3	0	0
Low	11	15.2	2	10
Very low	4	5.55	0	0
Total	72	100	20	100

Source: Primary Data (2017)

As can be seen from table 70.08% of non manager respondents agreed that they understand the benefit of performance evaluation to the employees and the factory. 20.75% said they don’t understand and 8.3% indicated they are neutral. Of managers, 90% agreed that their subordinates understand what benefit performance evaluation has to the employees and the factory while 0 % disagreed and 10% became neutral. This shows that majority of the employees know the benefit performance appraisal has to them and the factory in general.

4.2.15. Clarity and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees have to be clear and objective. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table

Table 4.21 . Employees’ Response on Clarity and Objectivity of the Evaluation Criteria

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	8	11.1	14	70
High	20	27.7	3	15
Neutral	14	19.4	0	0
Low	13	18	1	5
Very low	17	23.6	2	10
Total	72	100	20	100

Source: Primary Data (2017)

As table 22 above describes 38.8% of non manager respondents agreed that the criteria are clear and objective. But, 41.6% disagreed that they are clear criteria and objective while 19.4% remained neutral. As to managers, 85% indicated their agreement and 15% respondents indicated their disagreement while the remaining 0% was neutral. The response shows that though most respondents said the criteria are clear and objective, there still were respondents who claim otherwise.

4.2.16. Appraisal result to continuous development

Table 4.22 Employees’ Response on Contribution of the appraisal result to your continuous development

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	4	5.5	8	40
High	6	8.3	6	30
Nneutral	16	22.2	5	25
Low	38	52.7	0	0
Very low	8	11.1	1	5
Total	72	100	20	100

Source: Primary Data (2017)

On table 23 shows, 13.8% of the non manager respondents agreed that performance appraisal of the factory is important for their continuous development. 22.2% indicated they are neutral and

63.8% disagreed that it is nothing for their future development. As to managers, 70% of manager respondents agreed that the performance appraisal base for employees continuous development. Whereas 5% are disagree with other managers and the remaining 25% are neutral. This shows that the current performance appraisal process of the factory is base for productiveness and helps in realizing the benefits of performance appraisal to the employees and the organization.

4.2.17. Whether Appraisal process Worthwhile

Table 4.23 Employees' View Whether Performance Appraisal process of MCF is Worthwhile

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Very high	5	6.9	6	30
High	22	30.5	13	65
Neutral	10	13.8	1	5
Low	29	40.2	0	0
Very low	6	8.3	0	0
Total	72	100	20	100

Source: Primary Data (2017)

As table 24 shows, 37.4% of the non manager respondents agreed that performance appraisal process of the factory is worthwhile. 13.8% indicated they are neutral and 48.5% disagreed that it is worthwhile. As to managers, almost all manager 95% respondents agreed that the performance appraisal process worthwhile and there is no disagreement but 5% of neutral answer. This shows greater part of respondents believe that the current performance appraisal process of the factory (BSC) by itself is productive and helps in realizing the benefits of performance appraisal to the employees and the organization if it is properly implemented. But there is some observation with significant number of non managerial respondents.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

5.1 Summary of Findings

In order to answer the basic research questions; data were collected from managers and non-managers using questionnaires and unstructured interview, the data were analyzed using Microsoft XL.

Based on the discussion and data interpretation undertaken in the previous chapter, the following summaries are derived.

- Most of the respondents are said that the current frequency of conducting performance evaluation is twice a year. No reason is stated for current practice of conducting performance appraisal biannually except it is simply stipulated in HRM guideline document.
- Method used to implement performance appraisal in the factory is BSC.
- Respondents indicated that performance evaluation is being done by immediate supervisors.
- Large number of employees agrees that evaluator's quality is not satisfactory but all managers do not agree with employees.
- It was identified that employees don't have opportunity to participate in designing performance evaluation form; still there were respondents who said they got an opportunity to participate in designing of performance evaluation form.
- Respondents agreed that they have access to see their performance evaluation result. Non negligible respondents were indifferent, however.
- Employees agreed that they can appeal to higher officials when they perceive their performance evaluation is biased and inaccurate even though reasonable number of respondents was neutral.

- Both managerial and non-managerial employees agreed that there is a practice of giving similar ratings to all staff members; nevertheless, there was meaningful number of respondents who agreed that there is no practice of giving similar rating to all employees.
- Most of the respondents showed that they receive performance feedback from their supervisors timely during the appraisal period.
- Most of the respondents agree that Performance appraisal practice is ineffective and unsuccessful in relation with the contribution for factory goal.
- When looking to the relevance of evaluation criteria used by organization; both managerial and non managerial employees agree that the BSC four criteria used by the factory are relevant.
- When indicating criteria other than those listed on the BSC; employee's initiation, punctuality and attendance, efficiency and effort to improve oneself are the criteria's that gives clear consideration for both managers and non managers to be focused in the Performance appraisal system of the factory. On the other hand cooperation, administrative ability, (personal integrity, maturity, and self discipline) and health condition, neatness and personal appearance are criteria's those do not gives clear consideration as performance measure in the factory.
- It was learned that performance evaluation result is used for salary increment, bonus and promotion purposes.
- It was found that there are challenges directly related to performance evaluation practice of MCF.
- Most of the employees are not satisfied with the result given by the current year Performance appraisal evaluation.
- Most respondents replied positively about performance evaluation challenges prevailing in the organization such as: lack of rater ability to evaluate employee performance, no link between some evaluation criteria and employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria and Employees negative attitude and resistance to appraisal practice, appraisal result is not linked to reward In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings .
- Majority of respondents responded that there is practice of giving similar rating in MCF

- Though most of the respondent agreed that their evaluation file is not properly kept or keep file what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances, there still were reasonable number of respondent indicating that their evaluators was keep file.
- Majority of the respondents know the benefit performance appraisal has to them as well as to the factory in general.
- It was found that the criteria used to evaluate employees' performance are clear and objective. But there were meaningful number of respondents who said it is not objective and clear.
- The performance appraisal process of the factory is base for productiveness and helps in realizing the benefits of performance appraisal to the employees as well as to the organization
- Respondents agreed that performance appraisal process of the factory is worthwhile although non negligible number of respondents said it is not worthwhile.

5.2 Conclusions

After careful analysis of performance evaluation practice at Mughar cement factory the following conclusions were made.

The conclusion was made in four perspectives. The factory should give attention and work hard on the gaps identified in performance appraisal.

The first is related to the overall practice on the ground that the factory is using. In this regard, the factory is conducting performance appraisal twice a year using BSC as a method. The criteria used to measure performance of employees are BSC. But among the criteria BSC four perspective are some which don't have direct connection with the actual work and vague to understand. There was no uniformity of implementation of performance appraisal through departments and also all employees are given similar ratings. When all employees are given similar ratings, high performers will get de-motivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the factory.

It is an immediate supervisor, who is responsible to conduct performance evaluation. Employees are given feedback during appraisal period but they don't consider it as important, are allowed to

see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The factory raters do not use file of what employees have done during the performance evaluation period and do support their performance evaluation with specific events of good and bad performances. From these findings, one can conclude that there both good and bad practice of performance appraisal at MCF. When performance appraisal properly done, it will provides feedback to employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success.

Failure to have a carefully crafted performance appraisal, can probably lead to failure in the business process itself. Since the development of reliable, valid, fair and useful performance standards is enhanced by employee participation, as workers possess requisite unique and essential information necessary for developing realistic standards as well as implementation (Jordan, 1990, as cited in (Roberts, 2003)). But in MCF; even if the company used best measure of Performance appraisal called BSC; there is a lot of problems in the implementation.

The second perspective is purpose related findings, in which the factory is using performance evaluation result for the purpose of salary increment, bonus and promotion. Therefore implementation of performance appraisal in the factory contributed anything as expected for the organizational performance rather than salary increment, bonus and promotion of employees.

The third perspective is in relation to attitude related findings Employees of the factory perceive that performance appraisal has benefit to both the employees and the factory and the current performance appraisal process of the factory is productive and helped in realizing the benefits of performance appraisal.

The Challenge in performance appraisal practice is the final perspective. The major challenges of performance evaluation at MCF are lack of rater ability to evaluate employee performance, absence of employee participation in setting performance evaluation criteria, no link between some evaluation criteria and employee job, rater bias in evaluating performance, lack of

communicating performance standards and expectations to the employees, , and lack of focus, giving similar result for all employees and carelessness by some by managers.

Due to this the company performance and employees performance is varied. Since the rater's do not properly implement the measures as a result the employees are getting better evaluation result whether they performed well or not. For these and other factor of performance appraisal implementation in the factory proved the existence of the problems indicated in the statement of the problem.

5.3 Recommendations

In connection with the summary of findings and conclusions drawn above, the following recommendations are provided to address the gaps identified by the study.

- The practice of having file on 'what employees have done during the appraisal period' should be followed by all ratters. With this regard the factory HRMD department should follow up those who are not having file and encourage those using it currently.
- Performance evaluation should be conducted 3 or 4 times a year than making it twice a year by taking in to account the necessary resources required. Because frequent evaluation can avoid surprises and therefore problems later when the evaluation is communicated. On top of this the factory management should motivate its supervisors and manages to give subordinates frequent feedback as much as possible, than waiting the appraisal period in the form only. It is the way that employees can continuously improve their performance.
- Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated.
- Better to use combination of evaluators than solely depend on immediate supervisors. Using combination of evaluators alleviates subjectivity and other problems encountered with single evaluator.
- The factory management has to acquaint raters with different types of performance evaluation methods; particularly with the one the factory is employing (BSC); so that they will clearly identify the strengths and limitations of the method they are using.

- When all employees are given similar ratings, high performers will get de-motivated while low performers will be reinforced to keep on the same performance level. This will put the quality of raters in question mark and hamper performance of the factory.
- It is possible to avoid rater bias for it is human nature to get biased somehow. But it is possible reduce its magnitude through continuous training. Hence, the factory management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters' ability to evaluate and alleviate raters' bias.
- The factory has been using performance evaluation result only for the purpose of salary increment, bonus and promotion. But it is better also use for retention and termination purpose.
- In order to enhance focus given by management members the factory management should persuade them of importance of performance evaluation towards achieving organizational goals.
- The HRMD department should well communicate employees of performance standards and expectations when they are placed in their respective job positions.

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APPENDICE'S

Appendix 1. Respondents' Age Category, Gender, Educational Background and Service Years

Gender	Non managers		Managers		Total	
	Frequency	Percent	Frequency	percent	Frequency	percent
Male	51	70.8	19	95	70	76
Female	21	29.1	1	5	22	23.9
Total	72	100	20	100	92	100
Age Category						
Below 25 years	10	13.8	-	-	10	10.8
25-35 years	11	15.2	-	-	11	11.9
36-45 years	19	26.3	7	35	26	28.2
46-55 years	12	16.6	5	25	17	18.4
Above 55year	20	27.7	8	40	28	30.4
Total	72	100	20	100	92	100
Educational Background						
primary education complete	10	13.8	-	-	10	10.8
High school complete	15	20.8	-	-	15	16.3
Diploma	25	34.7	-	-	25	27.1
Degree	22	30.5	17	85	39	42.3
Master's and above	-	-	3	15	3	3.2
Total	72	100	20	100	92	100
Years of Service						
2-5 years	15	20.8	-	-	15	16.3
5-10 years	25	34.7	8	40	33	35.8
above 10 years	32	44.4	12	60	44	47.8
Total	72	100	20	100	92	100

Appendix 2. Questionnaire to be filled by Non-Managerial Employees

**St Mary's University
School of Graduate Studies
MBA Program**

Questionnaire to be filled by Non-Managerial Employees

Dear respondent,

I am prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "**An Assessment of Employees' Performance Appraisal Practice: The Case of Mughher Cement Factory**" as partial fulfillment of Masters of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction: Please use tick mark (✓) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Respondent's Profile

1. Gender: Male Female
2. Age: Below 25 25-35 36-45 46-55 Above 55
3. Academic Qualification: primary education complete/1-8/ High School Complete
Diploma Degree Masters and above
4. How many years have you been working in Mughher Cement Factory?
2-5 years 5-10 years above 10 years
5. Are you: Operational Staff Administrative Staff
6. Your current position in the Factory? _____

Information on the Practice of performance evaluation at Mugher cement factory

1. How often is your performance evaluated in a year?

Every month Every 3 months Every 6 months

Every 4 months Once a year

2. What do you think the reason(s) for the factory to choose the time indicated in Question No. 1 of your choice?

3. Which of the following performance appraisal method(s) is (are) practiced in the factory ?.

Ranking method essay method

Management by objective critical incident method balanced score card

Others

4. Who evaluates your performance? (You may tick more than one).

A) Immediate Supervisor B) Colleagues C) My Subordinate

D) Myself E) Customers

F) Others (specify) _____

5. For question No 4 of your choice, to what extent evaluators are the right individuals or groups to give value to your job performance.

very high high Neutral low very low

6. I have access to Participate designed the form?

very high high Neutral low very low

7. I have access to see my performance evaluation result.

Yes No

8. I can appeal to the higher official if I perceive my result is biased and inaccurate.

Yes No

9. To what extent that the evaluators' are qualified?

very high high Neutral low very low

10. To what extent performance appraisal practice is uniform among departments and branches?

in respect to	<u>very high</u>	<u>high</u>	<u>Neutral</u>	<u>low</u>	<u>very low</u>
i. the use of appraisal method	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. evaluation time and reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Appraisal criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Providing feedback to employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v. The use of appraisal result for training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. According to your understanding how do you rate the overall performance appraisal practice effectiveness of the factory?

very good good Neutral low very low

12. To what extent performance appraisal criteria used are relevant to evaluate your job performance as per BSC four perspectives ?

	<u>v/high</u>	<u>high</u>	<u>Neutral</u>	<u>low</u>	<u>very low</u>
• Financial evaluation criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Internal business process evaluation criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• learning and growth evaluation criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• customer evaluation criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your response is low or very low for question No. 12 , please indicate the evaluation criteria that are irrelevant to evaluate your job performance.

13. How do you rate the following performance evaluation criteria are given clear consideration in comparison to BSc four perspective evaluation criteria.

	<u>very high</u>	<u>high</u>	<u>Neutral</u>	<u>low</u>	<u>very low</u>
a. Job knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Duty consciousness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Responsibility/ Dependability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Cooperation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Personal integrity, maturity&self discipline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Adaptability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Effort to improve oneself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Punctuality & Attendance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Health Condition, Neatness & Personal appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Administrative Ability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Judgment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Initiation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please list additional criteria that you think should be included.

Information on purposes performance appraisal serves in the Factory

1. To what extent you are satisfied with your recent three years performance appraisal result?

very high high Neutral low very low

2. For what purpose(s) is the performance evaluation result being used in the organization?
(You may tick more than one).

A) Salary Increment B) Bonus C) Promotion

D) Training & Development

E) Termination F) I don't know G) Others (specify)_____

Information on the potential challenges related to performance appraisal

1. Is there any problem in the performance appraisal practice of the factory?

Yes No

2. If your answer is yes for the above question: Which of the following challenge/problem(s) apply to the appraisal systems of the factory? (You may tick more than one if applicable).

Lack of rater ability to evaluate employee performance

No link between some evaluation criteria and employee job

Rater bias in evaluating performance

Absence of employee participation in setting performance evaluation criteria

Lack of communication, performance standard and expectation to employees.

Employees negative attitude and resistance to appraisal practice

Appraisal result is not linked to reward

Appraisers do not usually keep a file to their employees to give appropriate evaluation result.

In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings

J) Others, (Specify)_____

Information on the employees' attitudes and values to the existing of performance appraisal

Please mark (X) or tick (√) the statement that indicates your level of agreement in the responses box.

No	Rate your attitudes about the performance appraisal issues listed below.	responses				
		Very High	High	Neutral	Low	Very Low
1.	Understanding of benefit of Performance evaluation to the employee and the organization.					
2.	Clarity and objectivity of the performance evaluation criteria used in appraisal					
3.	Extent of fairness & objectivity of rater					
4.	Relevance of evaluation criteria to your job					
5.	Appropriateness of time of evaluation					
6.	Contribution of the appraisal result to your continuous development					
7.	Provision of timely and fair feedback by supervisors					
8.	Extent of proportionality of your appraisal result to your job performance					
9.	The overall success rate of performance appraisal system of the factory					
10.	The performance appraisal process is Worthwhile.					

If you have any suggestions/ comments on the appraisal practices of the organization, please specify.

Thank you for your time!

Appendix 3: Questionnaire for Managers

**St Mary's University
School of Graduate Studies
MBA Program**

Questionnaire for Managers

Dear respondent, I am prospective graduating student of MBA at Saint Marys University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "“**An Assessment of Employees' Performance Appraisal Practice: The Case of Mughher Cement Factory**” as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction: Please use a tick mark (✓) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Respondent's Profile

1. Gender: Male Female
2. Age: Below 25 25-35 36-45 46-55 Above 55
3. Academic Qualification: primary education/1-8/ High School Complete
Diploma Degree Masters and above
4. How many years have you been working in Mughher?
2-5 years 5-10 years above 10 years
5. Are you:- Operational manager Administrative manager
6. Your current position in the Factory? _____

Information on the Practice of performance evaluation at Mugher cement factory

14. Who evaluates your subordinates performance? (You may tick more than one).

- A) Immediate Supervisor B) Colleagues C) His/her Subordinate
 D) Him/herself E) Customers F) Others (specify) _____

15. Which of the following performance appraisal method(s) is (are) practiced in the factory?

- Ranking method essay method
 Management by objective critical incident method
 balanced score card Others

16. My subordinates have access to Participate designed the form?

- very high high Neutral low very low

17. My subordinates have access to see their performance evaluation result.

- Yes No

18. Employees can appeal to the higher official if they perceive their result is biased and inaccurate.

- Yes No

19. To what extent performance appraisal practice is uniform among departments and branches?
 in respect to

	<u>very high</u>	<u>high</u>	<u>Neutral</u>	<u>lowvery</u>	<u>low</u>
i. the use of appraisal method	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. evaluation time and reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Appraisal criteria	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Providing feedback to employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v. The use of appraisal result for training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. To what extent the existing the performance appraisal practice achieve organizational goal

- Strongly success neutral unsuccessful
 very unsuccessful

21. Rate the extent of consideration of each of the following performance appraisal criteria during practicing employees evaluation based on BSc four perspective evaluation criteria..

	<u>very high</u>	<u>high</u>	<u>Neutral</u>	<u>lowvery</u>	<u>low</u>
a. Job knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Duty consciousness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Responsibility/ Dependability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Cooperation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Personal integrity, maturity& self discipline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Adaptability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Effort to improve oneself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Punctuality & Attendance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Health Condition, Neatness & Personal appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Administrative Ability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Judgment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Initiation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

22. Which criteria is most objective and simple to practice? The above listed criteria or BSC evaluation criteria?

Explain your

reason _____

Information on purposes performance appraisal serves in the Factory

1. For what purpose(s) is the performance evaluation result used in the factory? (You may tick more than one).

A) Salary Increment B) Bonus C) Promotion

D) Training & Development E) Termination

F) I don't know G) Others (specify)_____

2. For what purpose(s) do you think the evaluation result should be used?

A) Salary Increment B) Bonus C) Promotion

D) Training & Development E) Termination

F) Reason (specify)-----

Information on potential challenges related to performance appraisal

1. Is there any problem in the performance appraisal practice of the factory?

Yes No

2. Which of the following problem(s) apply to the appraisal systems of the factory? (You may tick more if applicable).

Lack of rater ability to evaluate employee performance.

No link between some evaluation criteria and employee job.

Rater bias in evaluating performance.

Absence of employee participation in setting performance evaluation criteria.

Lack of communicating performance standards and expectations to the employees.

Employees negative attitude and resistance to appraisal practice.

Appraisal result is not linked to reward.

Appraisers do not usually keeps a file to their employees to give appropriate evaluation result.

In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings .

Others, (Specify)_____

Information on the organization perception, attitudes and values to the existing of performance appraisal

Please mark (X) or tick (√) the statement that indicates your level of agreement in the responses box.

NO	Rate your attitudes about the performance appraisal issues listed below.	RESPONSES				
		Very	High	Neutral	Low	Very
11.	Understanding the benefit of Performance evaluation to the employee and the organization.					
12.	Clarity and objectivity of the performance evaluation criteria used in appraisal					
13.	Extent of Fairness & objectivity of rater					
14.	Relevance of evaluation criteria for the job of employees					
15.	Appropriateness of time of evaluation					
16.	Contribution of the appraisal result to continuous development of employees					
17.	Raters provide timely feedback to the employees					
18.	Extent of proportionality of employees appraisal result to their job performance					
19.	The overall success rate of performance appraisal system of the factory					
20.	The performance appraisal process is Worthwhile.					

If you have any suggestions/ comments on the appraisal practices of the factory, please specify.

Thank you for your time!

10. $\frac{1}{2} \times \frac{3}{4} \times \frac{5}{6} \times \frac{7}{8} \times \frac{9}{10} \times \frac{11}{12} \times \frac{13}{14} \times \frac{15}{16} \times \frac{17}{18} \times \frac{19}{20}$
 的乘积最接近下列哪个选项？

$\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$

- i. $\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$
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- iv. $\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$
- v. $\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$

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 的乘积最接近下列哪个选项？

$\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$

12. $\frac{1}{2} \times \frac{3}{4} \times \frac{5}{6} \times \frac{7}{8} \times \frac{9}{10} \times \frac{11}{12} \times \frac{13}{14} \times \frac{15}{16} \times \frac{17}{18} \times \frac{19}{20}$
 的乘积最接近下列哪个选项？

$\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$

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 的乘积最接近下列哪个选项？

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Appendix 5:

Interview questions with HRMD main process head

1. For what purpose is mugher cement factory using performance appraisal result?
2. How often is the organization conducting performance appraisal in a year?
3. How often do you think it should be conducted in a year? Why?
4. Who evaluates employees' performance in mugher cement factory?
5. How is the practice of participating employees in designing performance appraisal form?
6. What are the major challenges of performance appraisal in mugher cement factory?
7. Is there any practice of giving awareness creation training on performance evaluation to employees?

Thank you for your time!