Effect of Employees Performance Appraisal Practices on Employee Performance-In case of British Council, Addis Ababa Ethiopia Office

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfilment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

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June 2020

Acknowledgement

First and foremost, I would like to thank God for giving me the strength to go through this. I would like to express my gratitude and appreciation for the support and contribution of everyone who assisted me during this project. I would like to express my profound gratitude to my advisors Taye Amogne (Ph.D. Candidate) for his dedication in assisting me throughout the course of conducting this study. I would also like to thank employees of British Council office who did their best to provide me data that were useful for the conduct of this thesis.

Abstract

Performance appraisal is an important instrument in the work force management, if it is performed correctly and logically, it can conduct the organizations to their goal and the personnel will achieve their interests. This study aimed examined the effect of current performance appraisal practice on Employees performance at British council, Ethiopia office. To do so; the study has used data from the organization using self-administered questionnaire. Out of the total 71 questionnaires distributed to the whole employees of the organizational only 64 of them are properly recorded and returned to the researcher. Descriptive and inferential analysis such as correlation and regression analysis are conducted. The findings of this study showed that the PA system is not fully intended to meet the interests of both the employee and the employer. Neither it helped the organization to determine rewards and payments and to provide basis for disciplinary actions, different benefits, promotion opportunities and pay etc. The study has also identified that there are many challenges on the PA process/practice that are faced commonly by the organization and the employees. Some of them includes; unavailability of the required resources, supervisors do not display the right attitude to help the process, the cost of financing the process is high. Also, some workers become significantly uncomfortable on the appraisal process, and performance goals do not consider pertinent environmental factors and PA results are not fully acted upon. Based on the findings of the study, the researcher recommends that the HR department and Supervisors should play their prominent role to help the appraisal process by strengthening the management in performance appraisal system, the management should use and apply clear and measurable criteria or rates to conduct performance appraisal, Performance goals should consider pertinent environmental factors and PA results should fully be acted upon, the appraisal process should fully be made fair and reasonable, etc.

Key words; Employee Performance, Performance Appraisal, Human Resource, Performance Appraisal System, Organizational Commitment

Student's Declaration

I hereby declare that the work in this thesis is my own except for the quotations and summaries which have been duly acknowledged. The thesis has not been accepted for any degree and is not concurrently submitted for award of other degree.

Signature

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Certificate

This is to certify that student Hiwot Berasa has carried out his research work on the topic entitled "**Effect of Employee Performance Appraisal Practice on Employee Performance": In case of British Council, Addis Ababa, Ethiopia office** under my supervision as university advisor.

Taye Amogne   **(PHD Candidate)**
/06/2020

Certificate

Table of Contents

List of Tables

List of Figures

ACRONYM

BC   British Council

BSC   Balance Score Card

GRMS   Global Resource Management System

HRD   Human Resource Department

MBO   Management by Objectives

PMS   Performance Management System of

SSA   Sub Saharan Africa

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In these highly competitive environment organizations should stay economical by delivering their product and services to the customers. For any organisation despite size, geography, and nature of operation, people working for an organization are the most valuable, the most costly, and the most volatile of all the resources that it can use to accomplish its objective. Performance appraisal system has been recognized all over the world as one of the most commonly used management tools in the organization irrespective of the nature of the organization. Performance management systems began as simple methods of income justification. That is, appraisal was used to decide whether the salary or wage of an individual employee was justified. As a result, the traditional emphasis on reward outcomes was progressively rejected (Clardy, 2013).

Boyet J.H and Conn H.P. (1996) express their insights about the importance of employees' performance when they say; humane performance is the key to total quality and total customer's satisfaction. Many companies have tried to obtain significant gains in quality or customer service through investments in technology or other non-human means. All have failed. The fact is people make it happen. However, what is meant by 'performance'? If we cannot define performance, we cannot evaluate or manage it. It has been pointed out by Harrison R. (1997) that performance is: The outcome of the interaction between an individual's needs, perception of the result required and the amount of effort, energy and expertise that individuals has, or wishes to apply to the task in hand.

Similarly, performance should be defined as the outcomes of work. They believe that these outcomes provide the strongest linkage to the strategic goals of the organization, customer satisfaction, and economic contribution. These definitions suggest that it is a sort of interaction between what is inside people: needs, preferences, capacities and what is within work: quantity, quality and satisfaction. (Greenberg &Haviland, 2008).

Today's organizations implement recognition programs to bring out cultural change. They create budgets for employee incentives in the attempt to win their loyalty. Performance management is a strategic approach to delivering successful results in organizations. This is done through improving performance and developing talents as well as building capacity of staff. Performance Management is supposed to be a continuous process between supervisors and employees. This is

important as it helps to review the previous findings and encourage gradual improvement (Bruce, 2014).

Performance management is a holistic process bringing together many activities that collectively contribute to the effective management of individuals and teams in order to achieve high levels of organizational performance. The process is strategic, in that it is about broader issues and long-term goals, and integrated which links various aspects of the business, people management, individuals and teams (Julnes, 2008).

Appraisal, according to (Drewitt, 2013) involves the identification of cause and effect relationships on which employment and labor policies are based or can be based and are a routine process that organizations use to evaluate their employees. It is a systematic assessment that is as objective as possible of an ongoing program or policy, its design, implementation and results. Its aim is to appraise the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability.

Performance appraisal traditionally involved documentation and communication of performance between staff members and their supervisors (Foss, 2007). Informal approach was used and at times less record keeping. Currently, the process has been formalized and there is some seriousness that accompanies the procedures including record keeping for future reference.

The performance management system rewards excellence. It helps to align employee achievements with the organization's objectives. Others maintain that to encourage knowledge-sharing, organizations should design reward and recognition systems that stimulate sharing of all kinds: goals, tasks, vision as well as knowledge. This will help to bring cohesiveness between team members. One factor that contributes to an effective performance management system entails ensuring that the system focuses on performance variables as opposed to personal traits (Lawrie, 2004). Whereas experts disagree about whether performance should be measured in terms of the results produced by employees (Garber, 2011) or in terms of work-related behaviors (Sparrow, 2012), they agree that personal traits has several drawbacks. The validity and reliability of trait-based performance appraisals is highly suspect because the rater's perceptions of the traits being assessed are affected by their opinions, biases, and experiences that may have little to do with the particular employee (Varma et al, 2008).

For a management system to be effective, employees must believe that they have an opportunity for meaningful input into the appraisal process (Berry, 2004). They should have the freedom to challenge the evaluation they get especially when it's contrary to how they appraise themselves.

It is important to allow employees to share their opinion in order to encourage fairness in the appraisal procedure. When this is adhered to, staff members will agree with the management system that has been put in place as a legitimate and productive way of accessing their performance. As noted by (Cooper, 2005) without the perception of fairness, "a system that is designed to appraise, reward, motivate, and develop can actually the opposite effect and create frustration and resentment".

The organization should set up clear performance expectations and communicated to employees. The expectations include results, actions and employee behaviors. Employees will then understand what output is required from them when their terms of reference are clearly stipulated. It also helps to set out standards and outcomes. According to Aguinis, (2009), continuous communication between supervisors and the employees helps to diagnose problems as and when they arise as well as taking remedial actions.

1.2 Statement of the Problem

Internationally, a performance appraisal is used in nearly all organizations. There are different tools and number of goals that performance appraisals focus to examine individual's performance and potential of development. Essentially, the performance appraisal process allows an organization to measure and evaluate individually the employee's behavior and accomplishments over a specific period. Most organizations talk enthusiastically about their systems but how does it work out in practice? Is the purpose of Employees performance appraisal clearly identified? Do employees believe that there is a sound system which satisfies them if not what dissatisfies them? For instance, in order to positively influence employee behavior & future development it has been frequently argued that, employee must experience positive reactions in the practice of performance appraisal; if not any appraisal, system will be doomed to failure (Field, 2005).The aim of performance management is to capacitate employees with the skill and knowledge needed to meet or exceed the desired goal and achieve their full potential to the benefit of themselves and that of the organization. Providing the support and guidance that employees need to develop and improve in their skill is one of the significant objectives of performance management.

Employee performance management is a shared understanding about how individuals contribute to an organization's goals. An effective performance management and appraisals process focuses on aligning workforce, building competencies, improving employee performance and development, and driving better business results. In organizations, accountability of employees is managed through performance appraisal, which is an important tool for evaluating on-the-job

performance of employees. Information obtained from such evaluation is recorded and subsequently utilized for managing the human resource management activities such as employee motivation and reward, training and development, and compensation management Akhtar, Nath and Kalita (2014).

As stated by Akhtar et al. (2014) effective PM supports in clarifying the employee's responsibilities, facilitates performance evaluations against the pre-agreed objectives, support, mentoring and coaching by Managers, enables to design motivation and reward systems, identification of skill and knowledge gap and planning for training and development schemes and Compensation Management.

In the past a lot of research undertaken on performance appraisal practice and its effect in various aspects like motivation, reward, and perception largely in the banking industry. However, limited studies conducted on international organization specifically aid related organization. Finot (2016) studied the Assessment of Employee performance appraisal practice at SAVE The Children Ethiopia by applying descriptive design and quantitative method. The study shows the PA process lacks compatibility of weigh given to the criteria and criteria on job assignment and requirement.

Largely the studies conducted in this area were done in the banking sector. For instance, some of the studies are (Alemneh, 2017), Effect of PA on Employee Motivation in CBE (Abebe, 2019), Determinates of Employee Job performance in CBE, Fikregenet (2016), Assessment of Employee Appraisal Practice in United Bank S.C, Solomon (2016), Assessment of Employee Appraisal Practice in Abay Bank S.C.Moreover, the methodology of study was descriptive and it does not show the relation between the factors that affect employee performance. Thus, this research tries to fill this gap by using both descriptive and inferential statistics.

However, though there is a consensus in organizations about the importance of performance appraisal practice and the effect it may have if not done properly or as stipulated in their HR policy, there are still complaints from the reviewers and the person being reviewed. The Internal Audit Report (2016) of the organization under study indicated that following annual performance review several employee's raised complaint by the line mange's and managers on differences of the appraisal result with comparable target. In addition, some of them raised issue around the appraisal process that makes them loose trust on the overall process and fairness of the system. Due to these, since there is a gap as identified by the report the researcher is motivated to assess the existing performance appraisal practice of British Council Ethiopia office.

To this end, this study has tried to assess the Effect of Employee's performance appraisal practice on Employees performance to identify those aspects that affect employee's performance. Based on my observations in different web sites and clarification obtained from the organization HR department, there was no formal research taken to address the Audit findings. Thus, this research attempts to fill this gap by using descriptive and inferential analysis such as correlation and regression analysis. This research is also expected to yield efficiency savings for the wider British Council Sub Sharan offices that may have experienced similar issues in the performance appraisal process.

1.3 Research Questions

Therefore, this study has tried to address the following major research questions:

- What is the effect of Employee Performance Appraisal practice on Employee performance at British Council? Do the major components of good performance appraisal incorporate?

- What are the perception of employees in the appraisal process of British Council?

- What are the different challenges of performance appraisal practice at British Council that affects employee performance?

1.4 Objective of the Study

1.4.1 General Objective

The main purpose of this study is to assess the effect of Employees Performance Appraisal Practices on employee performance-In case of British Council, Addis Ababa Ethiopia Office.

1.4.2 Specific objective

Based on the general objectives of the study the specific objectives include:

- Examining the employee performance appraisal practice of the organization and see if the major components of good employee performance appraisal practice is incorporated
- To assess employee's perception of the appraisal process at British Council
- Identify the challenges encountered by the employees on performance appraisal practice of the organization

1.5 Scope of the Study

The study focused on assessing the existing employs performance appraisal practice of British Council Ethiopia office. Therefore, the target population is employees of the organization based

in Addis Ababa office. It is limited to Ethiopia office from that of nineteen offices operating in Sub Sharan Africa mainly due to time and resources constraint. Further, the study has in to account all employees who have completed their probation period and are working in the organization to reach the target population easily. The study is conducted based on those up to date 2019/10 data and information.

1.6 Hypothesis

The following hypotheses are going to be tested:

1. **Null hypothesis (H0) –** Goal setting has no significant effect on employee performance

   Alternative hypothesis (H1) - Goal setting has a significant effect on employee performance

2. **Null hypothesis (H0) –** Management involvement has no significant effect on employee performance

   Alternative hypothesis (H1) - Management involvement has a significant effect on employee performance

3. **Null hypothesis (H0) -** Continuous assessment has no significant effect employee performance

   Alternative hypothesis (H1) - Continuous assessment has a significant effect employee performance.

4. **Null hypothesis (H0)**- Feedback and coaching has no significant effect on employee performance

   Alternative hypothesis (H1) - Feedback and coaching has a significant effect on employee performance.

1.7 Significance of the study

The findings of this research expected to help BC Management to inform the gap it may have in its performance appraisal practice, enables it to strengthen the existing performance management system, and helps to make necessary adjustment. It will also help students on the field and practitioners as a reference material to get deep insight with regard to performance appraisal practice and the effect it may have on employee's performance. It will also serve as a stepping-stone for those who want to do further study on this topic.

1.8 Study Area and Organization Selected for Study

The specific area of this study is to assess the performance appraisal practice at British Council, Ethiopia office that is one of the international organizations operating in Ethiopia for more than 75 years.

1.9 Organization of the paper

This study is organized into five chapters. Chapter one includes introduction that starts with the background on the importance of a sound performance appraisal practice, the challenges of performance appraisal and the perception of employees towards the appraisal process. This is followed by the statement of the problem, which the study is deal with, objective, scope, finally the research question and significance of the study.

The Second Chapter tries to explore on the research questions that are probing the existing information on performance management through literature review including portraying other empirical research conducted in Ethiopia as well as other countries.

Chapter Three is research design and methodology i.e. the research method, the research design, sampling and sampling techniques, data gathering tools, reliability test, ethical considerations and methods of data analysis procedures are discussed profoundly.

The qualitative as well as quantitative findings are summarized under chapter Four and data analysis and interpretation on the findings along with discussion are presented.

Finally, Chapter 5 is about summary of findings, conclusions, recommendations. Proper references and annexes are also part that appear afterwards as per the standards of a scientific research.

Chapter Two

LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1 Concept of Performance Appraisal

There are different definitions given to performance appraisal. One of the definitions is that performance appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and their potential for development. It is also defined as all formal procedures aimed by working organization to evaluate personalities and contribution of one potential group members.

According to Edwin B. Fillippo (2000), it is defined as a systematic periodic and so far as humanly possible, an impartial rating of an employee's excellence in matters pertaining to his present job and his potentialities for a better job. John P Wilson, 2009, also defined it as systematic appraisal of the employee's personality and performance on the job and is designed to determine his contribution and relative worth to the firm. In the words of L. A. Larkin(2002) performance appraisal is the systematic assessment by merit factors of the behavior and/or ability of workers in their work and a means whereby each worker may be rewarded a percentage in addition to his wage according to his assessed merit value (www.iosrjournals.org, May 29, 2019).

Performance appraisal further defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development (Kane and Lawler 2000, cited in Laila Zaman, 2011).

It is also defined as the process of assessing the performance and progress of an employee or a group of employees on a given job and his/their potential for future development. It consists of all formal procedures used in working organizations and potential of employees. According to Flippo, performance appraisal is the systematic, periodic and an important rating of an employee's excellence in matters pertaining to his present job and his potential for a better job (*www.allprojectreports.com, May 29, 2019*).

2.1.2 Overview of Performance Appraisal

Performance appraisal is a widely discussed concept in the field of performance management. The importance accorded to performance appraisal systems in part arises from the nature of the current business environment, which is marked by the need to achieve organizational goals as well as remain relevant in intensely competitive markets through superior employee performance (Chen and Eldridge, 2012). Within this context, various studies suggest that organizations can hardly control the behavior of their employees (Attorney, 2007). The organizations can however control how employees perform their jobs. In addition, performance management research shows that a significant number of employees tend to have the desire to perform their jobs well as part of their individual goals as well as a demonstration of loyalty towards the organization (Wright & Cheung, 2007). Arguably, the key to ensuring that employees perform well lies in the ability to provide them with the right working environment. Such an environment generally includes fair treatment offering of support, effective communication and collaboration. According to Maley (2013), these are the very qualities that are created by an effective performance appraisal system.

Performance appraisal also known as performance review, formally documents the achievements of an individual concerning set targets. It is a component of Performance Management System (PMS). The system has become an essential management tool in today's organizations. Managing employees' performance can be said to be as important as any other work that all managers execute during the year. Grote (2002) describes performance appraisal as a formal management tool that helps evaluate the performance quality of an employee. Schneier and Beatty as cited in Patterson (1987) define it as a process, which apart from evaluating also identifies and develops human performance.

The history of performance appraisal is brief. Appraisal really began with the Second World War. It is used to assess results. Dulewicz (1989) says that there is an indispensable human inclination to judge the work of other people as well as one's own work. It can thus be said that, appraisal is both unavoidable and universal. Even without the existence of a planned appraisal system, one can have a tendency and find it natural to evaluate the job performance of another easily and subjectively.

2.1.3 Definition of Performance

Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent

in clarifying the performance concept (Campbell, 1990). Bates and Holton (1995) suggested that performance is a multi-dimensional construct, the measurement of which varies depending on a variety of factors. Kane (1996, p.124) argued, "Performance is something that the person leaves behind and that exists apart from the person". Bernadin, et al. (1995, p. 463) were concerned that performance should be defined as the outcomes of work (dependent variable), because "they provide the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contributions". However, is performance a behavior, which is an independent variable, or an outcome, which is a dependent variable? Campbell (1990, p. 343) believed that performance was behavior and should be distinguished from the outcomes, "because they can be contaminated by systems factors". However, in general, several authors have agreed that, when conceptualizing performance, one has to differentiate between an action or behavioral aspect and an outcome aspect of performance (Kanfer, 1990; Campbell, 1990; Campbell, et al., 1993).

Performance is always associated with performance management and performance measurement. The process of performance management and measurement involves stages that need to be recognized and supported. Armstrong (2006, p.1) defined performance management as "a systematic process for improving organizational performance by developing the performance of individuals and teams". This is a conceptual, organization and operational definition that has been found useful in researching performance measurement. In similar vein, De Nisi and Pritchard (2006) argued that performance management is a broad set of activities aimed at improving employee performance. The essence of performance management is the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization that supports and encourages that achievement (Lockett, 1992). According to Armstrong (2006, p.1), the purpose of performance management is "to get better results from a whole organization, or teams and individuals within it, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements".

However, there is no single universally accepted model of performance management in use; rather, the management literature advances a number of separate contributions and that these can be expressed as a 'performance measurement cycle' consisting of five elements (Storey, et al., 1998), namely:
- setting performance objectives
- measuring outcomes
- feedback of results

- rewards linked to outcomes; and

- amendments to objectives and activities
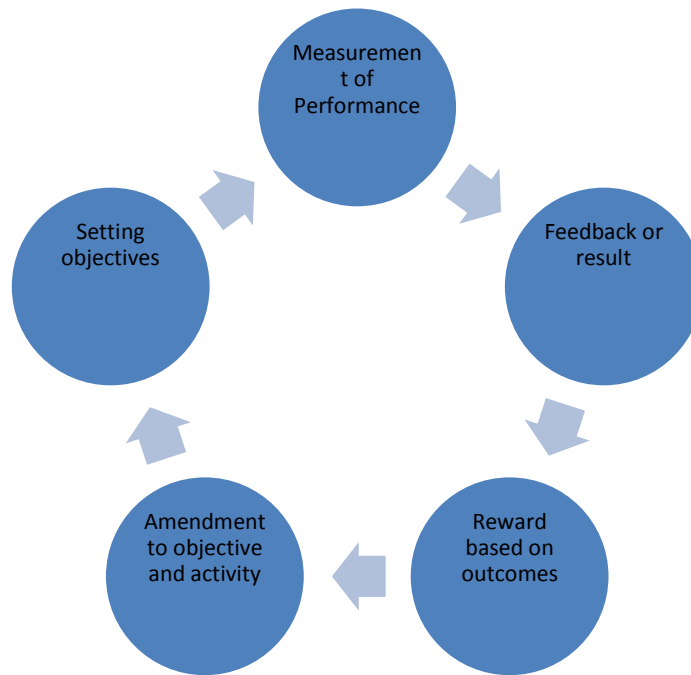
Figure 1: The Performance Management Cycle (adapted from Storey, et al., 1998)

The level at which a performance management system operates will vary according to how the organization chooses to apply the model, or the level at which the analyst analyses the process. This means that there is nothing in the model to indicate that the elements apply to the management of individual employees, or the groups and teams or the organization as a whole.

On the other hand, performance measurement refers to the process of quantifying the efficiency and effectiveness of past actions through acquisition, collation, sorting, analysis, interpretation and dissemination of appropriate data (Neely, 1997, p.7). This is in line with Ilgen and Schneider's definition of performance measurement as "the quantification of what was done" (1991, p. 73). Nathan (2009) argued that performance measurement should not be confused with performance management, because measuring performance is a necessary, but not sufficient, condition for performance management. This means that performance measurement represents the process of adopting measures and performance dimensions, such as outcomes, productivity, output, efficiency and so on, are the elements characterizing this process (Sole, 2009), whilst performance management refers to the actual use of performance measures.

2.1.4 Performance Management System

Globalization induced competition has substantially increased the necessity for organizational managers to develop sustainable human resource (HR) strategies that are capable of optimizing business performance (Imran, Arif, Cheema &Azeem, 2014). One off such HR strategy is the development of performance management system (PMS). PMS has been variously described by authors as a combination of a number of functions and processes that have been carefully planned and carried out with the intention of achieving predetermined organizational objectives through employee's work performance (Aguinis, 2013; Armstrong, 2009; Hawke, 2012; Sousa, De Nijs& Hendriks, 2010; Taticchi, Balachandran & Tonelli, 2012).

Therefore, performance management is considered as an integral and indisputable managerial function in any organizational setting (Islam & Rasad, 2006). This is more so as organizational managers attempt to devise an objective criterion that measures the performance of employees, both as individuals and group and to determine the extent to which such performances have contributed to the overall achievement of business effectiveness (Stanton &Navenkis, 2011). PMS provides a mechanism through which organizational rewards are objectively matched with individual employee's contribution to the achievement of organizational goals. The complexity involved in the design and implementation of these performance measurement criteria has over the years posed a challenging operational consideration for HR managers (Saeed &Shahbaz, 2011). Aside the difficulty and challenges that are associated with this performance management activity, it remains the responsibility of management to provide a link between organizational effectiveness and employee performance.

Many authors (e.g. Bowman, 1994; Daley, 1998; Fox &Shirkey, 1997; Perry, 1991) have questioned the continued relevance and use of the merit rating or performance appraisal system as an objective performance evaluation technique. Merit rating or performance appraisal is a systematic and periodic evaluation of individual employees' value to the organization in comparison to his or her colleagues (Junais, 2012; Toppo&Prusty, 2012). This criticism has accelerated the adoption of PMS as a more objective alternative in providing an integrated and continuous approach to the management of employee performance (Armstrong, 2009). Further, a preference for the adoption of PMS by managers is motivated by the ever-increasing complexity in the management of business, which requires a dynamic process of monitoring and evaluation (Willaert& Willems, 2006). Therefore, this complex and dynamic operating business environment requires a strategic and integrated performance management process that could

assist the organization to gain competitive advantage. The integrated approach involves the integration of other HR functions such as recruitment and selection, performance evaluation, training and development and remuneration (Pieters, 2009). The overall objective of the integrated approach is to establish a strategic alignment between a functional PMS and the overall organizational goals.

One noticeable shortcoming of performance management programs is the assumption by the designers that one program works well across entities without necessarily taking into consideration the uniqueness of individual organizations. This ambitious and erroneous belief most often signifies the beginning of failure for such programs. In order to avoid such a design failure, Kandula (2006) recommended an organization-specific PMS that considers individual organization's peculiarities such as internal environment, business strategy, strengths and weaknesses, vision and mission.

2.2 Employee Performance

Performance is the overall outcome or success of a person during certain period of duty compared to the standard of the work, the targets or criteria that have been determined in advance and have been agreed (Rivai, 2004). Rivai further states that performance does not stand-alone it relates to job satisfaction and compensation, influenced by the skills, abilities and individual traits. In other words, employee performance is determined by the ability, desire and environment. The employees' performance is impacted by various characteristics of each individual. In the development of a competitive and globalized era, companies certainly require employees who are high achievers. Objective performance assessments will give the right feedback to behavioral change toward increased productivity and expected performance. Assessment of performance in various forms such as key performance indicators or key performance index is an objective and systematic process to collect,analyze, and use the information to determine the efficiency and effectiveness of employees' duties and achievement of targets. Performance assessment is based on understanding of knowledge, skill, expertise and behavior necessary to do a good job and a more extensive analysis of the attributes and behavior of individuals.

2.2.1 How to Measure Employee Performance

The most difficult part of the performance appraisal policy is to accurately and objectively measure the employee performance (Bond and Fox, 2007:5). Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given

time period in comparison with the goals set at the beginning of the period (Rudman, 2003:4). According to Kuvaas (2006:508), measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved, and the time taken in achieving the results. Bond and Fox (2007:5) contend that measuring employee performance is the basis of performance appraisal policy and performance management.

Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential (Fletcher and Bailey, 2003:360). For measuring employee performance, different input forms can be used for taking the feedback from the various sources like the supervisor, peers and the employee (Mello, 2010:439). According to Rudman (2003:4), all the views received should be combined in the appropriate manner to get an overall complete view of the employees' performance. According to Anderson (2002:2), for an organization to be effective for its goals, it is very important to monitor or measure its employee performance on a regular basis. Effective monitoring and measuring includes providing timely feedback and reviews of the employees for their work and performance according to the predetermined goals and solving the problems faced (Mani, 2002:142). Rudman (2003:12) highlights that timely recognition of the accomplishment also motivates and helps to improve the performance of employees. According to Aguinis (2009:2), measuring the performance of the employees based only on one or some factors can provide with inaccurate results and leave a bad impression on the employees as well as the organization. For example, by measuring only the activities in employee's performance, an organization might rate most of its employees as outstanding, even when the organization as a whole might have failed to meet the goals and objectives. Therefore, a balanced set of measures should be used for measuring the performance of the employees (Kuvaas, 2006:509)

2.3 Performance Appraisal as a Policy for Managing Employee Performance

According to Freeman (2002:9), employees often find themselves in situations where they must change direction frequently. Therefore, the employee seeks constant feedback to determine whether the direction they are working is what is expected by the organization. Rechter (2010:239) contends that the performance appraisal policy for employees must be frequent, accurate, specific and timely. Levinson (2005:427) highlights that it is becoming increasingly popular for organizations to ask employees to evaluate the performance of their colleagues and it is especially true with the increased focus on the use of teams in the workplace. Hunt (2005:3) states that while there is general agreement that peer evaluation provides a more complete picture of employee performance, the acceptance of peer performance appraisal policy by

employee is generally low. Levinson (2005:427) contends that social comparison processes may guide peer evaluation whereas, because of the obviously different supervisor-subordinate relationship, supervisor evaluations would likely not follow a social comparison process. According to Dessler and Gary (2000:24), many organizations are scrapping the traditional performance appraisal policy in favor of performance management.

Wade and Ricardo (2001:319) highlight that a new approach focuses on coaching and feedback. In such a policy, the manager and the employee agree upon goals. Goals should be flexible to reflect changing conditions in the economy and workplace and employees should think of their managers as coaches who are there to help them achieve success. According to Mondy and Noe (2008:4), in some performance appraisal policies, the employee is passive. Therefore, the employee does not have a significant input to the process. They merely receive an evaluation on their performance over the given performance appraisal policy period. However, in general the performance appraisal interview is a sensitive interpersonal situation, where the skill of the appraiser and maturity of both parties are keys to whether a successful outcome is reached. Mackey and Johnson (2000:204) state that in practice, emotional tension and defensiveness is the outcome of the interaction of the superior and subordinate in conducting a session on performance appraisal feedback discussion. Furthermore, this can be a real block to employee development and while this is a potential danger, it does not have to be the case. Fineman (2006:270) highlights that managers' ability to perceive subordinates' emotions has an impact on the subordinate's satisfaction with the performance appraisal process.

2.4 Employee Attitudes towards Performance Appraisal Policy

An employee perception of performance appraisal has been studied a lot. Recently, the social and motivational context has dominated research over the more technical and process-related aspects of appraisal. This is only natural, as the quality of the appraisal techniques make little difference, if appraisers and appraises are unsatisfied with, and uncommitted to, the appraisal. (Chmiel 2008, 85) Scholars have demonstrated how performance appraisal perceptions relate to e.g. increased trust for management, justice, and job satisfaction. Already the process itself, and how it is used, is said to have a lot of influence on employee attitudes towards their supervisor, job, and the appraisal process itself. (Boswell & Boudreau 2000, 283).

Employees often assume a defensive position when deficiencies pointed out Stone (2002:3). This is especially true if pay, recognition or rewards are at stake. In addition, employees will resist policies that are perceived to appraise or reward unfairly (Freeman, 2002:25). Hunt

(2005:2) highlights that conflicts on the purposes and goals of a performance appraisal policy often exist when implemented. The performance appraisal policy must be part of a performance management policy that emphasizes ongoing communication and coaching in order to motivate the employee (Mondy and Noe, 2008:261). The significant barriers to the implementation of an employee performance appraisal policy are often neglected (Grote and Grote, 2002:232). While performance appraisal policy may improve employee performance, ill-prepared performance appraisal policy can adversely affect employee performance (Fandray, 2001:35). Wade and Ricardo (2001:26) contend that commitment from the organization to conduct performance appraisal policy correctly is essential. This includes logistical and technical support, in-depth job analysis and on-going training. According to Roberts (2002:334), managers may often fail to provide timely and accurate expectations and feedback to employees regarding performance. When feedback is provided, it is often communicated incorrectly thereby reducing morale and further reducing employee performance (Stone, 2002:123). Furthermore, employee groups often oppose the implementation of a performance appraisal policy. This is due to a variety of factors including distrust of management's ability, a perception that the performance appraisal policy is unfair and a traditional emphasis on superiority rules (Levinson, 2005:38).

Over 80 percent of British organizations have expressed dissatisfaction towards performance appraisal systems. Moreover, in the US, 15 percent of supervisors have claimed, that they would rather go to the dentist, than conduct an appraisal. It seems that the fundamental reason behind the dissatisfaction was the employee perception of failure to attain the goals, which was set for them by the organization. Some organizations have started calling the process with different names, thus trying to shift the focus to a forward-looking process and deducting the "retrospective assessment element" (Fletcher 2004). However, as Fletcher points out, it takes more than a name change-to-change employee perception.

A fundamental problem with performance appraisal is the conflict between the assessment and the motivational functions of the appraisal process, which, in turn, is linked to four other aspects of the situation: quality of assessment, communication, implication for rewards, and the personal agenda of the participants. The quality refers to employee perceptions of an unjust or biased appraiser, whereas communication refers to the appraiser's reluctance or difficulty to communicate a critical evaluation, especially since critique may lead to decreased motivation and performance. Implications for rewards may cause difficulty, as studies have shown, that a direct link between performance and rewards may also result in decreased performance. For example, an employee does not receive a reward due to his/her insufficient level of performance.

If the employee's perception of the fairness of the process was already at stake, this will plausibly lead to negative reactions. Finally, the personal motives of both appraisers and appraises may affect the outcome of the appraisal process. For example, an appraisee might be eager to receive feedback from the supervisor – but the motive behind this could be the eagerness to give his/her side of the story and correct the unwarranted criticism. (Chmiel 2008, 85 – 89)

Boswell and Boudreau (2000) have studied how the perceptions of performance appraisal use relate to employee satisfaction. They found that the perceived developmental use of the process, such as indicating strengths or weaknesses, and determining the need for training, could be positively associated with employee satisfaction, as well as satisfaction with the appraiser. This finding supports also prior findings in the field of the importance of the developmental side of performance appraisal. It is needed in order to support the development of employees, but also because it has "a direct influence on employee attitudes" (Boswell & Boudreau 2000, 289). However, the perceived evaluative use indicated a slightly positive, yet a "nonsignificant, bivariate relationship with the attitudinal variables". This aspect therefore was not as clear in the findings as the developmental aspect. Overall, the study pointed out the positive relationship between employee attitudes and procedural justice, which emphasizes the importance of fairness in employee perceptions.

Mayer and Davis's (1999) research focuses on a performance appraisal system before and after the system was renewed. Before the renewal of the process, trust for top management was low and the performance appraisal system was perceived to be inaccurate. The implementation of a more acceptable appraisal system, however, increased the trust for top management significantly. The study was a longitudinal study of 14 months, and the rise in the level of trust occurred in nine months' time.

Berrin Erdogan (2002) has done research on antecedents and consequences of justice perceptions in the performance appraisal context. He lists the antecedents of justice perceptions to include, for example, organizational culture, the quality of employee – supervisor relations before the appraisal, and perceived organizational support. The consequences of the process can be designated into three groups: consequences that are organization-related (e.g. organizational commitment and turnover intentions), leader related (e.g. satisfaction with the supervisor), and performance-related (for example motivational outcomes and accountability).

Kuvaas's (2008) research aimed to examine whether and how the quality of employee organization relations influences the relations between HRM and employee outcomes. He found out, that quality of employee-organization relations might be pivotal in the relationship between performance and HRM. This means the success or failure of HRM depends on the employee-organization relationship quality. A positive relationship, according to Kuvaas's study, seemed to be necessary in order for the HRM processes to affect performance in a positive way.

Sumelius.et.al (2014) examined which factors influence employee perceptions. Of the visibility, validity, and procedural and distributive justice of performance appraisal, and on which level individual, relationship, or unit do the influences occur? They found four influences that occurred on all of the four process features; with two of them occurring on the unit level, and the other two on the relationship level. The first two were top management internationalization of performance appraisal, and the formal system design, the latter two were supervisor capability and/or commitment, and the attitudes of colleagues. Interestingly, the individual-level influences did not affect perceptions in this study.

Gabris and Ihrke (2001) had a slightly different approach to research on employee perceptions about performance appraisal, when they sought to shed light onto whether performance appraisals contribute to heightened levels of employee burnout. They also explored the relationship between perceptions of performance appraisal and job satisfaction. Basing their research on the argument, that many employees have anxiety and even fear towards performance evaluations, they were interested to find out whether there could be a connection between employee burnout. They found out, that when the employee perceptions of the performance appraisal process are instrumentally valid, and procedurally and distributive just, the likelihood of high job satisfaction increases. In the research, job satisfaction seemed to serve as an intervening variable between the performance appraisal perceptions and burnout. However, the evidence was modest, as exclusively the perceptions of the process validity could not be significantly related to burnout. The perceptions of distributive and procedural justice in relation to burnout were much higher. An explanation for this may be, that lack of fairness (or at least employee perceptions of it) increases anxiety, which may lead to e.g. distrust in management, and decreased levels of motivation etc., which, in the end, may escalate to increased levels of burnout.

2.5 Types of Performance Management System

Performance appraisal system is used to systematically assess the employee's job performance and to provide information to HRM function and needs to be suitably designed. There are a

number of methods available to measure the employee's performance. These methods can be broadly classified into two groups: traditional methods (past oriented) and modern methods (future oriented) (Aggarwal and Thakur, 2013; Shaout and Yousif, 2014).

2.5.1 Traditional performance appraisal methods

These are the old methods of performance appraisal based on personal qualities like capacity, judgment, knowledge, attitude initiative, loyalty, leadership etc. These methods were past oriented approaches that concentrated only on the past performance (Aggarwal and Thakur, 2013). Some of this are:

2.5.1.1 Critical Incident method

It is concentrated on certain critical behaviors of employee that makes significant difference in the performance. When such an action, a "critical incident," affects the department's effectiveness significantly, either positively or negatively, the manager writes it down. At the end of the appraisal period, the rater uses these records along with other data to evaluate employee performance. With this method, the appraisal is more likely to cover the entire evaluation period and not focus on the past few weeks or months (Shaout and Yousif, 2014).

2.5.1.2 Checklist method

It is a simple method of performance appraisal where the supervisor is given a list of statements or questions in the form of yes or no based and asked to check against employee's performance. After completing the checklist, it will be sent to HR departments for further processing. The questions in the checklist may have more or equal weight depending on their importance (Khan, 2013; Khanna and Sharma, 2014).

2.5.1.3 Forced distribution method

Under this method of performance appraisal, the rater after assigning the point to the performance of each employee must distribute his ratings in the pattern to conform the normal frequency distribution curve. The major drawbacks of this method occur when organizations tend to organize certain key departments with good employees and some other discards and laggard because relatively good employees of key departments get poor rating and relatively poor employees of laggards' departments' get good rating (Khan, 2013).

2.5.1.4 Graphical rating scale

It is a popular and simple method used to compare individual performance to an absolute standard. A scale lists trait such as quality and reliability and the range of performance various

from unacceptable to outstanding. The employee is then graded by identifying the score that best defines his or her level of performance for the trait (Lunenburg, 2012; Shaout and Yousif, 2014).

2.5.1.5 Grading method

In this method, certain categories of grading of performance like excellent, very good, good, average, poor, very poor etc. will be defined in advance and employees are put in a particular category depending on their traits and characteristics. However, this method has one basic limitation which is the rater may give higher grades for most of the employees (Khan, 2013).

2.5.2 Modern performance appraisal methods

Modern methods of performance appraisal are an improvement over the traditional methods. They are developed to improve the limitations like biasness and subjectivity of the traditional methods (Ashima and Thakur, 2013; Yousif and Shaout, 2014).

2.5.2.1 360 Degree Feedback Appraisals

360-degree feedback appraisal is a powerful developmental method and is quite different compared to the traditional manager-subordinate appraisals. This method does not replace the traditional one-to-one process it can be used as a stand-alone developmental method. It involves the appraise receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraise should also assess himself or herself using the same feedback instrument or form (Gold, 2010)

2.5.2.2 Balance Score Card

Balanced scorecard is increasingly used as a strategic performance management tool in both public and private sectors. This adoption has encouraged evolution of the balanced scorecard methodology over the last two decades. Although, the available generations of this methodology are readily adoptable for private sector organizations, public sector organizations present diverse challenges for balanced scorecard. This is further complicated by the fact that scholarly works on strategic performance management have predominantly focused on private sector organizations (Foss, 2007)

Balance Score Card came to collaborate with continuous improvement of processes, enabling organizations to establish actions aligned to their strategy aiming to create value. BSC contributed to meet shareholder, employee and customer expectations, to the achievement of strategies and, still, to improvement in services, internal processes, learning and innovation.

Such model can help to disseminate the strategic plans of an organization at all levels, aiming to guide people's actions towards improvement of present and future performance (Julnes, 2008).

2.5.2.3 Management by Objectives

Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method-setting objectives that are specific, measurable, achievable, realistic, and time-based. Management by objective is a result-oriented process in which first supervisor and subordinate jointly establish objectives and individual area of responsibility, then the employee performance will be measured by examining the extent to which predetermined work objectives have been met (Khan, 2013). In management by objectives, as performance is evaluated based on the achievement of the established objectives, it can be said that this method of appraisal is mostly concerned about the results achieved or goals attained but not the ways on how the employees performed it (Khanna and Sharma, 2014).

2.5.2.4 Self-Appraisal

Employs should consider their strengths and weaknesses when conducting self-appraisal as found out by (Raatma, 2003). They should brainstorm a list of strengths and the tasks or skills they enjoy the most. They should then take an honest look at areas where you could improve. Improvement areas might include time management skills, speaking in front of groups, leading projects or even improving processes. Consider feedback you have received from others during the year and think about any areas where you have struggled or felt you could have done better.

The correlation between self-appraisal and appraisal of others had three outcomes (Robbins, 2007) the respondents displayed a ''self-other bias such''. Positive attributes were more descriptive of self than others were. Negative attributes were rated less descriptive of self than others were. For those with high self-esteem, they had a similar regard for others. They also evaluated themselves favorably than other people. Self-evaluations were more favorable than evaluations of friends. People with high self-esteem appraised their friends more positively than they appraised the average person. It was also found that the tendency for those with high self-esteem to favorably judge themselves and their friends showing a high need for social approval. The findings shed light on motivation to enhance self-worth and are integrated with current evidence that the use of self-enhancing strategies promotes psychological wellbeing.

2.5.2.5 The Critical Incidents Method

One of performance appraisal method in which a manager keeps a written record of positive and negative performance of employees throughout the performance period. There is no standard form used, so it is a method. Most formal reviews take place only once or twice a year. Do you want to wait for formal reviews to talk to employees about? What they are doing well and when they are not performing up to expectations? According to Varma, (2008), it is important to let them know how they are doing on an ongoing basis. Also, let us say we are a manager with 12 employees. Can we remember everything each of them did well, when they messed up, and on what dates, so we can evaluate their total performance for the past 6–12 months? Very few, if any, of us can say yes. According to the findings of Piskurich, (2006), many managers do not keep a record of critical incidents, which leads to problems of accurate measures during the formal review meeting. We use critical incidents to do a good assessment of the entire review period, and we coach when needed during the entire review period for developmental decisions. We need to continuously conduct informal coaching and disciplining when needed as we make notes of critical incidents to use during the formal review. With clear standards and coaching, you can minimize disagreements over performance during the formal performance appraisal because there are no surprises, because employees know what is coming.

2.5.2.6 Peers appraisal method

Peers in an organization are involved in the appraisal of their colleagues. Peer evaluation can be used when the supervisors are frequently absent or as an additional review to confirm the findings of the supervisors (Reynolds, 2009). Employees also interact with other members of the staff frequently. At times, peers may have a better and clear understanding of what their colleagues are doing since they interact on a daily basis. They are also more directly affected by the employees' actions in either a positive manner or negative. In addition, peers can also evaluate the ability of their colleagues since they interact individually or in groups.

There are setbacks that come up in peer evaluations. At times fellow colleague may not be objective and they become biased (Vukotich, 2014). There is no clear research evidence concerning the validity of peer evaluations. Personality conflicts can also affect how peers evaluate each other (Abston, 2011).

2.6 Challenges of performance management system

Performance appraisals have always been carried out in a retrospective manner. The traditional appraisal in many organizations occurs once a year with a few conducting it semi-annually or

annually. There is usually a gap in months between establishing goals and reviewing them and the objectives that have been set when the year begins are usually referred to at the appraisal time. According to Lee, (2006), performance appraisal gives a chance to both the employee and the supervisor to review the goals and targets that they set together and to confirm whether the employee is on course, how far they are from accomplishing their goals and to identify any possible challenges that the employee may face. According to Bridger, (2014) the appraisal process may be open to biased ratings. Some of the challenges are:

2.6.1 Leadership Commitment

Top management should strive for servant leadership. This is virtuous, highly ethical and based on the premise that service to followers is at the heart of leadership (Greiner, 2013) Servant leaders exhibit the qualities of vision, caring for other people, selflessness, integrity, humility, trustworthiness and interpersonal acceptance (Clardy, 2013). It can be realized from different conceptualizations of servant leadership that service to followers and valuing followers are the basic principles of a servant leader. When members of a team perceive that their leader is concerned about their welfare, they will become more committed to the organization.

Organizations have a need for leadership styles that create favorable environments for teams to function optimally. According to the findings of Palethorpe, (2011), team leadership is a fundamental process, focusing around the satisfaction of critical needs of a team with the goal of enhancing team effectiveness. Clear performance by increasing resilience and productive time reduce the negative factors such as exhaustion and absenteeism.

In the context of performance contracting, commitment is at two levels; top management and the level of employees. Top management commitment may be viewed from willingness to be loyal and focus all the energies to implementation process. Expectancy theory by Victor Vroom tells us that, employee commitment to organizational goals depends on the strength of expectation that doing so will be followed by favorable outcome and the value that the individual attach to the reward. According to Muthaura, (2010) in a presentation on the role of Kenya's public service in a changing environment argued that people will oppose change if they do not see clear and reliable gains. They look at what is in it for me. This means that the commitment of the employees is dependent on their perceived gains from implementing the system. Trakoli, (2011) argues that unless performance management system gain acceptance through encouraging people to collaborate because they want to not because they have to, performance management system may actually lead to suboptimal performance by making figures look appealing only on paper.

2.6.2   Bias in Performance Appraisal

The major and one of the most difficult requirements of an effective performance management system is that it should be as free as possible from bias. People cannot deny the involvement of bias in their decision-making on performance of the ratters. The only thing that the raters can do is to minimize the level of unfairness as much as possible. Work professionalism plays an important role for the reliability of the assessment process. There are many types of bias that creep into performance management system according to (Tobin, 2008) and the most reported are recently effect, halo effect, central tendency and prejudice. The main issue in the practice of performance appraisal activity is the fairness of the evaluation decision by supervisors. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system.

Key factor that contribute to employee's dissatisfaction is that raters do not have the required skills to appraise staff. This will affect the process of evaluation because bias, unfairness and unreliability may happen. As much as there is a formal evaluation form and a set of rules and standards to be followed, employees often do not trust the tools of evaluation. Subjectivity in the performance evaluation in the public and private sector is quite common. Managers are encouraged to be as objective as possible but during the implementation of performance appraisal, the evaluation becomes subjective. The subjectivity of the evaluation discourages employees on supporting the measurement of performance management system and this reduces the objectivity of the performance appraisal (Sparrow, 2012).

The quota system that is practiced in some organizations creates dissatisfaction among employees. Small fractions of the employees get salary increment either vertically or diagonally. Therefore, although the employees may perform well, they might not be rewarded because salary increment depends on the quota system. This will therefore lead to decrease in work performance, self-esteem and loyalty. The appraisal decision is confronted with a great deal of criticisms and comments from the employees. There are several issues that have been brought forward; such as the ratters' ability to conduct performance appraisal, accuracy of the system, fairness, discrimination and quota system. Research findings strongly suggest that multinational company's manager should carefully design the appropriate performance management system for foreign operation based on the different cultural factors of the country.

2.6.3   Objective and Fair Standard of Evaluation

Performance standard is the measuring tool for determining the outcomes of employee's performance. All necessary standard needs to be followed and spelt-out to the staff. Stipulation

of standards is important because it helps the organization to achieve its goals; to motivate individuals, teams and groups to a higher level of personal work behavior. Standards reinforce behavior, promotes the consistency of employee's performance and it can also be used to weigh and measure the impact of employee's performance (Greiner, 2013)

For employees to be productive optimally there must be knowledge and training to carry out a particular job. Training and development enable employees to provide optimum output and reduce the chances of their being infected by soldiering and deliberately working slow to avoid working full hours as highlighted by (Julnes, 2008).

2.6.4   User Friendliness of Performance Appraisal Instrument

Previous studies have indicated that performance appraisal needs to be user friendly to both the supervisors and employees. Gold, (2010) there are several factors, which needs to be considered to ensure that the performance appraisal instrument is user friendly. The content should be properly rated; on the usability of the system, easy to answer questions, consistent document layout and free from unnecessary questions. It should be time rated on the amount of time required to answer all the questions, less questions means less time is needed to complete the form. It should be clear and not ambiguous; the questions should be direct and be straightforward. The layout or format of the form should be economical.

2.6.5   Regular Review of Performance Management

Lack of constant review of performance management system to align with changes in the organization is a common phenomenon in many organizations. The performance management system can be a good mechanism for quality assurance if implemented in the right manner and enabling environment. According to Newstrom, (2011) study, though limited in scope, clearly showed that performance management systems need to be reviewed on a regular basis to make them compatible with international trends of making businesses more responsive to the needs of the clients. Most performance management systems, while well-intentioned, are fraught with numerous challenges that impact on its implementation. This range from lack of regular system review, lack of training on performance management, shortage of resources in organizations, abuse of the system as well as lack of reward. These impediments need to be addressed with a sense of urgency if at all the performance management system is to remain credible in the eyes of the stakeholders (Robbins, 2007).

2.6.6   Training and Awareness

The other challenges in performance metrics implementation is training and awareness, because not all employees accept the changes that have occurred in their workplace. Therefore, communication between supervisors and subordinates must be good in order to enable the organization to realize the desired mission of the organization. Training and awareness found to play an important role in ensuring the success in the performance management implementation (Tobin, 2008)

2.7 Performance appraisal and emerging issues

The world of performance management is drastically changing from what it was just a decade ago. More companies are choosing to focus on company goals rather than employee metrics. The older, databased methods of evaluation have proved to be ineffective. Instead, business leaders will employ several different ideas. Some of the emerging ideas according to (Sujith. A.S, 2017) which potently be part of the performance appraisal process in the future are:

2.7.1   Increased Integration of HR Functions

Research shows there is a clear movement to integrate HR functions into more holistic, strategic approaches to human capital management. Some integration opportunities include:

- Aligning employee goals with corporate goals
- Linking reward and recognition programs to performance
- Targeting learning and development toward performance gaps
- Identifying skills and competencies of top performers for retention and succession planning

2.7.2   More Scrutiny on Gender Bias in Performance Management

According to findings from Kieran Synder, 58.9 percent of performance reviews received by men in the tech sector contain critical feedback compared to a whopping 87.9 percent of the reviews received by women. As a result, they can expect an increasing emphasis on ensuring performance reviews in the future is free from bias. One of the ways this may be tackled is through providing training for managers on best practices when they are writing their performance reviews and ensuring they are always taking a forward-looking approach.

2.7.3   De-Coupling Reward

Performance management experts recommend running pay reviews and performance reviews separately. Having pay directly tied to performance has been shown to have a negative impact on

both staff motivation and performance. As well as performance, pay reviews should be taking into account other factors including market rate, increases in responsibility, and skills and knowledge.

2.7.4 Aligning SMART Objectives with Company Goals

According to (Sujith. A.S.2017) anyone working in performance related HR would be familiar with the concept of SMART objectives an acronym used to set goals that are specific, measurable, achievable, relevant and time-bound. Quite often though, objective setting comes from the top down: a lengthy, trickle-down process, which requires superiors to set goals first. A more effective way of planning goals advocated by leading management thinkers such sharing organizational goals with employees and they set their own goals relative to these.

2.7.5 Regular Check-In Meetings

Sujith.A.S also indicated that top companies including Adobe, Microsoft, Accenture and Deloitte are all moving away from annual review meetings some are even scrapping them altogether in favor of regular check-ins between managers and employees. These one-to-one meetings allow managers to regularly keep track of progress and personal development plans to be constantly updated in line with this. For HR, a change to continuous performance monitoring involves preparing both employees and managers for the change, which means time spent communicating and predicting how it will affect them.

2.8 Problems in Performance Appraisal Process

2.8.1 Appraisers' Problems

Rating accuracy is an important factor that determines the effectiveness of performance appraisal process. Unfortunately, there are several different error phenomena which all poses a threat to the accuracy of ratings. The following are common appraisers' errors and biases in performance appraisal:

Halo/horns effect- these errors refers to a failure to distinguish between various aspects of performance. Halo error occurs when one positive performance aspect causes the evaluator to assign positive ratings to all other aspects of performance. Horns error operates in opposite direction: when one negative aspect results in the evaluator to assign low ratings to all the other aspects of performance. These errors are problems because they prohibit making necessary distinction between strong and weak performance (Noe, et al. 1996)

Leniency or harshness error- Leniency occurs when an evaluator assigns high (lenient) rating to all appraises. Appraisers with too lenient ratings are called *easy appraisers or "Santa Claus"*

(Hamman & Holt, 1999). They are mostly found among groups of appraisers who do not want to put forth the effort to understand the performance standards, or among individuals who have been appraisers for an extremely long time.

> *There are six major reasons why managers inflate ratings: (a) to maximize subordinates' merit raises; (b) to avoid hanging 'dirty laundry' in public; (c) to avoid creating a written record of poor performance; (d) to give a break to an employee who has shown recent improvement; (e) to avoid confrontation with a difficult employee; and (f) to promote a problem subordinate 'up and out' of the department (Fried et al. 1999 cited in Zelalem2007 p.17)*

Many of these reasons can be interpreted as supervisors' attempts to elicit positive reactions from subordinates, such as increasing their work motivation and performance, as well as increasing subordinates' trust in, and cooperation with, their supervisors.

Harshness occurs when evaluator provide low rating for all appraises. An evaluator appears to have excessively high standards, which results in a low mean score, and the distribution of scores is skewed toward the low end of the rating scale (Berry, 2003). Such an evaluator is called **hard evaluator or "ax man**" (Hamman & Holt, 1999). They often have the problem of being strongly biased by one event, thereby causing their assessments to be extremely harsh.

Central tendency error- occurs when an evaluator avoids using high or low ratings and assigns average ratings. This type of average rating is almost useless because it fails to discriminate between performers and that it provides little information to make HRM decisions (Ivancevich 2004**).** According to Hamman & Holt (1999) this error is due to the evaluator's feelings of unease with the assessment criteria, and the aversion to make mistakes.

Other errors are due to personal biases. Contrast effect- occurs when an evaluator lets another employee's performance influence the rating that are provided to someone else (Ivancevich2004). The similar-to-me error is the tendency to evaluate the evaluate more positive, if the evaluate is perceived to be similar to the evaluator (Jacobs et al., 1980). Stereotyping means that impressions about an entire group alter the impression about a group member (Rudner, 1992). Perception differences error occurs when the viewpoint or the experiences affect how behavior is interpreted.

2.8.2 System Design and Operating Problems

According to (Ivancevich (2004), performance appraisal could break down due to poor design. The design can be blamed if the criteria for appraisal are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus solely on

activities rather than output (results), or on personality traits rather than performance, the appraisal may not be well received.

According to Deborah and Kleiner (1997) organizations need to have a systematic framework to ensure that performance appraisal is "fair" and "consistent". The authors concluded that that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria.

2.9 Empirical Literature

Various empirical studies have been conducted on Performance Management and its segments. Waal & Coevert, (2007) quoted "performance management is an action, based on performance measures and reports, which results in improvements in behavior, motivation and processes and promotes innovation". Performance Management has significant contribution to individual and organizational learning, it enhances organizational effectiveness and promotes growth (adhikari, 2010) as cited by Denisew (2014).

Mishra (2013) has studied the Employee Appraisal System in Hong Kong and Shanghai banking Corporation (HSBC Bank) and concluded that the process of performance appraisal has to be a continuous activity, which should be done on a regular basis. Performance appraisal plays a vital role in achieving the predetermined goals of the organizations thorough the efforts of HR, which ensures the accomplishment of tasks by judging the behavior of employees and overall performance within the organization. The performance evaluation and feedback with the employee also facilitate in gaining the organization results. The study has also suggested that the process of performance appraisal has to be carried out for the benefits of management and at the same time, it motivates employees for the action required by the management of the organization.

A study made by Aschalew (2015) has assessed employee performance appraisal practice of Dashen Bank S.C. by applying purposive sampling technique with a sample size of 300. This study has founded that the there is no written policy which can guide performance appraisal system of the bank as a result the system lacks uniformity and consistency. Moreover, the employees of the bank have no awareness about the purpose of the performance, and they are not a participant in setting performance criteria. It has been observed that there is no training for the ratter about the ways of conducting performance appraisal. The study has mainly recommended that Dashen Bank S.C is better if it establish a written policy and guideline about performance appraisal process and system. The study has also suggested that appraisal criteria of

the bank must be developed from job analysis by letting the employees to participate on it and the objective of performance appraisal should be clear to all employees. In addition, the study has also recommended that it would be better if training were provided for the rates or supervisors. This shows that organization's mostly have a performance appraisal perceived policy which as indicated above one have not been written and documented, two not communicated, and third this perceived policy used to evaluate performance of employee's and intern creates dissatisfaction to the employees and the organization may not achieve its intended objective.

Performance appraisal sounds simple, but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005). For example, studies were done using a direct effects model to investigate communication openness based on different samples, such as perceptions of 229 workers of public listed companies in Klang Valley, Malaysia (Sudin, 2011) and perceptions of 133employees of multinational companies in Malaysia (Darehzereshki, 2013). Outcomes of these studies found that perceived value of outcome and perceived fair treatment had increased when the appraisers able to clearly be giving explanations about the appraisal system goals, policies and procedures, as well as adequately providing feedback in determining employee performance scores.

In addition, another research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Pichler, 2012). For instance, employees" satisfaction with the performance appraisal process as a whole, the performance appraisal feedback, or employees" evaluations of the perceived quality, justice, and fairness of the performance appraisal regime (Greenberg, 1986: Gupta & Kumar, 2013). Furthermore, employee participation in the performance appraisal process is positively related to the satisfaction with the performance appraisal system, perceived fairness, and acceptance of such a practice (Cawley et al., 1998).

Contemporary research studies have also linked performance appraisal to performance of employees as Resella, 2011 revealed that performance evaluation practices have a significant and positive impact on the performance of employees. Najeeb (2011) studied Performance Appraisal in Habib Bank Limited and concluded that transparent appraisal system is vital to an organization and the results of the appraisal affect the performance of any employee heavily.

2.10   Conceptual Framework

The following conceptual framework is developed to depict the determinants of effects of performance appraisal practice on employee performance at British Council Ethiopia.
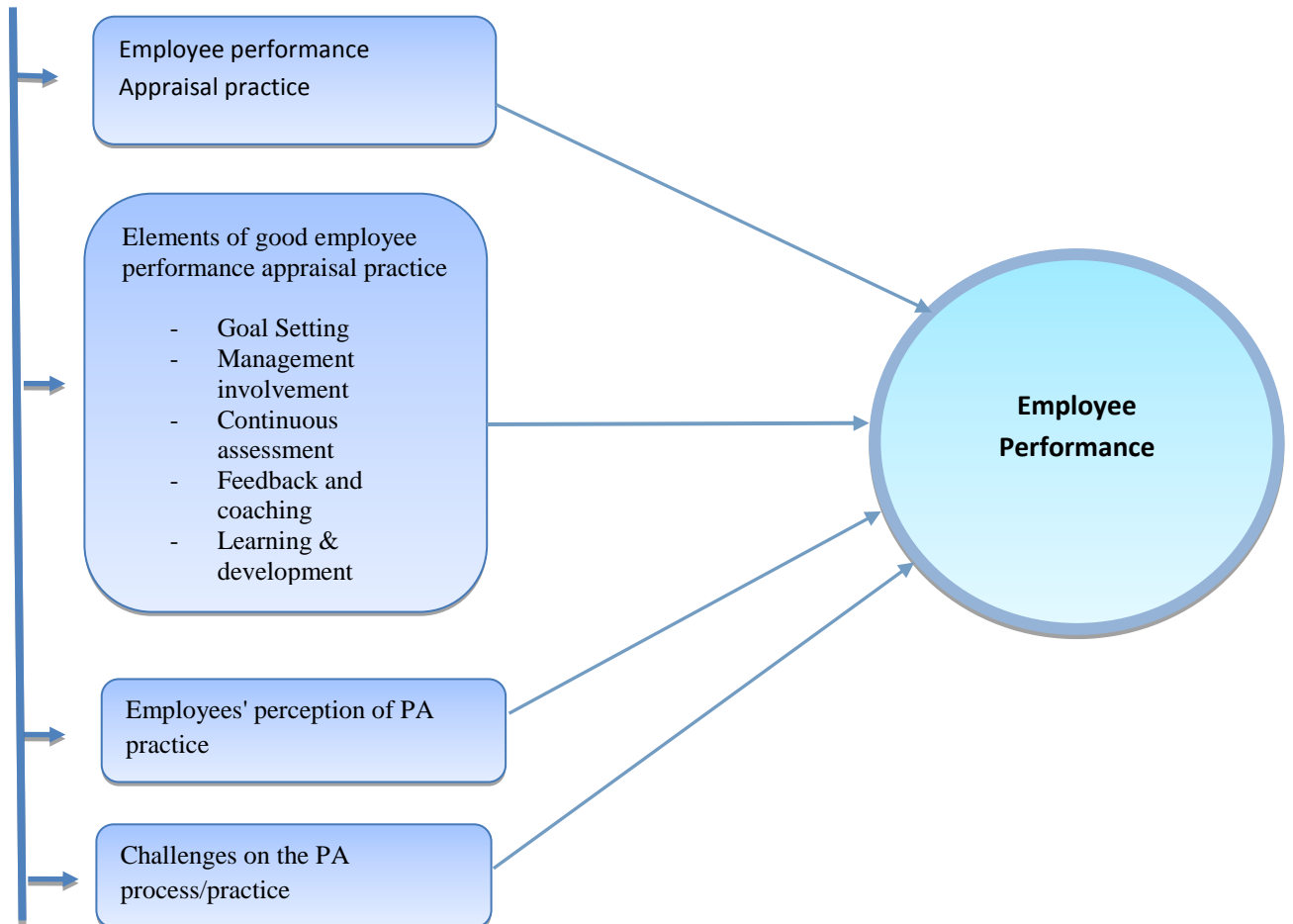
Figure 2: Conceptual Framework (Source: Adapted from Teshome (2014), Nigatu, (2007) and Armstrong, M. (2009with slight modification).

CHAPTER THREE

METHODOLOGY

3.1 Research Design

The quality of any research project is enhanced by employing a sound research design. Therefore, it is found to be important to choose appropriate research design to respond the research questions sufficiently. In brief, using the quantitative method, the performance appraisal practice, employee 'perception about PM, major challenges encountered as well as the incorporation of good employee performance appraisal practice will be assessed. In particular, those attributes of EPA that have been impacting its effectiveness at BC is examined using the quantitative research method where both descriptive techniques of data analysis as well as the inferential analysis technique are applied such as the correlation and the regression analysis.

As indicated in its tittle, this particular research has both descriptive as well as analytical features. Explaining and understanding EPA processes, procedures, including perception of employees, challenges, etc., and practices requires a descriptive approach while examining its direct and indirect effects on employee's performance demands analytical techniques. In order to achieve this, it used a mixed method research. This enabled to conduct a research that involves collecting, analysing and integrating both quantitative and qualitative data. As suggested by scholars, such as Alsop and Heinsohn (2005) and Narayan (2006) this approach to research is used when such integration provides a better understanding of the research nature than either of each other alone, which is the case in this research. In addition, by mixing both quantitative and qualitative data it is possible to make a breadth and depth exploration of the subject matter, while offsetting the weaknesses inherent to using each approach separately. Moreover, the mixed method research is advantages of its possibility of triangulation that allows one to identify aspects of the phenomenon more accurately by approaching it from different vantage points using different methods and techniques (FodRisc, 2016).

Accordingly, for each independent variable, a hypothesis is stated to test using t-test and or p-value test and finally either to accept or reject the null hypothesis.

3.2 Research approach

The research is conducted at British Council Ethiopia, Addis Ababa office as a case study area which is one of the International organizations operating in Ethiopia and Africa for more than 70 years. Most organizational challenges associated with performance appraisal that happen in Sub-

Saharan country offices are also the same to this study area. According to (Kothari, C.R. (2004)), survey research allows the collection of a large amount of data from a sizeable population in a highly economical way which most often used but limited to questionnaire in data collection. That is why questionnaire is used as a major data collection tool and is employed in this research. In this study, a quantitative and qualitative research approaches is dully be considered. In particular, those attributes of PA that have been influencing its effectiveness at BC are examined using the quantitative research approach where both descriptive techniques of data analysis as well as the inferential analysis technique are applied.

3.3 Sampling design

3.3.1 Target population

The target population of the study are the whole staff of the British council Addis Ababa Ethiopia office. The researcher deals with the total population of the study area because taking a sample from 71 employees is neither rational not a justified scientific research method.(Kothari, C.R. (2004)

3.4 Data

3.4.1 Data type

Here in this study a primary data together with secondary data is used in order to briefly assess the effect of performance appraisal practice on employee performance. The primary data includes the self-administered questionnaire while the secondary data refers to the HR manuals and annual Reports of the organization.

3.4.2 Data sources

The source of data for this study comprised of both primary and secondary sources. Primary data source is collected through employing questionnaires by employing census-sampling techniques in order to assess the determinant factors of effective performance appraisal. In addition to this, secondary source of data such as HR manuals and organizational policies on PR are also investigated in order to identify the study target population & target population size.

3.4.3 Data Collection Method

The researcher used a quantitative data collections instrument. In order to collect the quantitative data, the researcher employed both open and close-ended questionnaires. Initially, some purposely selected 20 respondents are chosen to respond to the questionnaire as pilot-survey test in order to check the reliability of the items included in the questionnaire. Finally, the whole 71 employees of the staff are given the self-administered questionnaire to fill it and return it back on time to the researcher.

Accordingly, only 64 of them are properly filled and returned to the researcher that makes a response rate of 90.14% which is good enough to conduct the data analysis.

Relevant secondary data are also gathered from the office and then together with the primary data it is made ready for further analysis.

3.4.4 Data Analysis & Presentation Methods

Data analysis refers to the computation of certain measures along with searching pattern of relationship that exist among data group. The appropriate data analysis techniques Descriptive and explanatory (correlation and regression analysis) are believed to be suitable for this study. In data processing, after collection of data, the questionnaires are edited to determine the degree of response and the number of usable questionnaires. The data is then coded and then entered into a computer data sheet for analysis.

The data analysis is done in the computer application known as, the Statistical Package for Social Sciences (SPSS) version 21 whereby the results are presented in the form of tables, histograms and pictures if any. Both descriptive statistics analysis as well as the inferential analysis (correlation and regression analysis) are applied.

3.4.4.1 Multiple Linear Regression Model

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction (Geoffrey M. et al., 2005:224-225). In this study multiple regressions will be employed. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also considers the correlations among the predictor scores (John Adams, et al., 2007:198). They added multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables explain the variance in dependent variable.

Therefore, the equation of regression on this study is generally built on two sets of variables, namely dependent variable: Employee performance and independent variables Appraisal System and Procedures, Appraisal process, Employees' perception of PA, Challenges of PA. The basic objective of using multiple regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. This is to mean that it is

primarily used to identify the impact of major determinant factors of performance appraisal and its effect on employee's performance at BC Ethiopia.

Accordingly, regarding the independent & dependent variables of the study, the model of this study is;

$$EP = \beta 0 + \beta 1 GS + \beta 2\ MGINV + \beta 3 CONASS + \beta 4 FEEDCO + LEARDEV + APPSY + e_i$$

Where: -

EP= Employee Performance (Dependent variable of the study)

β0 = Constant or intercept

GS= Goal setting (an independent Variable)

MGINV= Management involvement (an independent Variable)

CONASS=Continuous assessment (an independent Variable),

FEEDCO= Feedback and coaching (an independent Variable)

LEARDEV=Learning & development (an independent Variable)

APPSY =Appraisal systems and procedures

B's are the coefficients for the independent Variable

ei = Error factor

3.5 Reliability

Before data collection exercise, questionnaire is pre-tested for their reliability. A purposely selected 20 individuals is chosen to respond to the questionnaire as pilot-survey test in order to check the reliability of the items included in the questionnaire. The researcher did the pilot study with selected staff to check on the reliability of the questionnaire using Crobanch's Alpha value. Staffs that are part of the pilot study are not made part of the main study. It is after the reliability test is conducted that the data gathered is analyzed. Cronbach's alpha is a statistic tool, which is generally used as a measure of internal consistency or reliability of a psychometric instrument. In other words, it measures how well a set of variables or items measures a single, one-dimensional latent aspect of individuals. Therefore, the internal consistency of the items included in the questionnaire is tested by using the Cronbach's Alpha in order to be reliable; the Cronbach's alpha value should exceed the threshold of 0.70. This indicates that there is a high degree of internal consistency amongst the test items.

As a result, Cronbach's alpha which is a measure of internal consistency of the items is computed using SPSS Software package and the results are depicted here under:

Table 1: Reliability Test

Variable	Crobanch's Alpha	No. of items
Goal setting	0.878	8
Management involvement	0.815	3
Continuous assessment	0.703	3
Feedback and coaching	0.762	3
Learning & development	0.734	3
Appraisal systems and procedures	0.839	6
Challenges on the PA process/practice	0.770	6
Employee performance	0.784	5
Mean	0.785	

Source: survey result 2020

Accordingly, since the Cronbach's alpha value for each of the variables in the model as well as their mean is more than 0.70, it can be said that reliability is maintained based on a pilot survey data collected from 20 respondents. Therefore, the data analysis is conducted after the questionnaire is distributed and gathered from the total sample size determined above.

3.6 Ethical Considerations

The researcher believes highly to maintain scientific objectivity throughout the study, recognizing the limitations of competence. Every person involved in the study is entitled to the right of privacy and dignity of treatment, and no personal harm is caused to subjects in the research. Information obtained is held in strict confidentiality by the researcher. Moreover, all these facts are informed to the participants and their consent is proofed in advance. All assistance, collaboration of others and sources from which information drawn are again acknowledged.

CHAPTER FOUR
DATA ANALYSIS AND DISCUSSION

4.1 Introduction

In this chapter, the researcher has made a detail data analysis and discussion based on data gathered from 64 respondents. According, the results are displayed using pie chart, tables by applying SPSS 21.

Section I: General information of the respondents

Demographic characteristics including gender, age, educational background, current job status, year of work experience and marital status of the respondent's response are summarized using frequencies and percentages, and pie charts.

Figure 3: Response for "Gender composition of the respondents"
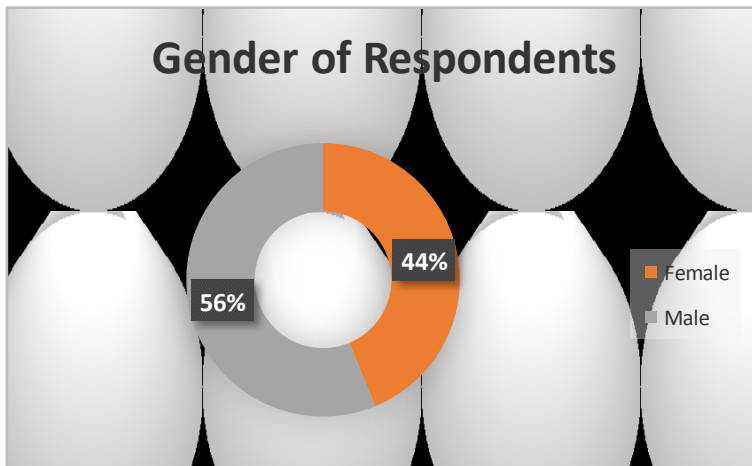
Source: SPSS Result (May 2020)

The above figure presents data on the gender distribution of the respondents. It shows that the male respondents formed majority of the target sample with a total of 36 representing 56.3%, while 28 respondents were female representing 43.8%. From this, most of the respondents considered in the study are males.

Figure 4: Response for "Age categories of the respondent's"
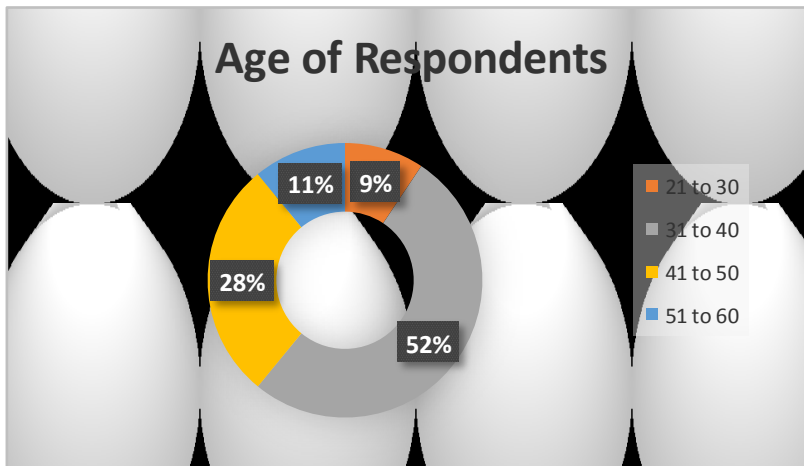
Source: SPSS Result (May 2020)

The age distribution of the participants shows that 9.4% of the respondents were in the age group of 21-30, 51.6% of the respondents were in the age group of 31 and 40 and 28.1% of the respondents were between 41 and 50. Only 10.9% of them are between 51 and 60. This shows that the majority of the participants i.e. 79.7% are between the age of 31 and 50. This implies that the large proportion of respondents in the study is composed of productive and matured age groups of the population.

Figure 5: Response for "Marital status of the respondents"
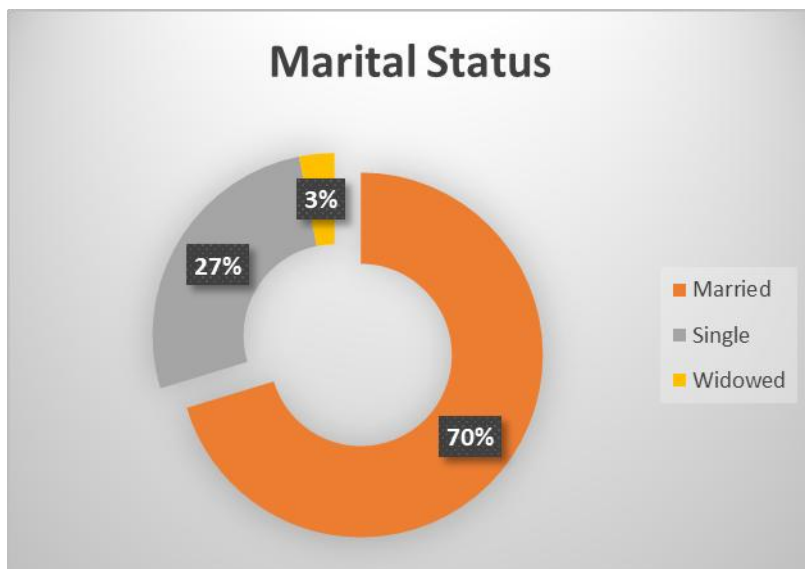
Source: SPSS Result (May 2020)

The survey revealed that the number of married respondents are 70.31% of the total while 26.56% of them are single. The remaining 3.13% of them are widows. This shows that the large

majority of them are married employees who feel great responsibility on their assigned job unlike that of the other groups.

Figure 6: Response for "Educational background of the respondent's"
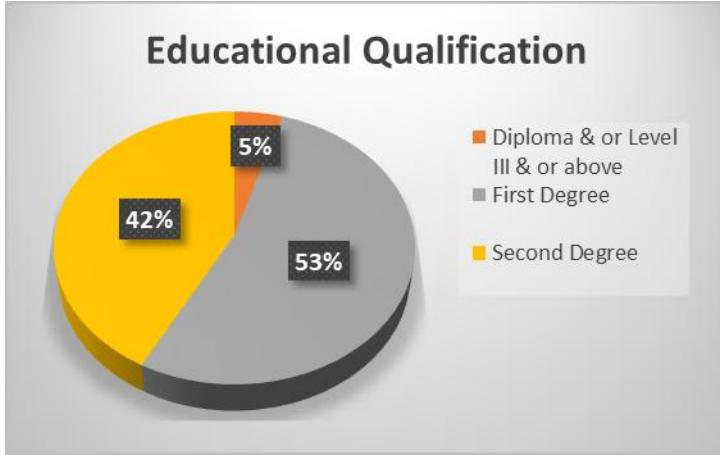
It was also necessary for the study to determine the educational levels of the respondents as that could help to determine the level of understanding of the respondents about the subject matter of the study.

The above pie chart shows that the respondents hold a wide range of educational qualifications from diploma to other second-degree levels. Majority of the sample group were holding first degree which account for 53.13 percent followed by second degree holders (42.19%) and diploma/level III and above (4.69%). This implies that people of different educational qualifications are assumed to work in the organization and the large proportion of them being first degree holders who have at least the basic knowledge about performance appraisal system.

Figure 7: Response for "Occupation of the respondent's"
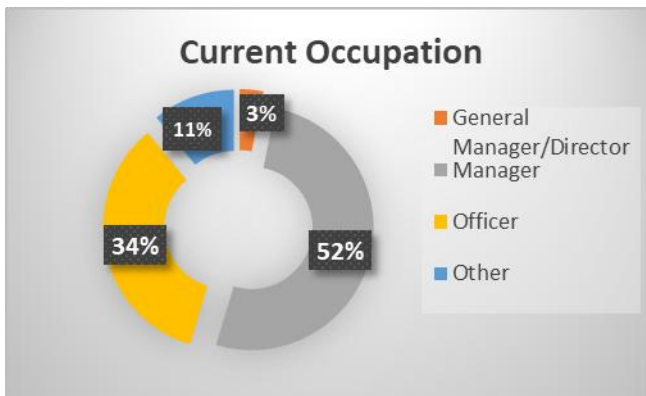
Regarding their current position of staff in the organization, 51.56% of the respondents are in the manager position, 34.38% of them are officers while 3.13% of them are general managers. The remaining 10.94% of the respondents are categorized under other position. Also, theses diversity of respondents helps to understand the level of knowledge about performance appraisal practice in the organization and its determinants under different categories of job positions.

Figure 8: Response for "Work experience of the respondent's"

Source: SPSS Result (May 2020)

Respondents were also asked for how long they have been working in the organization and most of the respondents i.e. 45.31% have been working in the organization between 2 to 5 years. 21.88% of the respondents had been working in the organization between 6 to 10 years. Only 3.13%, 14.06% of them have a work experience for less than 2 years and more than 15 years respectively. Out of the total respondents, 15.63% of the respondents had been working in the organization from 11 to 15 years. The number of years that an employee has spent in the organization explains the employees' exposure for the different performance appraisal systems and its challenges. It also shows the individuals' experience on how to deal with such challenges.

Section II: Perception about Performance Appraisal

In this section an attempt is made to discover the perception of the respondents with regard to the practice of Performance Appraisal at British Council Ethiopia.

*Table 2: Response for "*Have you ever gone through a complete yearly performance appraisal process?*"*

Response	Frequency	Percent
Yes	62	96.9
No	2	3.1
Total	**64**	**100**

Source: SPSS Result (May 2020)

In the above table it is indicated that 62 (96.9%) of the respondents have said that they have gone through a complete yearly performance appraisal system while 2 (3.1%) of them said that they haven't gone through a complete yearly performance appraisal system. This implies that majority of employees of British Council Ethiopia go through a complete yearly performance appraisal system.

Table 3: Response for "How often is Performance Appraisal carried out in your organization?"

Response	Frequency	Percent
Every 3 Months	19	29.7
Every 6 Months	29	45.3
Every 12 months	14	21.9
I have no Idea	2	3.1
Total	**64**	**100**

Source: SPSS Result (May 2020)

Regarding the number of times at which performance appraisal is carried out at British Council Ethiopia, 19(29.7%),29(45.3%),14(21.9%), of the respondents said that it is conducted every 3 Months, every 6 Months, Every 12 Months respectively. The remaining 2 (3.1%) of them said that they have no idea about it. This implies that majority of the respondents replied that at British Council Ethiopia, performance appraisal is conducted at least every 6 months.

Table 4: Response for 'Do you agree that it is important to carryout performance appraisal in your organization?'

Response	Frequency	Percent
I completely agree	52	81.3
I am somewhere in between	12	18.8
I completely disagree	0	0
Total	**64**	**100**

Source: SPSS Result (May 2020)

Regarding the importance of carrying out performance appraisal in the organization, 52 (81.3%), 12 (18.8%), and 0 (0%) of the respondents have shown a complete agreement, medium agreement and a complete disagreement response respectively. From this it can be inferred that most of the respondents believe that carrying out performance appraisal in the organization is important.

Table 5: Response for 'How do you evaluate the performance appraisal practice in your organization?'

Response	Frequency	Percent
Easy	14	21.9
Complicated	17	26.6
Not that much	28	43.8
Unknown	5	7.8
Total	**64**	**100**

Source: SPSS Result (May 2020)

The above table shows that 14(21.9%) of the respondents perceive that the performance appraisal practice in the organization is easy. For 17(26.6%) of them it is so complicated and for 28 (43.8%) of them it is not that much. Only 5(7.8%) of them gave an unknown response. From these it can be said that the performance appraisal practice in the organization is not that much easy as well as it is not complicated.

Table 6: Response for Response for 'Are you Satisfied with the appraisal process of the organization?'

Response	Frequency	Percent
Yes	38	59.4
No	26	40.6
Total	**64**	**100**

Source: SPSS Result (May 2020)

In the above table, it is revealed that 38 (59.4%) of them are satisfied with the appraisal process of the organization while 26 (40.6%) of them do not. Therefore, it can be said that a significant number of the respondents are not well satisfied with the appraisal process of the organization.

Section III: Components of Employee performance Appraisal Practice and Employee Performance

In this section, the researcher has tried to assess components of employee performance appraisal practice and employee performance by using the response obtained from the five-point Likert scale type of questionnaire.

A. Goal Setting

Table 7: Response for 'Goal setting'

Goal setting	Responses									
	SD		**D**		**N**		**A**		**SA**	
	F	P	F	P	F	P	F	P	F	P
The PA system of the organization is set based on the objectives of the organization.			6	9.4	8	12.5	40	62.5	10	15.6
The PA system of the organization is set based on the goals of the organization.					10	15.6	42	65.6	12	18.8
The PA system of the organization considers the rights of the employees			2	3.1	20	31.3	32	50	10	15.6
The PA system of the organization considers the responsibilities of the employees			2	3.1	12	18.8	34	53.1	16	25
The PA system of the organization is intended to meet the interests of both the employee and the employer	2	3.1	2	3.1	18	28.1	32	50	10	15.6
The organization uses the PA system to determine rewards and payments	2	3.1	2	3.1	18	28.1	28	43.8	14	21.9
The organization uses the PA system to provide basis for disciplinary actions	2	3.1	10	16	32	50	14	21.9	6	9.4
Different benefits, promotion opportunities and pay are based on employees' PA rating	2	3.1	6	9.4	21	32.8	23	35.9	12	18.8

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency and P=Percent

In the above table, it is shown that even if 62.5% and 15.6% of them agree that the PA system of the organization set based on the its objectives, 9.4% of them disagree with it. In fact, 65.6% and 18.8% of them asserted that PA system of the organization is set based on the goals of the organization.

However, 6.2%,6.2%,19.1% and 12.5% of them disagreed respectively with the statements that 'The PA system of the organization is intended to meet the interests of both the employee and the employer', 'The organization uses the PA system to determine rewards and payments', 'The

organization uses the PA system to provide basis for disciplinary actions', and ' Different benefits, promotion opportunities and pay are based on employees' PA rating' respectively.

This implies that even if the majority of the respondents agree that performance appraisal system of the organization is set based on its objectives and goals, at British council Ethiopia the PA system is not intended to meet the interests of both the employee and the employer, it doesn't help to determine rewards and payments, it is not used to provide basis for disciplinary actions, as well as different benefits, promotion opportunities and pay are not based on it.

B. Management Involvement

Table 8: Response for 'Management involvement'

Management Involvement	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The HR department and Supervisors do not play their role to help the process	8	12.5	38	59.4	14	21.9	4	6.3	6.3	
The management does not set the PA criteria based on the job description given to the employees	8	12.5	27	42.2	17	26.6	10	16	16	3.1
The management uses and applies clear and measurable criteria or rates to conduct PA	4	6.3	10	15.6	28	43.8	18	28	28	6.3

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

Table 8 shows that 6.3% of them said that the HR department and Supervisors do not play their role to help the PA process while 71.9% of them disagree with this. Similarly, 19.1% of them replied that the management does not set the PA criteria based on the job description given to the employees while 54.7% of them disagree with it. Also 34.3% of them agreed that the management uses and applies clear and measurable criteria or rates to conduct PA and 21.9% of them disagree with it. From these results it can be inferred that the involvement of management in performance appraisal system is so weak that the HR department and Supervisors do not play their role to help the process, the management does not set the PA criteria based on the job description given to the employees as well as the management doesn't use and apply clear and measurable criteria or rates to conduct PA.

C. Continuous Assessment

Table 9: Response for 'Continuous Assessment'

Continuous Assessment	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
There is a periodic PA practice that is carried out at least twice in a year			2	3.1	6	9.4	32	50	24	37.5
Before PA is carried out necessary information and resources related with their jobs are provided to employees			4	6.3	20	31.3	32	50	8	12.5
The PA system of the organization helps to continuously evaluate the different tasks carried out by the employees			8	12.5	16	25	36	56.3	4	6.3

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

As it can be seen from the above table, 3.1%, 6.3% and 12.5% of the respondents disagree with the statements; 'There is a periodic PA practice that is carried out at least twice in a year ', 'Before PA is carried out necessary information and resources related with their jobs are provided to employee' and 'The PA system of the organization helps to continuously evaluate the different tasks carried out by the employees' while 87.5%, 62.5%, 62.6% of them agree with them respectively. This implies that even if there exists a continuous assessment of PA in the organization, still there remains a periodic PA practice that is carried out at least twice in a year, before PA is carried out necessary information and resources related with their jobs has not be provided to employees, the PA system of the organization doesn't helps to continuously evaluate the different tasks carried out by the employees.

D. Feedback and Coaching

Table 10: Response for 'Feedback and Coaching'

Feedback and Coaching	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The PA system of the organization leaves a space for the employees to give their feedback and comments			2	3.1	10	15.6	36	56.3	16	25

The PA results are used by the organization to give constructive feedbacks to the employees			4	6.3	12	18.8	40	62.5	8	12.5
The organization frequently revises its PA system/format by incorporating new and additional comments suggested by the employees.	6	9.4	19	29.7	21	32.8	10	15.6	8	12.5

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

In table 10 above it is shown that 81.3 % of the respondents agree that the PA system of the organization leaves a space for the employees to give their feedback and comments, 75% of them agree that the PA results are used by the organization to give constructive feed backs to the employees and 28.1% of them agree that the organization frequently revises its PA system/format by incorporating new and additional comments suggested by the employees. However, to the contrary 3.1%, 6.3% and 39.1% of them respectively disagree with the above statements. From this it can be inferred that the PA system of the organization leaves a small room for feedbacks and comments i.e. it doesn't leave a space for the employees to give their feedback and comments, the PA results are not used by the organization to give constructive feed backs to the employees as well as the organization doesn't frequently revise its PA system/format by incorporating new and additional comments that are suggested by the employees.

E. Learning and Development

Table 11: Response for 'Learning and Development'

Learning & Development	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The PA system of the organization is one tool by which employees learn from their past mistakes and error	2	3.1	7	10.9	16	25	33	51.6	6	9.4
Employees are observed showing improvement after the PA is conducted			2	3.1	2	3.1	37	57.8	23	35.9
Promotion and development of the staff is made based on PA results	10	15.6	15	23.4	16	25	21	32.8	2	3.1

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

It is also found necessary to investigate whether PA is used as a learning tool or not. Accordingly, the above table indicates that 61% of the respondents said that the PA system of the organization is one tool by which employees learn from their past mistakes and error while 14% of them disagree with it. Similarly, 93.7% of them said that employees are observed showing improvement after the PA is conducted while 3.1% of them not. 35.9% of them agree that Promotion and development of the staff is made based on PA results but the majority of them i.e., 39% disagree with it. These results show that to a certain extent the PA system of the organizational as a tool of leaning and development for its staffs. However, it is found that some employees didn't show up any improvement after the PA is conducted, some of them didn't learn from their past mistakes and error based on the PA result. Furthermore, promotion and development of the staff at British council Ethiopia is not fully made based on PA results.

F. Appraisal Systems and Procedures

Table 12: Response for 'Appraisal Systems and Procedures'

Appraisal Systems and Procedures	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The organization has got an appraisal system in place.					8	12.5	32	50	24	37.5
Key performance criteria (i.e., competencies, behaviors, results / outcomes) have been clearly identified in the appraisal system			4	6.3	20	31.3	20	31.3	20	31.3
The criteria have been developed in consultation with workers and appraisers.			9	14.1	32	50	19	29.7	4	6.3
Adequate preparation is undertaken by the Heads / supervisors and workers before the appraisal process			6	9.4	26	40.6	30	46.9	2	3.1
The appraisal process is fair and reasonable	4	6.3	4	6.3	25	39.1	27	42.2	4	6.3
The appraisal interview designed to be a constructive, two-way discussion of performance and goal setting			4	6.3	12	18.8	38	59.4	10	15.6

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

In table 12 above, 87.5% of the respondents agree that the organization has got an appraisal system in place while 12.5% of them are neutral or gave an unknown response. Also, 62.6% of them asserted that key performance criteria (such as competencies, behaviors, results/outcomes) have been clearly identified in the appraisal system while 14.1% of them said not. In addition to these, half (50%) of them replied that adequate preparation is undertaken by the Heads/Supervisors and workers before the appraisal process while 9.4% of them disagree and 40.6 % of them gave a neutral response. 75% and 6.3% of them agree and disagree respectively with the fact that the appraisal interview designed to be a constructive, two-way discussion of performance and goal setting. Lastly, 12.6% of the respondents do not believe that the appraisal process is fair and reasonable and 48.5% believe so. From the above results it can be said about appraisal systems and procedures that the appraisal process is not fully fair and reasonable, the performance criteria have not been developed in consultation with workers and appraisers, an adequate preparation is not undertaken by the heads/supervisors and workers before the appraisal process and the appraisal interview is not completely based on a constructive, two-way discussion of performance and goal setting.

G. Challenges on the PA Process/Practice

Table 13: Response for 'Challenges on the PA Process/Practice'

Challenges on the PA Process/Practice	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The required resources are unavailable to carry out an effective appraisal.	10	15.6	34	53.1	16	25	4	6.3		
Supervisors do not display the right attitude to help the process.	8	12.5	30	46.9	20	31.3	6	9.4		
The cost of financing the process is a challenge.	8	12.5	28	43.8	26	40.6	2	3.1		
Some workers are victimized through the appraisal process.	4	6.3	14	21.9	32	50	12	18.8	2	3.1
Performance goals do not consider pertinent environmental factors.	2	3.1	16	25	25	39.1	19	29.7	2	3.1
Results are not acted upon	6	9.4	17	26.6	31	48.4	10	15.6		

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

In table 13 above, the respondents are asked about the challenges encountered with the PA process/practice in the organization. Hence, 6.3 % of them reveled that the required resources are unavailable to carry out an effective appraisal. 9.4% of them said that supervisors do not display the right attitude to help the process, 3.1% of them said that the cost of financing the process is a challenge, 21.9% of them believe that some workers are victimized through the appraisal process, 32.8% of them said that performance goals do not consider pertinent environmental factors and finally 15.6% of them said that PA results are not acted upon. These imply that at British council Ethiopia there are numerous types of challenges faced that are associated with performance appraisal practices such as unavailability of the required resources, supervisors do not display the right attitude to help the process, the cost of financing the process is high. Also, some workers become victimized through the appraisal process, performance goals do not consider pertinent environmental factors and PA results are not fully acted upon.

H. Employee Performance

Table 14: Response for 'Employee Performance'

Challenges on the PA Process/Practice	Responses									
	SD		D		N		A		SA	
	F	P	F	P	F	P	F	P	F	P
The organization is able to meet the goal it sets					22	34.4	38	59.4	4	6.3
Work volume and quality is found as per the planned and targeted	4	6.3	10	15.6	23	35.9	23	35.9	4	6.3
Employees are always ready to stand behind the organization whenever a problem occurs to the organization					27	47.2	21	32.8	16	25
The organization is able to satisfy the owner(s) /shareholders/Directors/Trusties					21	48.4	31	48.4	2	3.1
Customers/clients' expectations are met			2	3.1	25	39.1	35	54.7	2	3.1

Source: SPSS Result (May 2020)

Key:

- SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree and SD=Strongly disagree.
- F=Frequency, P=Percent

At last employee performance related questions are raised to the respondents and as it can be seen in table 14 above, except for 34.4% of them who are neutral, the rest 65.7% of them believe that the organization is able to meet the goal it sets. In terms of work volume and quality 42.2% of them agree that it is done as per the planned and targeted while 21.9% of them said not. Near

to half of the respondents (47.2%) gave a neutral response towards the item 'Employees are always ready to stand behind the organization whenever a problem occurs to the organization'. Again 48.4% of them gave a neutral response for 'The organization is able to satisfy the owner(s) /shareholders/directors/trusties' and finally 3.1% of them disagree that customers/clients' expectations are met. Therefore, it can be said that even if the organization is currently performing well but still there remains some in terms of failure to succeed in employee performance. These include; work volume and quality are not completely found as per the planned and targeted, the organization is not able to satisfy the owner(s) /shareholders/Directors/Trusties, and customers/clients' expectations are not fully met.

Section IV: Ranking of Component of Performance Appraisal

In order to determine the magnitude of each of the component of Performance Appraisal and hence their relevance to enhance employee performance, it is found necessary to rank them. Accordingly, the following table shows the order/rank as; Feedback and coaching(1st), continuous assessment(2nd), appraisal systems and procedures (3rd), learning & development (4th), management involvement(5th) and goal setting(6th).

Table 15: 'Ranking of Component of Performance Appraisal'

Component of Performance Appraisal	Rank
Goal setting	6th
Management involvement	5th
Continuous assessment	2nd
Feedback and coaching	1st
Learning & development	4th
Appraisal systems and procedures	3rd

Source: SPSS Result (May 2020)

4.2. Correlation and Multiple Regression Analysis

In this study the researcher has also tried to investigate the Effect of components of Performance Appraisal practice on employees' performance in British Council Ethiopia. In addition to this, it also tries to investigate the correlation/association among the component variables of Performance Appraisal practice and employees' performance.

4.2.1 Correlation Analysis

In order to assess the association among the indicators of the Performance Appraisal practice and with the employees' performance, the following correlation matrix is used. The correlation measurement that is applied here is the Pearson correlation coefficient with its associated sig. values (p-values).

Table 16: Correlation Matrix

Variables		Employee performance	Goal setting	Management involvement	Continuous assessment	Feedback and coaching	Learning and development	Appraisal systems and procedures
Employee performance	Pearson Correlation	1	.652**	-.610**	.416**	.539**	.419**	.586**
	Sig. (2-tailed)		0	0	0.001	0	0.001	0
Goal setting	Pearson Correlation	.652**	1	-.249*	.614**	.777**	.738**	.773**
	Sig. (2-tailed)	0		0.047	0	0	0	0
Management involvement	Pearson Correlation	-.610**	-.249*	1	-0.085	-.340**	-.273*	-0.196
	Sig. (2-tailed)	0	0.047		0.507	0.006	0.029	0.12
Continuous assessment	Pearson Correlation	.416**	.614**	-0.085	1	.608**	.486**	.602**
	Sig. (2-tailed)	0.001	0	0.507		0	0	0
Feedback and coaching	Pearson Correlation	.539**	.777**	-.340**	.608**	1	.687**	.751**
	Sig. (2-tailed)	0	0	0.006	0		0	0
Learning and development	Pearson Correlation	.419**	.738**	-.273*	.486**	.687**	1	.702**
	Sig. (2-tailed)	0.001	0	0.029	0	0		0

Appraisal systems and procedures	Pearson Correlation	.586**	.773**	-0.196	.602**	.751**	.702**	1
	Sig. (2-tailed)	0	0	0.12	0	0	0	
Correlation is significant at the 0.01 level (2-tailed).**								
Correlation is significant at the 0.05 level (2-tailed).*								

Source: SPSS Result (May 2020)

The above correlation matrix shows that all the independent variables except management involvement have a positive and significant correlation (sig.value of 0.000) with the dependent variable: employees' performance. Like the regression result, the correlation result shows that goal setting and management involvement have a strong and positive and a strong and negative association respectively with employee performance with a Pearson correlation of 0.652 and -0.610 at 1% level of significance. The third and fourth highly correlated variables with employee's performance are Appraisal Systems and Procedures (with 0.586 at 1% level of significance) and Feedback and Coaching (with 0.539 at 1% level of significance).

In general, the above correlation result reveals that there is high degree of association among the indicators of performance appraisal variables and employees' performance.

4.2.2 Regression Analysis

In this study, multiple regressions is employed. The basic objective of using multiple regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. That is, it is primarily used to identify the major determinant of performance appraisal that affect employee performance at British Council Ethiopia. The regression result is indicated here under:

Table 17: Regression coefficients

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	3.364	0.375		8.968	0
	Goal setting	0.453	0.108	0.575	4.178	0

Management involvement	-0.615	0.089	-0.538	-6.929	0
Continuous assessment	0.056	0.081	0.067	2.692	0.002
Feedback and coaching	0.136	0.097	0.184	2.397	0.016
Learning and development	0.193	0.073	0.3	2.635	0.011
Appraisal systems and procedures	0.279	0.103	0.345	2.703	0.009
a. Dependent Variable: employee performance					

Source: SPSS Result (May 2020)

The above regression result shows that all the independent variables except management involvement positively and significantly affect the dependent variable: Employee performance. From the unstandardized B column, it can also be seen that employee goal setting and management involvement are found to be the major determinant of Employee performance (with B=0.453 and B=-0.615) followed by Appraisal systems and procedures and learning and development.

The rule of thumb for t-ratio is 2, and the value of t-ratio will always be interpreted as absolute (irrespective of its positive or negative sign). The p-value is less 0.05 for all the independent variables. Therefore, all of them have a significant effect on and hence determines the dependent variable.

Therefore, it is possible to reject all the stated null-hypothesis and accept the alternative hypothesis stated and hence conclude that Goal setting, Management involvement, Continuous assessment, Feedback and coaching, Learning & development and Appraisal systems and procedures significantly affect employee performance at British council Ethiopia. Statistically this is attested by a t-value which is greater than 2 and a significant level of less than 0.10 for all the coefficients of the included independent variables. The coefficient of determination value (R^2=0.709) also confirms that the dependent variable (Employee performance) is 70.9% explained by the above-mentioned independent variables.

Table 18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842[a]	.709	.678	.27548

Source: SPSS Result (May 2020)

CHPTER FIVE

CONCLUSION AND RECOMMENDTION

5.1 SUMMARY OF THE FINDING

Regarding the demographic profile of the respondents, majority of the respondents considered in the study are males that are composed of productive and matured age groups of the population. People of different educational qualifications are assumed to work in the organization and the large proportion of them being first degree holders who have at least the basic knowledge about performance appraisal system/practice.

Regarding the perception of the employees about performance appraisal, it is found out that British Council Ethiopia has gone through a complete yearly performance appraisal process which is conducted at least every 6 months. It is also believed that carrying out performance appraisal in the organization is important and its practice is neither easy nor complicated. However, currently the employees are not well satisfied with the appraisal process of the organization.

The researcher has also tried to assess the major components of employee performance appraisal practice and employee performance of the organization whereby the majority of the respondents agree that performance appraisal system of the organization is set based on its objectives and goal, the involvement of management in performance appraisal system is weak , the PA system of the organization didn't help to continuously evaluate the different tasks carried out by the employees, the PA results are not used by the organization to give constructive feed backs to the employees.

Moreover, the study has found out numerous types of challenges faced that are associated with performance appraisal practices at British council Ethiopia in which the researcher has suggested to be solved in the recommendation section.

5.2. CONCLUSION

Provided that the main objective of the study is to investigate the effect of performance appraisal practice on employees' performance in British council Ethiopia, the study has revealed that at British council Ethiopia the PA process is not fully intended to meet the interests of both the employee and the employer. Neither it helped the organization to determine rewards and

payments and to provide basis for disciplinary actions, different benefits, promotion opportunities and pay etc.

The involvement of management in performance appraisal process is so weak that the HR department and Supervisors do not play their role to help the process, the management does not set the PA criteria based on the job description given to the employees as well as the management doesn't use and apply clear and measurable criteria or rates to conduct PA.

Even if there exists a continuous assessment of PA in the organization, still there remains a periodic PA practice that is carried out at least twice in a year, before PA is carried out necessary information and resources related with their jobs will not be provided to employees, the PA system of the organization doesn't help to continuously evaluate the different tasks carried out by the employees.

Not only this but also, the PA system of the organization leaves a small room for feed backs and comments i.e. it doesn't leave a space for the employees to give their feedback and comments, the PA results are not used by the organization to give constructive feed backs to the employees as well as the organization doesn't frequently revise its PA system/format by incorporating new and additional comments that are suggested by the employees.

In fact, to a certain extent the PA system of the organization is used as a tool of learning and development for its staffs. However, it is found that some employees didn't show up any improvement after the PA is conducted, some of them didn't learn from their past mistakes and error based on the PA result. Furthermore, promotion and development of the staff at British council Ethiopia is not fully made based on PA results.

Regarding the appraisal systems and procedures, it can be concluded that the appraisal process is not fully fair and reasonable, the performance criteria have not been developed in consultation with workers and appraisers, an adequate preparation is not undertaken by the heads / supervisors and workers before the appraisal process and the appraisal interview designed is not completely based on a constructive, two-way discussion of performance and goal setting.

The study has also identified that there are many challenges on the PA process/practice that are faced commonly by the organization and the employees. Some of them includes; unavailability of the required resources, supervisors do not display the right attitude to help the process, the cost of financing the process is high. Also, some workers become victimized through the

appraisal process, and performance goals do not consider pertinent environmental factors and PA results are not fully acted upon.

At the end, the researcher came up with the conclusion that even if the organization is currently performing well but still there remains some in terms of failure to succeed in employee performance. These include; work volume and quality is not fully achieved as per the planned and targeted, the organization is not able to satisfy the owner(s) /shareholders/Directors/Trusties, and customers/clients' expectations are not fully met. From the regression result it is shown in the study that goal setting and management involvement the major determinant of employee performance followed by appraisal systems and procedures and learning and development.

5.3. RECOMMENDATION

In this sub-section, the researcher forwards her own recommendations to the concerned stakeholders of the organization in order to solve the aforementioned problems.

- ✧ The HR department and Supervisors should play their prominent role to help the appraisal process by strengthening the management in performance appraisal system.

- ✧ The management should use and apply clear and measurable criteria or rates to conduct performance appraisal.

- ✧ Before performance appraisal is carried out, necessary information and resources related with their jobs should be provided to employees.

- ✧ The performance appraisal system of the organization should leave enough room for feedbacks and comments.

- ✧ The management should make the performance appraisal system a tool for learning and development of its staffs.

- ✧ The organization is recommended to redesign its appraisal interview in a such way that it should be completely based on a constructive, two-way discussion of performance and goal setting.

- ✧ Performance goals should consider pertinent environmental factors and PA results should fully be acted upon.

- ✧ Resources that are required by the employees should be made available.

- ✧ Finally, the appraisal process should fully be made fair and reasonable.

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APPENDIX
ANNEX I
JIMMA UNIVERSITY

School of Graduate studies

MBA Program

Questionnaire

</div>

I am a student of Jimma University and am currently studying Master's in Business Administration. I am writing my thesis on the ***Effect of Performance Appraisal practice on employees' performance in British Council Ethiopia office***. I have designed this survey on issues related to this topic. I would really appreciate if you could spare a few minutes of your time filling in this survey.

Your answers are very important for the proper analysis of the research. Your answers will be treated confidentially and anonymously. All information obtained from this survey will be treated in the strictest confidence and will only be available to the researcher and his thesis supervisor.

I kindly request you to complete this questionnaire honestly.

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Thank you for your co-operation and time.

</div>

Section I: General Information

1. Gender

A. Male ☐

B. Female ☐

2. Age (in years)

A. 21 – 30 ☐

B. 31 – 40 ☐

C. 41 – 50 ☐

D. 51 -60 ☐

E. More than 50 ☐

3. Educational Qualification

A. Diploma/Level III and above ☐

B. First Degree ☐

C. Second degree ☐

D. PhD ☐

4. How many years have you served in British Council?

A. Less than a year ☐

B. 2 – 5 years ☐

C. 6 – 10 years ☐

D. 11 – 15years ☐

E. More than 15 years ☐

5. Marital status

A. Married ☐

B. Single ☐

C. Separated ☐

D. Widowed ☐

6. What is your position in the organization?

A. General Manager/Director ☐

B. Manager ☐

C. Officer ☐

D. Finance ☐

E. Operation ☐

F. Other ☐

Section II: Perception about Performance Appraisal

1. Have you ever gone through a complete yearly performance appraisal system?

☐ Yes

☐ No

2.How often is Performance Appraisal carried out in your organization?

☐   Every 3 Months

☐   Every 6 Months

☐   Every 12 months

☐   I have no Idea

3. Do you agree that it is important to carryout performance appraisal in your organization?

☐   I completely agree

☐   I am somewhere in between

☐   I completely disagree

4.How do you evaluate the performance appraisal practice in your organization?

☐   Easy

☐   Complicated

5. Are you Satisfied with the appraisal process of the organization?

☐   Yes

☐   No

Section III: Components of Employee performance Appraisal Practice and Employee Performance

Please answer the following questions by circling the number that is found in the following table and do it kindly and truthfully as per the stated Likert-Scale where 1=Strongly Disagree(SD), 2=Disagree(D), 3=Neutral(N), 4=Agree(A) and 5=Strongly Agree(SA).

	Goal setting	**SD**	**D**	**N**	**A**	**SA**
1	The PA system of the organization has its own goal and it is set based on the goals/objectives of the organization.	1	2	3	4	5
2	The PA system of the organization considers both the rights and responsibilities of the employees	1	2	3	4	5
3	The PA system of the organization is intended to meet the interests/goals of both the employee and the employer	1	2	3	4	5

4	The organization uses the PA system to determine staff development needs	1	2	3	4	5
5	The organization uses the PA system to determine rewards and payments	1	2	3	4	5
6	The organization uses the PA system to determine employee promotions and demotions	1	2	3	4	5
7	The organization uses the PA system to provide basis for disciplinary actions	1	2	3	4	5
8	Different benefits, promotion opportunities and pay are based on employees' PA rating	1	2	3	4	5
B.	**Management involvement**	**SD**	**D**	**N**	**A**	**SA**
1	The HR department and Supervisors do not play their role to help the process	1	2	3	4	5
2	There is an absence of awareness raising sessions and clear guidelines regarding the PA by the Management team	1	2	3	4	5
3	The management does not set the PA criteria based on the job description given to the employees	1	2	3	4	5
4	The management uses and applies clear and measurable criteria or rates to conduct PA	1	2	3	4	5
C.	**Continuous assessment**	**SD**	**D**	**N**	**A**	**SA**
1	The organization conducts PA on a regular basis	1	2	3	4	5
2	There is a periodic PA practice that is carried out at least twice in a year	1	2	3	4	5
3	Before PA is carried our necessary information and resources related with their jobs are provided to employees	1	2	3	4	5
4	The PA system of the organization helps to continuously evaluate the different tasks carried out by the employees	1	2	3	4	5
D.	**Feedback and coaching**	**SD**	**D**	**N**	**A**	**SA**

1	The PA system of the organization leaves a space for the employees to give their feedback and comments	1	2	3	4	5
2	The PA results are used by the organization to give constructive feedbacks to the employees	1	2	3	4	5
3	Once a PA is conducted, employees are trained or coached to improve their weaknesses	1	2	3	4	5
4	The organization frequently revises its PA system/format by incorporating new and additional comments suggested by the employees.	1	2	3	4	5
E.	**Learning & development**	**SD**	**D**	**N**	**A**	**SA**
1	The PA system of the organization is one tool by which employees lean from their past mistakes and error	1	2	3	4	5
2	Employees are observed showing improvement after the PA is conducted	1	2	3	4	5
3	The organization uses the PA result for its staff career development	1	2	3	4	5
4	Promotion and development of the staff is made based on PA results	1	2	3	4	5
F.	**Appraisal systems and procedures**	**SD**	**D**	**N**	**A**	**SA**
1	The organization has got an appraisal system in place.	1	2	3	4	5
2	Key performance criteria (i.e., competencies, behaviors, results / outcomes) have been clearly identified in the appraisal system	1	2	3	4	5
3	The criteria have been developed in consultation with workers and appraisers.	1	2	3	4	5
4	There is understanding and support from key stakeholders (e.g. workers, supervisors). The necessary resources are available to implement an effective performance appraisal system.	1	2	3	4	5
5	The assessment tools are structured, with clear explanations about the criteria to be assessed, and performance standards	1	2	3	4	5

6	Adequate preparation is undertaken by the Heads / supervisors and workers before the appraisal process	1	2	3	4	5
7	The appraisal process is fair and reasonable	1	2	3	4	5
8	The appraisal interview designed to be a constructive, two-way discussion of performance and goal setting	1	2	3	4	5
G.	**Challenges on the PA process/practice**	**SD**	**D**	**N**	**A**	**SA**
1	The needed resources are unavailable to carry out an effective appraisal.	1	2	3	4	5
2	Supervisors do not display the right attitude to help the process.	1	2	3	4	5
3	The cost of financing the process is a challenge.	1	2	3	4	5
4	Some workers are victimized through the appraisal process.	1	2	3	4	5
5	Performance goals do not consider pertinent environmental factors.	1	2	3	4	5
6	Results are not acted upon	1	2	3	4	5
H.	**Employee performance**	**SD**	**D**	**N**	**A**	**SA**
1	The organization is able to meet the goal it sets	1	2	3	4	5
2	Work volume and quality is found as per the planned and targeted	1	2	3	4	5
3	Employees are always ready to stand behind the organization whenever a problem occurs to the organization	1	2	3	4	5
4	The organization is able to satisfy the owner(s) /shareholders/Directors/Trusties	1	2	3	4	5
5	Customers/clients' expectations are met	1	2	3	4	5

If you have any additional comment/feedback, please state here_____

_____
_____
_____
_____

"Thank you"