



ST.MARY'S UNIVERSITY

SCHOOL OF POST-GRADUATE STUDIES

**ASSESSMENT OF THE PRACTICES AND CHALLENGES OF
PERFORMANCE APPRAISAL: THE CASE OF MUGHER
CEMENT FACTORY**

BY: SHEWIT H/MARIAM

JULY, 2024

ADDIS ABEBA, ETHIOPIA



ST.MARY'S UNIVERSITY

SCHOOL OF POST-GRADUATE STUDIES

**ASSESSMENT OF THE PRACTICES AND CHALLENGES OF
PERFORMANCE APPRAISAL: THE CASE OF MUGHER
CEMENT FACTORY**

BY: SHEWIT H/MARIAM

ADVISOR- SHOA JEMAL (ASST. PROFESSOR)

JULY, 2024

ADDIS ABEBA, ETHIOPIA

**ASSESSMENT OF THE PRACTICES AND CHALLENGES OF
PERFORMANCE APPRAISAL: THE CASE OF MUGHER CEMENT
FACTORY.**

BY: SHEWIT H/MARIAM

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF GENERAL MBA.**

JULY, 2024

ADDIS ABABA, ETHIOPIA

Declaration

I hereby declare that this work entitled: Assessment of the Practices and Challenges of Performance Appraisal in Case of Mugher Cement Factory is my original work prepared under the follow-up and guidance of my Advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution to earn any degree.

Declared by: _____

Signature: _____

Date: _____

ST. MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF THE PRACTICES AND CHALLENGES OF
PERFORMANCE APPRAISAL: THE CASE OF MUGHER CEMENT
FACTORY. BY: SHEWIT H/MARIAM

APPROVED BY BOARD OF EXAMINERS

_____ Dean, School Of Business	_____ Signature & date
_____ Advisor	_____ Signature & date
_____ Internal Examiner	_____ Signature & date
_____ External Examiner	_____ Signature &date

Table of Contents

Acknowledgments	iv
Acronym/Abbreviation.....	v
List of Tables.....	vi
List of Figures	vii
Abstract	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Background of the Organization	2
1.3 Statement of the Problem.....	3
1.4 Research questions.....	4
1.5 Objectives of the Study.....	4
1.5.1 General Objective	4
1.5.2 Specific Objectives	4
1.6 Significance of the Study.....	5
1.7 Scope of the Study	5
1.8 Limitations of the Study.....	5
1.9 Organization of the Study.....	6
CHAPTER TWO: REVIEW OF RELATED LITERATURE	7
2.1 Theoretical Literature.....	7
2.1.1 Performance Appraisal.....	7

2.1.2 Practice of Performance Appraisal	9
2.1.2.1 Setting Performance Standards	10
2.1.2.2 Communication	11
2.1.2.3 Measuring Performance	12
2.1.2.4 Comparing Performance	12
2.1.2.5 Providing Feedback.....	13
2.1.2.6 Identify and Take Corrective Action	13
2.1.3 Importance of Performance Appraisal	14
2.1.4 Challenge of Performance Appraisal	17
2.1.5 Performance Appraisal Improvement	19
2.2 Empirical Review	20
2.3 Conceptual Framework	22
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	23
3.1 Research Design	23
3.2 Research Approach.....	23
3.3 Target Population.....	24
3.4 Data Type and Sources	24
3.4.1 Primary Data.....	24
3.5 Methods of Data Analysis	26
3.6 Validity	26
3.7 Reliability	26

3.8 Ethical Considerations	27
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION	29
4.1 Response Rate of the Respondents.....	29
4.2 Demographic Characteristics of the Respondents.....	29
4.3 Descriptive Analysis of Collected Data.....	31
4.3.1 Setting Performance Standards	32
4.3.2 Communication.....	35
4.3.3 Measuring Performance.....	37
4.3.5 Feedback.....	41
4.3.6 Identify and Take Corrective Action	42
4.4 Discussion	49
CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	52
5.1 Summary of Major Findings	52
5.2 Conclusions	54
5.3 Recommendations.....	55
5.4 Recommendation for Future Research.....	55
References	56
APPENDICES:	60
Part I. Questionnaire	60
PART II: Interview Questions to Human Resource Manager	64

Acknowledgments

First and foremost, I want to express my gratitude to Almighty God for his unwavering support throughout my life and for seeing me through my education from start to finish. I also like to express my gratitude to my advisor, Assistant Professor Shoa Jemal, for his insightful counsel and remarks during this research project. I hope I wouldn't have been able to meet the deadline without his help.

I want to express my gratitude to my spouse, Ato Mehari Assefa, for shouldering all house managerial obligations, including looking after our girls and social events while I was studying. I am also grateful to my gorgeous girls, Abigiya, Gelila, and Salem Mehari for their understanding and patience throughout my absence from them, and also I want to thank my beloved Sister and her lovely girl for being there for me. I want to express my gratitude to all of the librarians at St. Mary's University for their assistance, and also I want to express my gratitude to the management and staff of Mughher Cement Factory in general.

Finally, I would want to express my gratitude to everyone who provided me with direct and indirect support to help me complete my research.

Acronym/Abbreviation

BSC.....Balanced Score Card

HRMHuman Resource Manager

MCF.....Mugher Cement Factory

KPIKey Performance Indicator

PA.....Performance Appraisal

SPSS..... Statistical Package for Social Sciences

List of Tables

Table 3.1 Reliability Test	27
Table 4.1 Response Rate of the Respondents	29
Table 4.2 Demographic Characteristics of the Respondents	30
Table 4.3 Descriptive Statistics of Setting Performance Standards	32
Table 4.4 Descriptive Statistics of Communication.....	35
Table 4.5 Descriptive Statistics of Measuring Performance	37
Table 4.6 Descriptive Statistics of Comparing Performance.....	39
Table 4.7 Descriptive Statistics of Feedback	41
Table 4.8 Descriptive Statistics of Identify and Take Corrective Action	43
Table 4.9 Descriptive Statistics of Challenges of Performance Appraisal.....	46

List of Figures

Figure 2.1 Conceptual Framework.....	22
--------------------------------------	----

Abstract

The primary objective of the study was to assess the practices and challenges of performance appraisal in Mugher Cement Factory. The researcher used a descriptive research design with qualitative and quantitative approaches. A total of 120 questionnaires were handled by the respondents, and 110 of them completed and returned their questionnaires. In addition to this, interview was carried out with concerned managers. The study's findings were presented in descriptive analysis, and the result of the descriptive statistics revealed that among the practice of employee performance appraisal setting performance standards dimension was 3.24 which indicate that the setting performance standard was good. The results indicating communication practices, measuring performance, comparing employee performance, feedback factor, and taking corrective action were 2.48, 2.43, 2.38, 2.37, and 2.36 respectively. This implies that in the factory employee performance appraisal practice was low. Additionally, the result shows that, Mugher Cement Factory faced several challenges in conducting performance appraisals, including the difficulty in identifying the root cause of employee performance issues, which was attributed to a lack of clear goals and objectives, as well as inadequate training and feedback.

Keywords: - Setting standards, communication, measuring, comparing, Feedback, identifying and taking corrective action, Challenges.

CHAPTER ONE

INTRODUCTION

This chapter encompasses the introductory information about the study, more specifically background of the study associated with performance appraisal practices. The chapter also brings out a statement of the problem and research gap related to the study area and also it contains, the objective of the study, research questions related to its objective, scope, significance, and limitations of the study.

1.1 Background of the Study

Performance management is one of the cornerstones of human resource practice in organizations. Along with this, effective performance management is a key requirement if you have any number of employees (Allan, Church, and Waclawski, 2009). According to them human resource management, helps an organization to be successful and meet its intended objective. In addition, performance management is an ongoing process that identifies measures, manages, and develops the performance of people in the organization. It is designed to improve worker performance over time (Aguinis, 2019). On the other hand, performance appraisal is the part of the performance management process that identifies measures, evaluates the employee's performance, and then discusses that performance with the employee (Aguinis, 2019). Moreover, performance appraisal (PA) is an important human resource practice and tool, that provides information to many critical human resource decisions such as training, and development, needs compensations, and benefits (Taylor, 2015 and Holland, 2015). Similarly, performance appraisals are frequently used in organizations as a basis for administrative decisions such as employee promotion, transfer, and allocation of financial rewards; employee development, including identification of training needs and performance feedback; and personnel research (Decotiis, T. A., & Petit, A. 2018).

Despite its importance, the practice of employee performance appraisal faces several challenges in organizations. One of the main challenges of employee performance appraisal is ensuring objectivity and fairness in the evaluation process. Research has shown that biases, such as the halo effect, leniency, and central tendency, can influence the appraisal process, leading to inaccurate and unfair evaluations (Colquitt, 2019). To address this challenge, organizations need to ensure

that the appraisal criteria are clearly defined and communicated to employees and those supervisors are trained on how to conduct fair and unbiased evaluations.

Another challenge of employee performance appraisal is ensuring the validity and reliability of the appraisal process. Validity refers to the extent to which the appraisal measures what it is intended to measure, while reliability refers to the consistency of the appraisal results. Failing to ensure validity and reliability can lead to inaccurate evaluations and affect employee morale and motivation (Pulakos, 2009). To address this challenge, organizations need to use multiple sources of data, such as peer feedback and self-assessments, to ensure a more comprehensive and accurate evaluation of employee performance.

Additionally, the timing of performance appraisals can also pose a challenge for organizations. Annual performance appraisals, for example, may not provide timely feedback to employees and may not align with the fast-paced nature of today's business environment. To address this challenge, organizations can consider implementing more frequent and ongoing performance feedback mechanisms, such as quarterly reviews or real-time feedback systems, to ensure that employees receive timely and relevant feedback for improvement (Wesson, 2019).

1.2 Background of the Organization

Mugher Cement Factory (MCF) is a government-owned organization established to produce and supply cement and carry out related activities that are considered important for the attainment of its objectives. The factory was established in 1984 by G.C. with an authorized capital of birr 334,716,000 of which birr 257,516,000 with paid-up capital in cash and in kind. The factory was reestablished in 1999 G.C through amalgamation of two formerly independent factories: Mugher cement factory and Addis Ababa cement factory. Mugher has also expanded its production plant at Tatek for milling and packing since 2011 G.C.

Mugher main factory was located northwest of Addis Ababa around 90kms which has three production lines with a production capacity of 5000 tons of clinker per day. The first, second, and third lines started operation in 1984, 1990, and 2011 G.C respectively. Mugher Cement Factory has a total of 1,401 employees, out of which 1,180 are male and 221 female (Mugher Cement Factory Disclosure).

This research aimed to assess the practices and the challenge of employee performance appraisal in Mugher Cement Factory, Addis Ababa.

1.3 Statement of the Problem

Mugher cement factory has a written appraisal procedure and system called Balanced Score Card (BSC). The Balanced Scorecard (BSC) is a strategic management tool that can be applied to employee performance appraisal to provide a more comprehensive and balanced evaluation of an employee's performance. However, in practice, the company is not profitable, despite having written performance appraisal documents for each department and individual (Mugher Cement Factory 2018; 2019; 2021) annual reports. The preliminary interview the researcher had with some employees of the company revealed that there is doubt among them about the practicing of performance appraisal in Mugher Cement Factory. Some employees argue that the employee performance appraisal practice of the company strictly follows the performance appraisal process but others disagree with this, they feel that their manager or supervisor does not evaluate their appraisals based on performance but evaluate them based on personal relations with employees, the halo effect, leniency, and central tendency can influence the appraisal process, leading to inaccurate and unfair evaluations. The next reason is that employees consider Performance Appraisals to be time-consuming and interrupt their routine work, and the last reason for lack of interest in doing appraisals is that they never get feedback from their managers where many companies fail to provide the feedback; they just conduct the appraisal and keep it in their records. Once the appraisal is done the employees would want to know how they have performed, if a company does not use this step then the whole Performance Appraisal would be considered as a waste of time, energy, and money.

But the theory of performance appraisal refers to the systematic evaluation of an employee's job performance and behavior over a specific period of time, typically by their supervisor or manager. The purpose of performance appraisal is to assess an individual's strengths and weaknesses, identify areas for improvement, and provide feedback to help them grow and develop in their role. Therefore, there is a gap between the theory of performance appraisal and its practical implementation at Mugher Cement Factory, which needs to be bridged to ensure fair and effective evaluations that align with the factories overall goals and objectives.

This research aims to conduct an assessment of the practices and challenges of performance appraisal at Mughher Cement Factory to check statistically if there is a halo effect exists or not in the appraisal process and to check whether the valuation process was fair or not in the study area, valuable insights can be gained on how to improve and optimize the performance appraisal process. This study also aims to identify the key challenges faced by the factory in conducting performance appraisals, explore best practices in performance appraisal, and provide recommendations for improving the performance appraisal process at Mughher Cement Factory Addis Ababa.

1.4 Research questions

To answer the statement of the problem the researcher raised the following research questions.

1. What is the current practice of employee performance appraisal in Mughher Cement Factory?
2. How do employees perceive the performance appraisal system?
3. For what purpose are the results of the appraisal system used in Mughher Cement Factory?
4. What are the challenges of employee performance appraisal in the Mughher Cement Factory?

1.5 Objectives of the Study

1.5.1 General Objective

The general objective of the study was to assess the Practices and Challenges of Employee Performance Appraisal In The Case of Mughher Cement Factory.

1.5.2 Specific Objectives

Based on the research questions raised above the specific objective of the study was

1. To determine the current practice of employee performance appraisal in Mughher Cement Factory.
2. To investigate the perception of employees regarding the performance appraisal system.
3. To determine the purposes for which the results of the appraisal system are used in the Mughher Cement Factory.

4. To identify the challenges that hinders the effective implementation of employee performance appraisal in the Mugher Cement Factory.

1.6 Significance of the Study

The study reveals the existing practices of employee performance appraisal in the factory and provides valuable information for all concerned bodies. In addition, the study helps performance appraisal implementers, planners, researchers, supervisors; department heads, evaluators, decision-makers, and policy and human resources managers can get better information from this research finding and also helps to alleviate performance appraisal implementation problems. Finally, the study may be a base for other researchers to conduct further study in the study area

1.7 Scope of the Study

The study focused on the assessment of the practices and challenges of performance appraisal in the case of the Mugher cement factory specifically the Addis Ababa branch in 2024. The study used the six-step performance appraisal process as Setting Performance Standards, Communicate Performances standards, Measuring Performance, Comparing Performance, Providing Feedback, and Taking Corrective Actions. The researcher selected six steps to provide a more detailed and comprehensive evaluation of an employee's performance, allowing for a more accurate assessment of their strengths and weaknesses. The research used a descriptive research design with qualitative and quantitative research approaches.

1.8 Limitations of the Study

The limitations of this study are justified as they are inherent to the research design and methodology. The focus on Mugher Cement Factory's permanent employees and managerial staff in Addis Ababa branch is a deliberate choice, allowing for a more in-depth exploration of the specific context and population of interest. However, this limitation also restricts generalizability of the findings to other populations and settings. Similarly, the time frame and finance constraints are unavoidable limitations and that can affect the scope and depth of the research but are not necessarily unique to this study. Despite these limitations, the study still provides valuable insights into specific context of Mugher Cement Factory and can serve as a foundation for future research that may address thesis limitation.

1.9 Organization of the Study

The study is organized into five chapters. The first chapter contained the background of the study, a statement of the problem, general and specific objectives of the study, the significance of the study, the scope of the study, and the limitations of the study. The second chapter deals with theoretical and empirical review of literature. The third chapter contains the research design, sources of data and data collection techniques, sampling techniques and sample size, method of data analysis, and presentation. Data presentation, analysis, and interpretation were presented in chapter four. The last chapter contained a summary and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter discusses the theory and concepts of performance appraisal and its practices. In addition, different related literature reviewed from different sources are discussed in this chapter. Overall, the discussion is divided into three parts: theoretical literature and empirical review. At the end, the conceptual framework of the study was discussed.

2.1 Theoretical Literature

2.1.1 Performance Appraisal

According to Aguinis (2019), performance refers to the actions or behaviors and their results that contribute to organizational goals and objectives. This definition encompasses not only the tasks and activities undertaken but also their outcomes and impact on the organization. Effective performance evaluation requires consideration of multiple dimensions, including efficiency, effectiveness, and quality of outcomes. Efficiency assesses the use of resources to achieve desired results, while effectiveness gauges the degree to which goals are met. Quality of outcomes evaluates the value and desirability of the results, ensuring that they meet stakeholder expectations and standards. By considering these dimensions, organizations can comprehensively evaluate performance and make informed decisions to improve processes, achieve strategic objectives, and drive long-term success.

Performance appraisal is a systematic process of evaluating and assessing an employee's performance in a job role, based on predetermined criteria and objectives. It is an important tool used by organizations to provide feedback on an employee's accomplishments, strengths, areas for improvement, and overall contribution to the organization. This process helps in identifying training and development needs, determining rewards and promotions, and enhancing employee motivation and engagement (Aguinis, 2019). According to Cardy and Leonard (2014), performance appraisal serves as a foundation for various Human Resource functions such as training and development, recruitment and selection, compensation management, and succession planning. It provides a structured framework for evaluating employee performance, setting

performance expectations, and aligning individual goals with organizational goals. It also helps in fostering a culture of continuous feedback and communication between managers and employees, leading to improved performance and overall organizational success.

Performance appraisal is an essential tool used by organizations to evaluate the performance of their employees and provide feedback on their progress toward achieving organizational goals (Chuang, Liao, & Hung, 2011). It is a systematic process that involves assessing employees' performance, providing feedback, identifying areas for improvement, and setting performance goals for the future. One of the key benefits of performance appraisal is that it helps organizations identify and reward high-performing employees and provide support and guidance to underperforming employees. This can ultimately lead to increased job satisfaction, motivation, and productivity among employees (Chuang, 2011). However, the effectiveness of performance appraisal can be influenced by various factors, such as the design of the appraisal system, the skills of the managers conducting the appraisals, and the organizational culture. The appraisal system is not well designed and if managers lack the proper training to conduct appraisals effectively, the process may not yield accurate or useful feedback for employees (Chuang, 2011).

The performance appraisal process is a crucial aspect of organizational management as it enables employers to assess an employee's strengths and weaknesses, identify areas for improvement, and provide targeted feedback for development and growth. By setting specific, measurable, achievable, relevant, and time-bound (SMART) goals, employees are aligned with the organization's objectives and are held accountable for delivering results. Through regular appraisals, managers can evaluate performance against these goals, providing constructive feedback that fosters self-awareness, motivation, and skill-building. This process also allows for the timely identification of performance gaps, enabling employers to take corrective action to address issues before they become major problems, ultimately driving employee development, retention, and overall business success (Schraeder, Becton, & Portis, 2017).

One theoretical framework that is often used to understand performance appraisal is Goal Setting Theory. According to this theory, setting specific and challenging goals can lead to higher levels of performance because it focuses attention, mobilizes effort, and increases persistence (Locke & Latham, 2012). Performance appraisal can be used to establish these specific and challenging goals for employees, provide ongoing feedback on their progress towards these goals, and adjust goals

as needed to improve performance. By using this framework, organizations can align employee goals with organizational objectives, increase employee engagement and motivation, and ultimately drive improved performance.

Another theoretical perspective that is relevant to performance appraisal is Social Exchange Theory. This theory suggests that employees engage in a reciprocal relationship with their organization, where they exchange effort and performance for rewards and recognition (Blau, 1964). Performance appraisal can be seen as a mechanism for clarifying this exchange relationship, by providing employees with feedback on their performance and recognizing their contributions with rewards such as salary increases, promotions, or other forms of recognition.

2.1.2 Practice of Performance Appraisal

According to Grote (2016), Performance appraisal is a crucial tool used by organizations to evaluate the effectiveness and efficiency of their employees in achieving organizational goals and objectives. By conducting regular performance appraisals, organizations can identify areas of strength and weakness, provide constructive feedback, and develop targeted training programs to improve employee performance. This process also helps to enhance employee motivation, job satisfaction, and retention rates, as employees feel valued and recognized for their contributions to the organization. Moreover, performance appraisals provide a platform for supervisors and employees to discuss goals, expectations, and concerns, ensuring that employees are aligned with the organizations overall strategy and vision. Regular appraisals also enable employees to set realistic targets, develop new skills, and take ownership of their work, leading to increased productivity and better job performance. Overall, effective performance appraisal systems can help organizations achieve their strategic objectives by empowering employees to excel in their roles and contributing to the organization's success.

Performance appraisal serves several important purposes in the organization, including providing a basis for employee development and training, identifying high-performing employees for promotion or rewards, and identifying low-performing employees who may require additional support or guidance. Additionally, performance appraisal can help managers identify areas where employees excel and areas where they may need to improve, leading to increased productivity and overall organizational success (Latham, 2012). One key aspect of performance appraisal is the need for regular and ongoing feedback to employees. Feedback should be specific, timely, and

constructive to help employees understand their strengths and weaknesses and take steps to improve their performance. Performance appraisal should also be fair and equitable; ensuring that all employees are evaluated based on the same criteria and are not subject to bias or discrimination (Schraeder, 2017).

The six steps of the performance appraisal process:

1. Setting Performance Standards.
2. Communication.
3. Measuring Performance.
4. Comparing Performance.
5. Providing Feedback.
6. Identifying and Taking Corrective Actions.

Organizations need to conduct performance appraisals effectively to ensure that employees are motivated, engaged, and aligned with the organization's goals. According to research, performance appraisal can lead to improved employee performance, job satisfaction, and organizational effectiveness (DeNisi & Murphy, 2017).

2.1.2.1 Setting Performance Standards

Setting performance standards is a crucial component of a performance appraisal system, as it provides a framework for evaluating employee performance and identifying areas for improvement. Performance standards are specific, measurable, achievable, relevant, and time-bound (SMART) criteria that define the expected level of performance for an employee in a specific role (Locke & Latham, 2012). In the context of performance appraisal, setting performance standards can help employees understand what is expected of them and focus their efforts on achieving specific goals. The theory of self-efficacy also suggests that individuals are more likely to achieve their goals if they believe in their ability to do so (Bandura, 2017). Setting performance standards can help employees develop a sense of self-efficacy by providing them with a clear understanding of what is expected of them. Setting performance standards is a crucial step in the employee performance appraisal process. It involves defining the expected level of performance for an employee in a specific role or position. This helps to ensure that employees are aware of what is expected of them and can strive to meet those expectations (SHRM, 2020).

According to the Society for Human Resource Management (SHRM), setting performance standards is crucial in the performance appraisal process as it helps to clarify expectations, provide a framework for evaluation, encourage employee growth, and foster a culture of accountability and continuous improvement. To set effective performance standards, it is essential to consider best practices such as making them specific, measurable, achievable, relevant, and time-bound (SMART), aligning them with organizational goals, establishing clear criteria for evaluation, involving employees in the development process, and regularly reviewing and updating them. By doing so, employees can benefit from improved job satisfaction, increased motivation and accountability, enhanced employee development and growth, and better decision-making and problem-solving skills.

According to the International Association of Human Resource Information Management (IHRIM), 45% of employees reported that unclear expectations were a major source of frustration in their work environment (IHRIM, 2019). This suggests that clear performance standards are essential for employee satisfaction and engagement. By setting clear expectations, organizations can provide employees with a sense of direction and purpose, which can lead to increased motivation and productivity. Additionally, clear expectations can help employees feel more accountable for their work, leading to higher-quality output and improved job performance. By setting clear performance standards, organizations can promote a culture of clarity, transparency, and accountability, ultimately leading to better outcomes and greater success.

2.1.2.2 Communication

The communication step in employee performance appraisal can be understood through the lens of communication theories such as the Transactional Model of Communication (Watzlawick et al., 1967). According to this model, communication is a transactional process that involves two or more parties exchanging information. The sender (the appraiser) sends a message (the feedback) to the receiver (the employee), and the receiver responds to the message. The communication process's effectiveness depends on the message's clarity, accuracy, and relevance.

Another relevant theory is the Social Information Processing Theory (Salancik & Pfeffer, 1978). This theory suggests that employees use information about their performance and behavior from their supervisors and colleagues to form their own opinions about themselves. Therefore, the feedback provided during communication should be accurate, timely, and relevant to the

employee's performance. Effective communication is essential in setting performance standards. Managers must communicate the expectations to employees, ensuring they understand their expectations (Bargal, 2013). This can be achieved through regular meetings, feedback sessions, and goal-setting exercises.

2.1.2.3 Measuring Performance

Measuring performance is a crucial aspect of the employee performance appraisal process. It involves evaluating an employee's achievements and progress against predetermined goals, objectives, and standards.

Key Performance Indicators (KPIs): KPIs are specific, measurable, and achievable targets that an employee is expected to meet or exceed. They provide a clear direction for the employee's work and help measure their performance (Kaplan & Norton, 2011).

Behavioral Competencies: Behavioral competencies refer to the skills, knowledge, and behaviors required performing a job effectively. Measuring performance in terms of these competencies helps to identify areas where an employee needs training or development (Boyatzis, 2009).

Performance Metrics, Performance metrics are quantitative or qualitative measures used to evaluate an employee's performance. Examples include sales targets, customer satisfaction ratings, and quality control metrics (Kotter, 1996).

Balanced Scorecard, The Balanced Scorecard approach involves measuring performance using four perspectives: financial, customer, internal processes, and learning and growth. This approach provides a comprehensive view of an organization's performance and helps to identify areas for improvement (Kaplan & Norton, 2001).

2.1.2.4 Comparing Performance

Comparing Performance is a crucial step in the employee performance appraisal process. It involves evaluating an employee's performance against a set of predetermined standards, goals, and expectations. The purpose of comparing performance is to assess an employee's achievements, identify areas for improvement, and make informed decisions about their development and career progression. Research has shown that comparing performance is an effective way to improve employee performance and organizational outcomes. A study by Locke and Latham (2012) found

that goal-setting increased employee motivation and performance. Another study by Katz (2012) found that benchmarking improved employee performance and job satisfaction. By using various methods for comparing performance, organizations can improve employee performance and organizational outcomes.

However, comparing performance can also have its drawbacks. It can lead to bias and unfairness if not done objectively (Bernardin & Beatty, 2000). Additionally, it can create undue stress and anxiety for employees if they are not used to being evaluated in this way (Katz, 2012).

2.1.2.5 Providing Feedback

Providing feedback is a crucial aspect of the employee performance appraisal process. It is a two way communication that helps employees understand their strengths, weaknesses, and areas for improvement. Effective feedback can enhance employee performance, motivation, and job satisfaction (Kirkpatrick, 2014). There are several benefits of providing feedback during the performance appraisal process. Firstly, it helps employees understand their role and responsibilities, and how they can contribute to the organization's goals (Herzberg, 2018). Secondly, it provides an opportunity for employees to receive recognition and praise for their achievements, which can boost their morale and motivation (Kotter, 2012). Thirdly, it helps employees identify areas where they need improvement and provides them with the necessary guidance and support to develop their skills and knowledge (London, 2013).

On the other hand, failure to provide feedback can lead to a range of negative consequences, including decreased job satisfaction, increased turnover rates, and reduced productivity (Hogan & Emler, 2021). It can also lead to misunderstandings and conflicts between employees and managers. To provide effective feedback, managers should follow certain guidelines. Firstly, feedback should be specific, timely, and relevant to the employee's performance (Kluger & DeNisi, 2016). Secondly, it should be constructive and focused on behavior rather than personality (Kotter, 2012). Thirdly, managers should provide feedback in a way that is respectful and empathetic (London, 2013).

2.1.2.6 Identify and Take Corrective Action

Identifying Corrective Actions and Taking Corrective Actions are crucial steps in the employee performance appraisal process. The goal of these steps is to address performance issues, improve

employee performance, and maintain a positive and productive work environment. During the performance appraisal process, identifying corrective actions involves identifying the specific issues that need to be addressed, during the performance appraisal process, identifying corrective actions involves a thorough analysis to address specific issues that need to be addressed. This includes determining the root cause of the performance issue, identifying the behaviors or actions that need to be corrected, and developing a plan to correct the issue. To identify corrective actions, managers should conduct a thorough review of the employee's job performance and goals, gather feedback from employees, supervisors, and other stakeholders, and analyze the feedback to identify areas for improvement. (Lencioni, 2016).

To take corrective actions, managers should identify the root cause of performance issues, develop a plan to correct the issue, and provide clear and specific feedback to employees. Effective corrective actions involve communicating clearly and consistently with employees, setting specific goals and expectations, and providing regular feedback and coaching. Managers should also involve employees in the process, focus on behavior change rather than personality traits, and document all conversations and progress. Despite the importance of corrective actions, managers may face challenges such as difficulty in identifying the root cause of performance issues, limited resources, resistance to change, and difficulty in communicating effectively with employees. (Kramer, 2018).

2.1.3 Importance of Performance Appraisal

According to Latham (2012), Performance appraisal is a crucial tool for organizations because it allows for a comprehensive evaluation of an employee's performance, enabling managers to identify areas of strength and weakness. By conducting regular appraisals, managers can provide employees with specific feedback on their performance, highlighting what they are doing well and where they need to improve. This feedback is essential for employee growth and development, as it enables individuals to set realistic goals and work towards achieving them. Moreover, performance appraisals help organizations to identify training needs, address performance gaps, and develop succession plans. In addition to its benefits for individual employees, performance appraisal also plays a vital role in organizational success. It helps to ensure that employees are meeting their job responsibilities, contributing to team goals, and aligning with organizational objectives. By recognizing and rewarding outstanding performance, organizations can boost

morale, motivation, and job satisfaction, leading to increased productivity and retention rates. Furthermore, performance appraisals provide a formal record of employee performance, which can be used for promotions, bonuses, and other employment decisions. Overall, the importance of performance appraisal lies in its ability to drive employee development, improve organizational effectiveness, and enhance overall business outcomes.

One key reason why performance appraisal is important is that it helps managers make informed decisions regarding promotions, transfers, rewards, and training opportunities. By evaluating employees' performance, managers can identify high performers who deserve recognition and advancement, as well as underperformers who may need additional support or development (Harter 2012). Another important purpose of performance appraisal is to establish clear expectations and goals for employees. Through the appraisal process, employees can receive feedback on their performance and set objectives for improvement, allowing them to align their efforts with the organization's overall goals and objectives. Moreover, performance appraisal can serve as a basis for employee development and training. By identifying areas where employees need improvement, organizations can provide targeted training and development programs to help them enhance their skills and capabilities. This can lead to increased employee satisfaction, engagement, and productivity (Cober, 2015).

Lee, G., & Bruvold, N. T. (2003), found that performance appraisal can have a significant impact on employee motivation, job satisfaction, and organizational commitment. When employees receive regular feedback on their performance and opportunities for growth and development, they are more likely to be engaged and satisfied with their work, leading to better organizational outcomes. This study highlights the importance of performance appraisal in driving employee performance and organizational success. According to Gashew Dessie, (2016), the main purpose of performance appraisal is to measure and improve the performance of employees and increase their future potential and value to the organization. The Other objectives of performance appraisal include providing feedback, improving communication, understanding training needs, clarifying roles and responsibilities, and determining how to allocate rewards.

On the other hand, Malik and Chikkara (2018), describe the importance and applicability of performance appraisal regarding with evaluation of an employee's skill, knowledge, ability, and

overall job performance. According to them, the major importance of performance appraisal practices is out below, such as:

- Encourages employees to perform more for the future
- Creates an opportunity for employees or helps with salary increments or gaining of promotion.
- During the appraisal, employees can discuss strengths and weaknesses with a supervisor or allowing employees to discuss personal concerns,
- It provides communication between a supervisor and employee regularly to discuss job duties and issues with work performance,
- It allows employees to identify what skills may be lacking and need to be acquired or improved upon. Also, it helps to provide education and training.
- It holds employees accountable for their job performance, and since the employee knows that an appraisal is coming, the employee has the opportunity to prepare in advance
- It provides the opportunity for managers to explain organizational goals and how employees can participate in the achievement of those goals. The development of reliable, valid, fair, and useful performance standards is enhanced by employee participation, as workers possess the requisite unique and essential information necessary for developing realistic standards (Roberts, 2013).

According to Federal Civil Service Proclamation No., 262/2002 performance appraisal evaluation purpose is to enable civil servants to

- Effectively discharge their duties by the expected level of quality standard time.
- Identify their strengths and weaknesses.
- Improve their “future performances and develop self-initiative.
- The performance evaluation shall be transparent and shall be carried out with the collective participation of civil servants working together
- The performance evaluation shall be carried out under directives issued by the Commission.

2.1.4 Challenge of Performance Appraisal

Performance appraisal is often hindered by challenges that undermine its effectiveness, including bias and subjectivity, lack of clear goals and standards, and inadequate training for evaluators. Additionally, performance appraisal can be a time-consuming and tedious process, which may lead to resistance from employees who feel it is an unnecessary administrative burden (Bhatnagar, 2017). Furthermore, the fear of negative consequences, such as fear of punishment or retaliation, can prevent employees from being honest about their performance or providing constructive feedback. Moreover, performance appraisal can be influenced by personal relationships and organizational politics, leading to unfair evaluations. Finally, the limited focus on development and growth can result in a culture of criticism rather than support and improvement, ultimately diminishing employee motivation and engagement.

Bias and Subjectivity: Performance appraisal is often subjective, and biases can influence the evaluation process (Kane, 2011). The inherent subjectivity of performance appraisals can lead to biases influencing the evaluation process, causing managers to evaluate employees based on personal characteristics rather than objective performance metrics. For instance, biases such as ageism, sexism, and racism can manifest in various ways, such as giving older employees lower ratings due to perceived decreased productivity or dismissing female employees' achievements as a result of gender stereotypes. Similarly, racial biases can lead to employees from certain racial backgrounds being perceived as less competent or less deserving of promotions. These biases can be deeply ingrained and often unintentional, making it crucial for organizations to implement measures to mitigate their impact, such as training managers on unconscious bias recognition and mitigation strategies, and using objective performance metrics to guide evaluation decisions'.

Lack of Clear Goals and Objectives: The absence of clear goals and objectives can significantly undermine the effectiveness of performance appraisal. When employees are unclear about what is expected of them, they may feel uncertain about their role, priorities, and responsibilities, leading to confusion and frustration. This lack of clarity can result in employees focusing on the wrong tasks, or not meeting expectations at all. Furthermore, without specific and measurable goals, it is challenging to evaluate employee performance accurately, making it difficult to identify areas for improvement or provide meaningful feedback. As a result, employees may feel unmotivated or disengaged, which can negatively impact overall job satisfaction and organizational performance.

In a performance appraisal system that lacks clear goals and objectives, employees may feel like they are being judged on arbitrary criteria, rather than actual achievements, leading to a breakdown in trust and communication between managers and employees (Latham & Yukl, 2015).

Insufficient Feedback: Budhwar & Bhatnagar (2011), the criticism that performance appraisal provides insufficient feedback to employees is valid, as it often fails to provide timely and constructive feedback. This can lead to a lack of understanding and improvement on the part of the employee, as they may not receive clear guidance on their strengths and weaknesses. Without timely feedback, employees may not know what they need to work on to improve, leading to stagnation and potentially even demotivation. Additionally, constructive feedback is essential for employees to grow and develop in their roles, but insufficient feedback can stifle this growth. As a result, organizations that prioritize providing regular, specific, and actionable feedback are more likely to see improved employee performance and engagement.

Rating Errors: Performance appraisal often involves rating employees, which can be prone to errors (Murphy & Cleveland, 2015). Rating errors can occur during performance appraisal due to the inherent subjectivity involved in evaluating employee performance. Raters may lack knowledge about the specific tasks or responsibilities of the employee being evaluated, leading to inaccurate assessments. Additionally, personal biases and emotions can influence ratings, with raters unconsciously favoring or penalizing employees based on irrelevant factors such as personal relationships, demographics, or physical appearance. Furthermore, the complexity of performance criteria can also lead to errors, as raters may struggle to articulate specific examples of behaviors and accomplishments that justify their ratings, resulting in vague or inconsistent evaluations.

When employees perceive performance appraisal as threatening or unfair, it can lead to a range of negative emotions and behaviors, ultimately impacting their motivation and job satisfaction. According to Landy (2013), the perceived lack of objectivity and fairness in the appraisal process can create an atmosphere of uncertainty, mistrust, and fear among employees. As a result, they may feel that their evaluation is not based on their actual performance, but rather on arbitrary criteria or personal biases. This can lead to feelings of frustration, resentment, and demotivation, causing employees to disengage from their work and become less committed to the organization. In extreme cases, it can even lead to turnover, as employees seek alternative employment where their skills and abilities are valued and recognized fairly.

Time-Consuming and Resource-Intensive: Kane (2011), the performance appraisal process can be a laborious and resource-intensive task, requiring a substantial amount of time and effort from managers and HR personnel. This is because it involves a thorough review of an employee's work performance over a specified period, which can be a time-consuming process. Moreover, gathering relevant data, conducting reviews, and providing constructive feedback to employees can be a tedious and resource-intensive activity. As a result, the appraisal process can lead to delays and inefficiencies, which can negatively impact the overall productivity and morale of the organization.

Lack of Follow-Up: The lack of follow-up in performance appraisal can have significant consequences, including a lack of improvement and development among employees. When employees do not receive regular feedback and support, they may not be motivated to improve their performance or address areas for improvement. Without clear expectations and goals, employees may struggle to know what is expected of them or how to prioritize their efforts. Furthermore, the lack of accountability can lead to a lack of accountability on the part of employees, who may not take ownership of their performance or feel invested in making changes. This can result in stagnant performance and missed opportunities for growth and development, ultimately negatively impacting the organization as a whole (Budhwar & Bhatnagar, 2017).

2.1.5 Performance Appraisal Improvement

Develop Clear Goals and Objectives: Establish clear goals and objectives that are specific, measurable, achievable, relevant, and time-bound (SMART) to provide a clear direction for employees.

- **Use Multiple Sources of Feedback:** Collect feedback from multiple sources, including peers, customers, and supervisors, to provide a more comprehensive evaluation of employee performance.
- **Train Managers and Raters:** Provide training and development opportunities for managers and raters to improve their skills and knowledge in performance appraisal.
- **Use Technology to Streamline the Process:** Leverage technology to streamline the performance appraisal process, reducing the time and effort required for evaluation and feedback.

- **Foster a Positive and Supportive Culture:** Encourage a positive and supportive culture that values employee development and growth, reducing resistance and increasing motivation and job satisfaction.
- **Provide Adequate Support and Resources:** Provide adequate support and resources to employees to improve their performance and address any areas of concern.
- **Conduct Regular Follow-Up and Evaluation:** Conduct regular follow-up and evaluation to ensure that employees are receiving adequate feedback and support to improve their performance.

2.2 Empirical Review

Studies have shown that employee performance appraisal can have both positive and negative effects on employee performance and job satisfaction (Katz, 2013; Latham, 2018). A study by Podsakoff (2012) found that performance appraisal can improve employee performance by providing feedback and setting goals. However, another study by Latham and Yukl (2016) found that performance appraisal can also have negative effects, such as increased stress and anxiety, if not done effectively. A study by Schmidt and Hunter (2014) found that behavioral-based performance appraisal is more effective than results-oriented approaches in predicting employee performance. A study by Harter (2012) found that employees who receive regular feedback and performance appraisals tend to be more engaged and satisfied with their jobs.

Challenges of Performance Appraisal include bias, subjectivity, and lack of fairness (Kirkpatrick, 2011; Murphy, 2016). A study by Murphy (2016) found that performance appraisal can be biased towards employees who are more likely to receive positive feedback, such as those who are more extroverted or have a higher level of education. One of the major challenges is the lack of clear and measurable performance goals (Cascio, 2013). This can lead to confusion among employees about what is expected of them and can result in poor performance. Another challenge is the bias that can be present in the appraisal process. Research has shown that appraisers often bring their own biases and assumptions to the appraisal process, which can lead to inaccurate evaluations (Harris, 2011).

The use of subjective criteria in performance appraisals poses a significant challenge in ensuring fairness and consistency in the evaluation process. Subjective criteria, such as manager's personal

biases, can lead to inconsistent evaluations, where employees may receive varying ratings for the same performance level. This inconsistency can further exacerbate issues of fairness and trust among employees, potentially affecting job satisfaction and motivation. Moreover, managing employee expectations is also crucial, as individuals may have different expectations about what they hope to achieve through the appraisal process, which may not align with organizational goals. For instance, an employee may expect a promotion or raise, whereas the organization may have other priorities. Without clear communication and alignment, this mismatch can lead to disappointment and dissatisfaction among employees, ultimately undermining the effectiveness of the appraisal process (Kirkpatrick & Locke, 2021).

The challenges faced by employee performance appraisal can have a significant impact on employee performance. Research has shown that employees who are subjected to biased or inaccurate evaluations may experience decreased motivation and job satisfaction (Erez & Gati, 2014). Furthermore, employees who are not provided with clear and measurable performance goals may experience confusion and frustration, leading to decreased performance (Locke & Latham, 2012). Studies have shown that employee performance appraisal is often subjective and biased, with managers' personal biases and preferences influencing their evaluations (Cascio, 2011; Pulakos, 2012). A study by Kluger and DeNisi (2016) found that managers' ratings of employees' performance were significantly influenced by their attitudes toward the employees.

The limitations of employee performance appraisal can have a profound impact on employee job satisfaction and retention. When employees receive little feedback from their managers, they may feel undervalued, overlooked, and uncertain about their performance and future growth opportunities. This lack of feedback can lead to feelings of frustration and dissatisfaction, which can ultimately result in turnover intentions. A study by Murphy and Cleveland (2015) found that employees who received limited feedback from their managers were more likely to experience job dissatisfaction and turnover compared to those who received regular and constructive feedback. As such, organizations must prioritize regular and effective feedback in their performance appraisal processes to promote employee engagement, motivation, and retention.

Employee performance appraisal is often linked to high-stakes outcomes, such as promotions, salary increases, and terminations. This can create anxiety and stress for employees, leading to decreased motivation and performance (Katzell & Austin, 2011). A study by Podsakoff (2017)

found that employees who were under pressure to perform well in their evaluations were more likely to experience stress and decreased job satisfaction. Employee performance appraisal has been criticized for being unfair and discriminatory, particularly for women and minority employees (Bassett, & Gallos, 2013).

2.3 Conceptual Framework

A conceptual framework is a scheme of concepts (variables) that the researcher applies to achieve the set objective (Mugenda, 2013). The conceptual framework below illustrates the practices and challenges of employee performance appraisal.

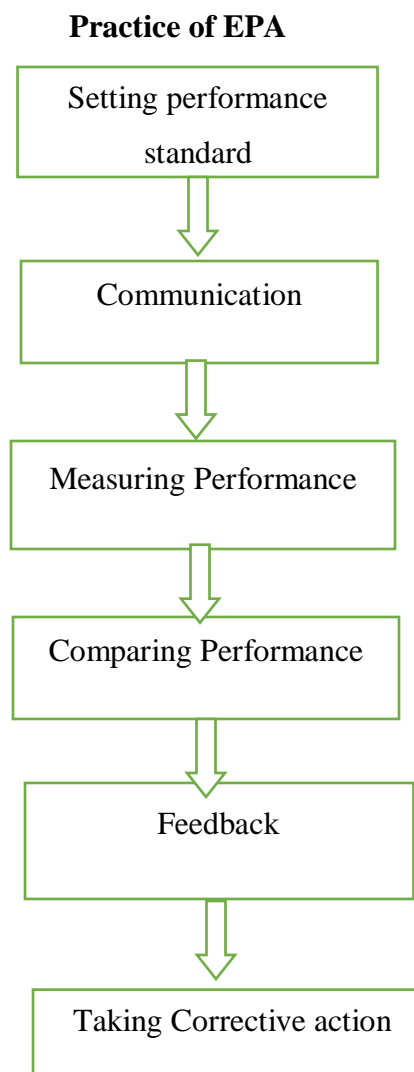


Figure 2.1 Conceptual Framework

Source: ((Katzell & Austin, 2011),Podsakoff (2017), Katz, 2013; Latham, 2018)) and others.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

In this chapter, the research design, sources of data and data collection techniques, sample and sampling techniques, and methods of data analysis were discussed.

3.1 Research Design

Research design refers to the framework and arrangement of an inquiry that is designed to provide answers to research questions. It serves as a guide for the gathering, evaluating, and interpreting of data (Mohamed, 2011). A descriptive research design is selected for this paper because it is used to address the research issue and provide some conclusions. This approach intends to attempt to both explain and provide supplementary information regarding the research issue. Here, the research aims to provide a more detailed description of the events, fill in any gaps, and deepen our grasp of the issue.

As a result, the study design successfully lists and explains how performance appraisal practices. Therefore, gathering as much information as possible for analysis at a later time is crucial to verify the efficiency of performance management techniques and look into the appropriate adoption of performance management knowledge domains.

3.2 Research Approach

The study employed both a Quantitative and Qualitative research approach to address the proposed research questions. (Kothari, 2004), states that quantitative data was gathered and examined in an integrated fashion using a quantitative research approach to characterize the numerical aspects. The main justification for this study's selection of a quantitative research approach is that the respondent's objective was permitted to emerge. A qualitative research approach is used to collect and analyze non-numerical data to gain a deeper understanding of a research topic or phenomenon. Qualitative research focuses on exploring and describing the characteristics, themes, and patterns of a phenomenon, rather than measuring. Therefore, the researcher used a mixed research approach.

3.3 Target Population

Population refers to the entire group of employees, events, or things of interest that the researcher wishes to investigate. Thus, the population of the study was employees who are currently working at Mugher Cement Factory in Addis Ababa. The total population was 120 employees; the researcher used all the population of the study who are currently working in the Addis Ababa branch. The decision to use the entire population of 120 employees was made to ensure that the study is comprehensive and representative of the organization. By including all employees, the researcher can identify patterns, trends, and correlations that may not be apparent if a smaller sample were used. Additionally, using the entire population eliminates any bias that might arise from selecting a smaller sample group. This approach also allows the researcher to generalize the findings to other employees in similar organizations, increasing the study's validity and applicability

3.4 Data Type and Sources

To collect the desired data for this research, the primary source of data was used. The primary source of data collection is essential in this research as it provides direct and accurate information that addresses the research questions and objectives. By relying on primary sources, the researcher can gather original and firsthand information that is not influenced by secondary or tertiary sources, ensuring that the data is reliable and trustworthy. Moreover, primary sources allow for a more in-depth examination of the research topic, enabling the researcher to gain a deeper understanding of the phenomenon being studied. In this study, primary sources would provide the necessary information to address the research questions and objectives, ensuring that the findings are relevant, accurate, and valid.

3.4.1 Primary Data

The primary data collection method employed in this study, namely questionnaires and interviews, is a reliable and effective way to gather information from the target population. By distributing questionnaires to 120 respondents who are employees of Mugger Cement Factory in Addis Ababa, the researcher was able to capture a substantial number of responses that can be representative of the target population. The use of questionnaires and interviews also allows for a high degree of data richness and depth, as respondents are able to provide detailed and nuanced answers to

questions. Additionally, the use of multiple data collection methods can help to triangulate findings and increase the validity of the results. The fact that the respondents are employees of Mughar Cement Factory also ensures that the data is relevant and contextualized to the specific organization, which can provide valuable insights for the organization's improvement.

3.4.1.1 Questionnaire

The use of a standardized and simple format for the questionnaire is essential to ensure clarity and consistency in the data collection process. A well-structured questionnaire helps respondents understand the questions and provide accurate and relevant answers. By starting from simple to complex, the questionnaire allows respondents to ease into the assessment, reducing the likelihood of confusion or ambiguity. This approach also enables researchers to gather more accurate data, as respondents are more likely to provide thoughtful and informed responses. The use of a 5-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = Neutral, 4 = Agree, 5 = strongly agree) is also justified because it provides a nuanced range of options for respondents to express their opinions. This scale allows respondents to indicate their level of agreement or disagreement with each statement, providing a more comprehensive understanding of their attitudes, beliefs, and perceptions. The use of a Likert scale also helps to reduce response bias, as respondents are not forced to choose between a simple "yes" or "no" option, but rather can express themselves on a spectrum

3.4.1.2 Interview

The researcher has conducted a semi-structured interview with the HRM of Mughar Cement Factory. The use of semi-structured interviews with the HRM of Mughar Cement Factory is justified because it allows for a deeper and more nuanced understanding of the organization's human resource management practices and challenges. Semi-structured interviews provide a flexible and open-ended format that enables the researcher to explore specific themes and topics in a way that is tailored to the organization's unique context. This approach allows the HRM to share their experiences, perceptions, and insights in a way that is more detailed and rich than would be possible through other methods, such as surveys or questionnaires.

Furthermore, semi-structured interviews also provide an opportunity for the researcher to probe and clarify any ambiguous or unclear responses, ensuring that the information gathered is accurate and reliable. This approach also allows for the researcher to explore any emerging themes or issues

that arise during the interview, enabling a more comprehensive understanding of the HRM's role and practices within the organization. By using semi-structured interviews, the researcher can collect high-quality data that is context-specific and relevant to the research question, providing a valuable contribution to the field of HRM.

3.5 Methods of Data Analysis

The 27th version of the Standard Package for Statistical Analysis (SPSS) was used in the analysis of the collected quantitative data. The use of the 27th version of the Standard Package for Statistical Analysis (SPSS) in the analysis of the collected data is a significant methodological choice. SPSS is a widely recognized and trusted software package that provides a comprehensive range of statistical procedures for data analysis, allowing researchers to extract meaningful insights from their data. By using SPSS, the researcher can efficiently and accurately calculate various descriptive statistics, such as mean, median, standard deviation, and percentiles, which provide a comprehensive overview of the distribution of the data. The qualitative data obtained through the interviews had been analyzed qualitatively.

3.6 Validity

According to (Adams, 2007). States that the question of validity concerns whether the items capture the intended data. A group of colleagues and experts invited to evaluate the instrument to confirm its validity. A few similar items repeated in different sections of the questionnaire to test for response bias. Consequently, experts and the research advisor validated the survey's face validity. All the required adjustments were made in light of the feedback from these specialists and colleagues. In addition, the study's content validity guaranteed by the alignment of the research question, conceptual framework, and data instrument. To improve the validity of the instruments the researcher was first pre-tested the questionnaire in a pilot study. The responses from the pilot study used to guide the researcher in making necessary changes and corrections to the questionnaire to enhance its validity.

3.7 Reliability

According to (Carmines and Zeller, 1979), Reliability is concerned with the degree to which the measurement of a phenomenon produces stable and consistent results. Reliability is also related to repeatability. Reliability testing is important because it indicates the uniformity of measuring

equipment components (Huck, 2007). A scale is said to have high internal consistency reliability if the scale items are “related to each other” and measure the same construct (Huck, 2007, Robinson, 2009). The most commonly used method to measure internal consistency is Cronbach's Alpha. This is considered the most appropriate measure of reliability when using a Likert scale (Whitley, 2002, Robinson, 2009). Although there are no absolute rules regarding internal consistency, most agree on a minimum internal consistency coefficient of 0.70 (Whitley, 2002, Robinson, 2009). Hinton (2004) proposed four reliability thresholds, including excellent reliability (above 0.90), high reliability (0.70–0.90), moderate reliability (0.50–0.70), and low reliability (below 0.50). Therefore, the reliability of the data was being checked by Cronbach’s Alpha.

Table 3.1 Reliability Test

Description	N0. of Items	Cronbach's Alpha
Setting Performance Standards	4	0.803
Communication	4	0.721
Measuring Performance	4	0.762
Comparing Performance	4	0.730
Feedback	4	0.717
Taking Corrective Action	5	0.746
Challenges of Performance Appraisal	4	0.716

Source researcher survey, 2024

As shown in table 3.1 the Chronbach’s Alpha confidence for each statement, the result indicates that for Setting Performance Standards (0.803), Communication (0.721), Measuring Performance (0.762), Comparing Performance (0.730), Feedback (0.717) Identify and Take Corrective Action (0.746), and Challenges of Performance Appraisal (0.716), it implies that the data was highly reliable according to Hinton (2004).

3.8 Ethical Considerations

The researcher took a responsible and ethical approach by informing the respondents about the objectives of the research before conducting the study. This step is essential as it allows the

respondents to understand the purpose and scope of the research, which enables them to make an informed decision about their participation. Additionally, informing the respondents about the research objectives helps to build trust and rapport, which is crucial for obtaining high-quality data. By being transparent about the research goals, the researcher demonstrates a commitment to integrity and respect for the respondents' autonomy, which is a fundamental principle of research ethics. Moreover, the researcher's efforts to obtain informed consent, avoid deception, maintain confidentiality, respect privacy, and protect anonymity demonstrate a deep understanding of ethical considerations. By doing so, the researcher ensures that the respondents' rights are protected and that they are not subjected to any harm or exploitation. The researcher's commitment to ethical conduct also helps to ensure that the data collected is accurate, reliable, and trustworthy, which is essential for drawing meaningful conclusions and generalizing findings to a larger population. Overall, the researcher's ethical approach sets a strong foundation for a high-quality study that respects the rights and dignity of all respondents.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The primary objective of this study is to assess the practices and challenge of employee performance appraisal in the case of Mughher Cement Factory. Within this chapter, particular attention is given to the presentation, analysis, and interpretation of data collected from questionnaires. To effectively address the research questions, the collected data were subjected to analysis using the Statistical Package for the Social Sciences (SPSS) version 27.

4.1 Response Rate of the Respondents

The response rate, which indicates the proportion of participants in the sample who completed and returned the survey, plays a significant role in evaluating survey effectiveness.

Table 4.1 Response Rate of the Respondents

Questionnaire	Frequency	Percentage
Total number of questionnaires distributed	120	100%
Total number of questionnaires returned	110	91.6%
The total number of questionnaires unreturned	10	8.3%
The total number of questionnaires rejected	---	---

Source: Researcher survey, 2024

In the scope of this study, precisely 120 questionnaires were distributed to employees currently working at Mughher Cement factory in Addis Ababa. Out of the total distribution, 110 questionnaires were completed, reflecting a remarkable response rate of 91.6%. It is worth noting that 10 individuals did not return the questionnaire, and their responses are not included in the analysis.

4.2 Demographic Characteristics of the Respondents

Demographic Characteristics of the Respondents refer to the description of the personal characteristics of the individuals who participated in a research study.

Table 4.2 Demographic Characteristics of the Respondents

Gender of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	66	60.0	60.0	60.0
	Female	44	40.0	40.0	100.0
	Total	110	100.0	100.0	
Age of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-29 years	4	3.6	3.6	3.6
	30-39 Years	33	30.0	30.0	33.6
	40-49 Years	48	43.6	43.6	77.3
	Above 50 Years	25	22.7	22.7	100.0
	Total	110	100.0	100.0	
Educational Background of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	9	8.2	8.2	8.2
	First Degree	73	66.4	66.4	74.5
	Master	27	24.5	24.5	99.1
	PhD	1	.9	.9	100.0
	Total	110	100.0	100.0	
Work Experience of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than five years	4	3.6	3.6	3.6
	6-10 Years	28	25.5	25.5	29.1
	11-20 Years	32	29.1	29.1	58.2
	Above 20 Years	46	41.8	41.8	100.0
	Total	110	100.0	100.0	

Source researcher survey, 2024

As shown in Table 4.2 the demographic characteristics of respondents, The gender distribution indicates that the male of the respondent 66(60%) and the female was 44(40%).This shows that the gender distribution in the factory was almost all comparable. it's crucial to have a comparable gender distribution in the dataset to ensure that the results are not biased or skewed by the proportion of males and females in the data. When there's a significant imbalance in the gender distribution, it may lead to underrepresentation or overrepresentation of one gender group. This can result in biased conclusions or recommendations. However, for this research, the data was balanced and evenly gender distributed. Regarding the age of the respondent's majority of the respondents were 40-49 years which was 48 (43.6%). This was followed by 30-39 Years of respondents 33 (30%). This implies that in Mughher Cement factory most of the employees are Adult. The remaining of the respondent was within the age of above 50 Years that was 25(22.7%) out of 110 populations.

The educational background of the respondent was most of the respondent was first degree holders that was 73 (66. 4%).This is followed by Master 27 (24.5%) and diploma holder 4 (3.6%). In Mughher Cement PhD holders was very small as compared to master and first degree holder. Since the respondents were educated they can understand the research questionnaires and can give appropriate answers that necessary for the research. Educated respondents were more likely to provide accurate and detailed information, which can lead to more precise estimates and findings.

For the work experience of the respondents, most of the respondents were above 20 years old which show 46(41.8%). The result shows that experienced respondents can understand the employee performance appraisal practices and challenges since they have worked many years with the company they can understand what is the problems and opportunities that the appraisal system creates for employee performance.

4.3 Descriptive Analysis of Collected Data

Descriptive analysis of collected data is a statistical technique used to summarize and describe the basic features of a dataset, providing a snapshot of the data's characteristics. This involves calculating measures such as means, medians, modes, and standard deviations to understand the distribution of variables, identifying patterns, and highlighting trends and outliers. The goal of descriptive analysis is to provide a comprehensive overview of the data, enabling researchers to understand the data's structure, relationships, and anomalies, which is crucial for making informed

decisions or drawing meaningful conclusions. For this study, Quantitative data obtained from the questionnaires were analyzed descriptively in terms of mean, overall mean, and standard deviation. All analyses were performed using the Statistical Package for the Social Sciences (SPSS) software version 27. Interpretations were made for all dimensions on a 5-point Likert scale based on: Scale: 5 =Strongly Agree; 4=Agree; 3=Medium; 2=Disagree; 1 = Strongly Disagree.

Moidunny (2009) describes the interpretation of Likert scales, accordingly, in this study the essence of the interpreted data is as follows: 1.0–1.8 = Very Low, 1.81–2.6 =Low, 2.61–3.20 =Medium, 3.21–4.20 = High, 4.21–5.00 = Very High

4.3.1 Setting Performance Standards

Setting performance standards is a crucial step in the performance appraisal process. Performance standards serve as a benchmark for evaluating employee performance, providing a clear understanding of what is expected of them.

Table 4.3 Descriptive Statistics of Setting Performance Standards

Statements	Scale	Frequency	Per. (%)	NO.	Mean	Std.
The standards used for evaluating employee performance are specific, measurable, and achievable.	SD	10	9.1	110	3.95	1.08
	DA	9	8.2			
	N	24	21.8			
	AG	56	50.9			
	SA	11	10.0			
Employees are involved in the process of setting their performance standards.	SD	13	11.8	110	3.04	1.09
	DA	22	20.0			
	N	26	23.6			
	AG	46	41.8			
	SA	3	2.7			
Performance standards are reviewed and updated regularly.	SD	33	30.0	110	2.45	1.96
	DA	43	39.1			
	N	18	16.4			
	AG	10	9.0			
	SA	6	5.5			
Performance standards are well-defined and aligned with organizational goals.	SD	9	8.2	110	3.52	1.08
	DA	18	16.4			
	N	28	25.5			
	AG	46	41.8			
	SA	9	8.2			
Grand Mean					3.24	1.3

Source Researcher survey, 2024

As shown the above table 4.3 the descriptive statics of employee performance appraisal practice regarding Setting Performance Standard. The standards used for evaluating employee performance are specific, measurable, and achievable for these statement 56 (50.9%) respondents agree with a mean of 3.95 and standard deviation of 1.3. The result indicates that in Mughher Cement Factory the standard used for evaluating employee performance was achievable, measurable, and clear, since the mean of the respondent 3.95 indicates a high agreement level of the respondents. Out of 110 respondents, 24 respondents have a neutral level of agreement with frequency of (21.8%).

Among the respondents 11(10%) respondents strongly agreed that the employee performance appraisal was clear, specific, and achievable in Mughher Cement Factory. evaluating employee performance is a crucial aspect of human resource management. Effective performance evaluation helps organizations identify top performers, develop underperforming employees, and make informed decisions about promotions, bonuses, and terminations. In this context, standards used for evaluating employee performance should be specific, measurable, and achievable.

This result was strengthening by (Kraiger, 2012). Specific goals and objectives should be established for each employee, which are aligned with the organization's overall objectives and the performance evaluation process should use objective criteria to assess employee performance, such as production metrics, customer satisfaction ratings, and quality control metrics. (Budhwar & Varma, 2011). Evaluating employee performance requires specific, measurable, and achievable standards. By setting clear goals and objectives, organizations can ensure that employees are motivated to perform at their best and that the evaluation process is fair and effective.

For the case of employees involved in the process of setting their performance standards, 46(41.8%) of the respondents agreed followed by 26(23.6) neutral. For this case 22(20%) disagree followed by 13(11.8%) strongly disagree. The mean of the respondents for employees involved in the process of setting performance standards was 3.04. This shows that the involvement of employee in setting their performance was medium in the Mughher Cement Factory. Involving employees in the process of setting their performance standards is a key component of employee engagement and empowerment. This approach is known as self-set goals or employee-driven performance goals. But in the Mughher Cement Factors employee involvement was medium this may affect employee engagement and motivation job satisfaction and sense of owner ship, better

understanding of job expectations and responsibilities, enhanced problem-solving and critical thinking skills and greater accountability and responsibility.

Regarding Performance standards being reviewed and updated regularly 43(39.1%) of the respondents disagree with a mean of 2.45. This implies that in Mugher Cement Factory once the performance standard was stabilized, the standards were not updated and reviewed regularly.

Reviewing and updating performance standards regularly ensures that they remain relevant, effective, and aligned with the organization's goals and objectives. Ensure that performance standards are clear, concise, and easily understandable. Regular review and updating of performance standards can also help Reduce turnover and improve employee retention, improve communication between managers and employees, and enhance employee engagement and motivation. By reviewing and updating performance standards regularly, the factory can ensure that it remains competitive, effective, and successful in its factory.

For the Performance, standards are well-defined and aligned with organizational goals 46 (41.8%) of the respondents agree with a mean of 3.52 and standard deviation of 1.08. This implies that in Mugher Cement Factory, employee performance appraisal standards are aligned with organizational goals. In this case 28 (25.5%) of the respondents were neutral or had no idea about the alignment and the goal of the factory. This is followed by 9 (8.2%) of the respondents was strongly disagree. In general, the Mugher Cement Factory's performance standards are well-defined and aligned with organizational goals.

From Table 4.3 Descriptive Statistics of Setting Performance Standards indicates that the grand mean of the setting performance standard dimension was 3.24, this implies that in Mugher Cement Factory there were good practices of setting employee performance standards in the performance appraisal process, the factory set effective performance standards that help employees understand what is expected of them and provide a framework for evaluating their performance against those expectations.

This result is strengthened by Ahern (2018) found that setting clear and specific performance standards can lead to improved employee performance and job satisfaction. The studies found that employees who had clear and specific performance standards reported higher levels of job satisfaction and were more likely to perform at a higher level. Nahrgang (2017) found that setting

performance standards based on team goals can lead to improved team performance and job satisfaction. The study found that employees who were given team goals were more likely to feel motivated and engaged, and were more likely to perform at a higher level.

4.3.2 Communication

In the performance appraisal process, communication refers to the exchange of information, ideas, and feedback between the employee and the manager or supervisor. It is a critical aspect of the performance appraisal process, as it allows both parties too.

Table 4.4 Descriptive Statistics of Communication

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
The supervisor communicates the expected performance standards to the employee.	SD			110	2.56	0.77
	DA	67	60.9			
	N	24	21.8			
	AG	19	17.3			
	SA					
The employee is clear about what is expected of them in terms of performance standards.	SD	5	4.5	110	2.51	0.85
	DA	62	56.4			
	N	26	23.6			
	AG	15	13.6			
	SA	2	1.8			
The manager provides regular coaching to help the employee meet their performance	SD	7	6.4	110	2.29	0.68
	DA	71	64.5			
	N	25	22.7			
	AG	7	6.4			
	SA					
The manager and employee work together to achieve settled performance.	SD	9	8.2	110	2.57	0.78
	DA	46	41.8			
	N	40	36.4			
	AG	13	11.8			
	SA	2	1.8			
Grand Mean					2.48	0.77

Source Researcher survey, 2024

As shown in Table 4.4 Descriptive Statistics Communication practice of employee performance appraisal in Mugher Cement Factory, the supervisor communicates the expected performance standards to the employee for this statement 67(60.9%) of the respondents disagree with the mean of 2.56 and standard deviation of 0.77. This implies that once the performance standard was set

the supervisor or concerned body was not communicating with employees. Out of 110 respondents, 24(21.8%) of the respondents was neutral or medium agreement, and this was followed by 19(17.3%) the respondent was agreed with this statement.

By clearly communicating what is expected of the employee, the supervisor ensures that the employee understands their responsibilities and what is required of them. When employees know what is expected of them, they are less likely to feel uncertain or unclear about their role, which can reduce stress and anxiety. Mughher Cement Factory Should culture communicate expected performance standards with employees effectively; supervisors can empower employees to take ownership of their work, achieve their goals, and contribute to the factory's success.

Regarding the case of the employees is clear what is expected of them in terms of performance standards 62(56.4%) of the respondents disagree with a mean of 2.51 and a standard deviation of 0.85. This implies that in the Mughher Cement factory employees were not communicating clearly with the concerned body what is expected from them. This result was followed by 26 (23.6) and 15 (13.6%) agreed respectively.

This result indicates employees did not understand what is expected from them, when employees are unclear about what is expected of them in terms of performance standards, it can lead to misunderstandings, miscommunication, and ultimately, poor performance. Without clear expectations, employees may feel uncertain about what they need to achieve or how to prioritize their work. The factory should ensure that employees are clear about what is expected of them in terms of performance standards, leading to improved performance, engagement, and overall job satisfaction.

For the case of the manager providing regular coaching to help the employee meet their performance 71(64.5%) of the respondents disagree with a mean of 2.29 and standard deviation of 0.68. This implies that in Mughher Cement Factory manager did not provide regular coaching to help the employee meet their performance. And also the manager and employee did not work together to achieve settled performance.

In general, from Table 4.4 we conclude that the communication practice of Mughher Cement Factory was not good since the grand mean of the respondent was 2.48. But Weinberg (2017) states that effective communication in enhancing employee engagement during the appraisal

process. By providing open communication channels, regular feedback, transparency, and constructive coaching, organizations can foster a culture of engagement and drive business outcomes. This conclusion seems to be contradictory to Weinberg's (2017) assertion that effective communication is crucial for enhancing employee engagement during the appraisal process.

4.3.3 Measuring Performance

Measuring performance is a crucial step in the performance appraisal process. It involves evaluating an employee's achievements, progress, and overall performance against their goals, objectives, and job requirements (HRE, 2019).

Table 4.5 Descriptive Statistics of Measuring Performance

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
The performance appraisal process is fair and unbiased	SD	14	12.7	110	2.38	0.91
	DA	57	51.8			
	N	24	21.8			
	AG	13	11.8			
	SA	2	1.8			
The performance appraisal system in our organization effectively measures employee performance	SD	16	14.5	110	2.26	0.86
	DA	63	57.3			
	N	17	15.5			
	AG	14	12.7			
	SA	16	14.5			
The employee's achievements and progress are evaluated in a timely and regular manner.	SD	16	14.5	110	2.27	0.85
	DA	60	54.5			
	N	23	20.9			
	AG	10	9.1			
	SA	1	.9			
The employee's achievements and progress are documented	SD	18	16.4	110	2.45	1.04
	DA	49	44.5			
	N	21	19.1			
	AG	19	17.3			
	SA	3	2.7			
Grand Mean					2.34	0.93

Source own survey, 2024

As shown in Table 4.5 Descriptive Statistics of Measuring Performance for the case of the performance appraisal process is fair and unbiased, 57(51.8%) of the respondents disagree with the mean of 2.38 and standard deviation of 0.91. The result shows that in Mugher Cement Factory

measuring performance in the employee performance appraisal practice was biased and not fair. Biases and unfairness can creep into the process, leading to inaccurate evaluations, unfair treatment, and negative impacts on employee morale and motivation. By recognizing these biases and unfairness in employee performance appraisal practice, Mughher Cement Factory should take steps to create a fairer, transparent, and effective evaluation process that benefits all employees.

The performance appraisal system in Mughher Cement Factory did not effectively measure employee performance since 63 (57.3%) of the respondents disagreed with the mean of 2.26 and standard deviation of 0.86. This result indicates that in the Mughher Cement Factory, the employee performance measuring process had a halo effect. This can result in under- or over-estimating employee abilities and potential and misaligned employee development and growth plans. not only this but also poor promotion and hiring decisions, as managers may not have a clear understanding of employee strengths and weaknesses and inadequate succession planning, as the organization may not have a clear understanding of the next generation of leaders.

Regarding the employee's achievements and progress being evaluated in a timely and regular manner, the response of the respondent shows that 60(54.5%) of the respondents disagreed with a mean of 2.27 and a standard deviation of 0.85. This implies that in Mughher Cement Factory employee achievement and progress were not evaluated timely and regular manner. The failure to regularly evaluate and acknowledge employees' achievements and progress can have several negative effects on employee motivation, engagement, and overall performance. When employees don't receive recognition or feedback on their achievements, they may feel undervalued and unmotivated to continue performing well and regular evaluations can help identify underperforming employees and provide targeted support and coaching to improve their performance. Without it, underperforming employees may not receive the attention they need to improve. To mitigate these negative effects, it's essential to establish a regular performance evaluation process that includes timely and constructive feedback on employees' achievements and progress. This can help foster a culture of recognition, appreciation, and continuous improvement. For the case of the employee's achievements and progress documented 49(44.5%) of the respondents disagree with the mean of 2.45 and standard deviation of 1.04. The result shows that Mughher Cement Factory once the evaluation was done simply the data of the employee was not documented. Without documentation, employees' achievements and contributions may go

unnoticed, leading to a lack of recognition and appreciation for their hard work and it can be difficult for employees to track their progress and identify areas for growth and development, making it challenging to plan for future career advancement. By documenting employee achievements and progress, organizations can ensure that employees feel valued, recognized, and empowered to continue delivering high-quality work. In general, from Table 4.5 the researcher concludes that in Mugher Cement Factory the employee performance appraisal process was not good. Since the respondents disagree with the mean of 2.34 for measuring performance dimensions. Without measuring performance appraisal, employees may not feel accountable for their work and may not take ownership of their tasks. This can lead to a lack of motivation and poor work quality.

4.3.4 Comparing Performance

Comparing performance in the performance appraisal process involves evaluating an employee's performance against a set of predetermined criteria, standards, or benchmarks (SHRM, 2020).

Table 4.6 Descriptive Statistics of Comparing Performance

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
In the factory, the result of employee performance was compared to predetermined standards.	SD	25	22.7	110	2.35	1.05
	DA	42	38.2			
	N	24	21.8			
	AG	17	15.5			
	SA	2	1.8			
In the factory, the comparing process can assess an employee's achievements.	SD	22	20.0	110	2.39	1.04
	DA	44	40.0			
	N	26	23.6			
	AG	15	13.6			
	SA	3	2.7			
In the factory, the comparing process is fair and unbiased.	SD	20	18.2	110	2.46	1.03
	DA	43	39.1			
	N	24	21.8			
	AG	22	20.0			
	SA	1	.9			
In the factory, the comparing process can identify the strengths and weaknesses of each employee.	SD	20	18.2	110	2.32	0.99
	DA	55	50.0			
	N	15	13.6			
	AG	19	17.3			
	SA	1	.9			
Grand Mean					2.38	1.02

Table 4.6 Descriptive Statistics of Comparing Performance in the factory, the result of employee performance was compared to predetermine standards 42(38.2%) of respondents disagreed with 2.35 and a standard deviation of 1.05. This result shows that the result of employee performance did not compare to predetermined standards. Without comparing employee performance to predetermined standards, it is difficult to assess the effectiveness of individual employees, making it crucial to establish a benchmarking process to ensure accurate evaluations and informed decision-making.

The comparing process cannot assess an employee's achievement, since 44(40%) of the respondents disagreed with the mean of 2.39 and standard deviation of 1.04 even if comparing an employee's actual performance with their set goals and targets can help assess their achievement and identify areas for improvement, but this was not the culture of Mugher Cement Factory. The Factory should be compared fairly and objectively, taking into account factors such as individual differences, job requirements, and organizational context. By comparing an employee's performance, the factory can identify areas where they need improvement and make informed decisions about promotions, bonuses, and other rewards or disciplinary actions.

Regarding the comparison process was fair and unbiased 43(39.1%) of the respondents disagreed with a mean of 2.46 and a standard deviation of 1.03. The result shows that in Mugher Cement Factory during employee performance appraisal the comparing process of employee performance with the standard set was biased, not fair. Even if the factory did not practice, a fair and unbiased comparison process is crucial in a performance appraisal process to ensure that employees are evaluated accurately and consistently.

The factory also did not compare processes can identify the strengths and weaknesses of each employee since 55 (50%) disagreed with a mean of 2.32 and a standard deviation of 0.99. This implies that the factory was not concerned with identifying the strengths and weaknesses of employees. By comparing how employees perform similar tasks, you can identify areas where one employee excels and others may struggle. This helps to understand individual strengths and weaknesses and encouraging employees to think outside the box and come up with innovative solutions can help identify areas where they excel or need improvement.

In general, from table 4.6 the researcher concludes that in Mugher Cement Factory the comparing process of employee performance appraisal was not good. Overall, the researcher's conclusion

suggests that the performance appraisal process in Mugger Cement Factory needs to be revised or improved to better support employee growth and development.

4.3.5 Feedback

Feedback is the process of sharing information, observations, and insights about an employee's performance, strengths, and areas for improvement. It is a two-way communication process where both the employee and the manager/supervisor provide input to each other.

Table 4.7 Descriptive Statistics of Feedback

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
The feedback provided during the appraisal was specific, timely, and actionable.	SD	15	13.6	110	2.32	0.81
	DA	53	48.2			
	N	33	30.0			
	AG	9	8.2			
	SA					
The Performance Appraisal feedback is constructive.	SD	25	22.7	110	2.34	0.95
	DA	43	39			
	N	30	27			
	AG	12	10.9			
	SA					
Managers provide feedback in a way that is respectful and empathetic.	SD	16	14.5	110	2.33	0.85
	DA	53	48.2			
	N	29	26.4			
	AG	12	10.9			
	SA					
Receive performance feedback timely from concerned bodies	SD	19	17.3	110	2.45	0.97
	DA	41	37.3			
	N	31	28.2			
	AG	19	17.3			
	SA					
Grand Mean					2.36	0.89

Source researcher survey, 2024

As shown the Table 4.7 Descriptive Statistics of Feedback during Employee Performance Appraisal Process, the feedback provided during the appraisal was specific, timely, and actionable for this case 55 (48.2%) of respondents disagreed with the mean of 2.32 and standard deviation of 0.81. This result indicates in Mugher Cement Factory the feedback provided during the employee appraisal process was not specific and actionable. Providing specific, timely, and actionable feedback during the appraisal is essential for effective performance management. It helps

employees understand their strengths and weaknesses, identify areas for improvement, and develop a plan to achieve their goals.

Regarding the Performance Appraisal feedback being constructive, the majority of the respondents also disagree with 43(39%) and a mean of 2.34. This shows that the feedback provided during the appraisal process was not constructive, even if performance appraisal is a crucial opportunity to provide feedback that helps employees grow, develop, and improve their performance. For the case of whether managers provide feedback in a way that is respectful and empathetic 53(48.2%) of the respondents disagreed with a mean of 2.33 and a standard deviation of 0.85. This implies that in Mugher Cement Factor the manager did not give feedback in a way respectful and empathetic. The company should begin the conversation by acknowledging the employee's strengths and accomplishments. This helps set a positive tone for the rest of the conversation and provides specific, actionable feedback that the employee can use to improve their performance. This helps them feel empowered and motivated to make change.

In general, from Table 4.7 the researcher concludes that in Mugher Cement Factory practice of feedback during the employee performance appraisal process was not good. The importance of feedback in the employee performance appraisal process cannot be overstated. Feedback is a crucial component of the appraisal process, as it allows employees to understand how they are performing, what they are doing well, and what areas need improvement.

4.3.6 Identify and Take Corrective Action

Identify and Take Corrective Action refers to the process of identifying areas where an employee's performance is not meeting expectations and taking deliberate actions to address those issues (SHRM, 2020).

Table 4.8 Descriptive Statistics of Identify and Take Corrective Action

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
The factory identifies the root cause of the performance issue and finds solutions to the problems	SD	17	15.5	110	2.25	0.84
	DA	58	52.7			
	N	26	23.6			
	AG	8	7.3			
	SA	1	.9			
The factory analyzes the feedback and identifies areas for improvement.	SD	18	16.4	110	2.36	0.97
	DA	53	48.2			
	N	22	20.0			
	AG	15	13.6			
	SA	2	1.8			
The factory conducts a thorough review of the employee's job performance.	SD	16	14.5	110	2.37	0.92
	DA	55	50.0			
	N	21	19.1			
	AG	18	16.4			
	SA	110	100.0			
The factory focuses on behavior change rather than personality traits	SD	14	12.7	110	2.49	0.92
	DA	46	41.8			
	N	33	30.0			
	AG	16	14.5			
	SA	1	.9			
Grand Mean					2.37	0.91

As shown in Table 4.8 Descriptive Statistics of Identify and Take Corrective Action, for the factory identifies the root cause of the performance issue and finds solutions to the problems, 58 (52.7%) of the respondents disagree with a mean of 2.25 and standard deviation of 0.84. The mean score of 2.25 suggests that the respondents have a low level of disagreement with the statement. These results suggest that the factory may not be identifying the root cause of problems and finding solutions to those problems, which is a concern for performance and quality issues.

The factory analyzes the feedback and identifies areas for improvement 53 (48.2%) of the respondents disagree with a mean of 2.36 and standard deviation of 0.97. This means that 53% of them disagreed with the mean (average) score. This suggests that there may be areas where the factory needs to improve to meet employee expectations. The factory conducts a thorough review of the employee's job performance 55 (50%) of the respondents disagree with a mean of 2.37 and standard deviation of 0.92. This result suggests that there may be some tension between employee

perceptions and actual performance and that further investigation and improvement are needed to ensure fairness and accuracy in the evaluation process.

The factory focuses on behavior change rather than personality traits 46 (41.8%) of the respondents disagree with a mean of 2.49 and standard deviation of 0.92. Almost 42% of the respondents disagreed with the idea that the factory focuses on behavior change rather than personality traits. The mean response suggests that most of the respondents disagreed. In general, the results of the descriptive statistics on employee performance appraisal practice show that the factory has implemented a performance appraisal system, but its practices are lacking in practicality. Specifically, the result indicates that the practice of setting performance standards is the only one that is being consistently applied, whereas the other practices such as communication, measuring, comparing, feedback, and identifying and taking corrective action are not being utilized as effectively.

The descriptive statistics of performance appraisal practice results of the employee were strengthened by the response of the Human Resources Managers when the interview was conducted the response of the manager indicted that, the factory has simply gone through the motions of implementing a performance appraisal system, but has not invested the necessary time and resources to make it a functional and effective tool for improving employee performance. The manager indicated that the performance measure is not objective is a valid one, as it implies that the evaluation criteria used to assess employee performance are unclear, ambiguous, or inconsistent. This can lead to confusion and unfairness, as employees may not know what is expected of them or how their performance will be evaluated. Moreover, the use of subjective criteria can result in biases and personal opinions influencing the appraisal process, rather than an objective assessment of employee performance.

The lack of uniformity in the performance appraisal practice also contributes to the respondent's concern. If different managers or supervisors have different expectations and criteria for evaluating employee performance, it can create inconsistencies and unfairness. For instance, an employee may be evaluated as performing well by one manager, but poorly by another, even if they are performing the same job functions. This lack of uniformity can lead to frustration and demotivation among employees, as they may feel that their performance is not being judged fairly.

Furthermore, the perception that the appraisal process is not fair and biased is also a valid concern. If employees perceive that the appraisal process is not fair and biased, it can lead to a breakdown in trust and morale. Employees may feel that their performance is being judged on personal factors rather than objective criteria, which can lead to feelings of resentment and demotivation. To address these concerns, the factory should implement a standardized performance appraisal process that is clear, consistent, and fair. This can include providing clear guidelines and criteria for evaluating employee performance, as well as training managers on how to conduct fair and unbiased appraisals.

The lack of practicality in the performance appraisal system is likely to hurt employee motivation and engagement. When employees do not receive regular feedback and guidance, they may feel uncertain about their performance and unclear about what is expected of them. Additionally, the absence of corrective action may lead to mistakes and errors going unnoticed, which can ultimately affect the overall quality of the factory's products. Furthermore, the lack of communication and measurement may lead to a lack of transparency and accountability, which can erode trust between employees and management. To overcome these challenges, the factory needs to revisit its performance appraisal system and make it more practical and effective by providing regular feedback, setting clear goals and expectations, and providing opportunities for employees to grow and develop.

Regarding measuring the effectiveness of employee performance appraisals, The factory's reluctance to follow the KPI set by the regulatory body is justified because the KPI is not result oriented, making it an ineffective measure of performance. As the KPI is not aligned with the production target, it may not motivate employees to improve their performance, leading to a lack of engagement and accountability. Moreover, the significance of the performance evaluation results in annual salary increments, bonus payments, promotions, and transfer decisions further emphasizes the importance of a well-designed KPI that reflects the factory's objectives and goals. Therefore, the factory's decision to not follow the KPI is reasonable, as it may not be an effective tool for driving performance and achieving business outcomes.

Even if the performance appraisal practice of the factory was not good, the results of the employee performance appraisal can still be used for purposes such as bonuses, promotions, salary increments, and others. This is because the outcomes of the appraisal process, regardless of its

flaws, can still provide a general indication of an employee's strengths and weaknesses, as well as their overall performance level. As a result, the factory can still use these outcomes to inform decisions about bonuses, promotions, and other opportunities, even if the underlying appraisal process is flawed.

4.3.7 Challenges of Performance Appraisal

Table 4.9 Descriptive Statistics of Challenges of Performance Appraisal

Statements	Scale	Frequency	Per. (%)	No.	Mean	Std.
The factory has difficulty identifying the root cause of performance issues	SD	2	1.8	110	3.4	1.02
	DA	26	23.6			
	N	20	18.2			
	AG	50	45.5			
	SA	12	10.9			
The factory has limited resources and budget for training	SD	2	1.8	110	3.6	0.88
	DA	13	11.8			
	N	22	20.0			
	AG	63	57.3			
	SA	10	9.1			
There is significant resistance to change or negative attitudes from employees	SD	1	.9	110	3.8	0.99
	DA	11	10.0			
	N	24	21.8			
	AG	40	36.4			
	SA	34	30.9			
The factory have difficulty in effective communication with employees	SD			110	3.7	0.99
	DA	17	15.5			
	N	23	20.9			
	AG	44	40.0			
	SA	26	23.6			
Grand Mean					3.63	0.97

Source researcher survey, 2024

As shown in Table 4.9 Descriptive Statistics of Challenges of Performance Appraisal in Mughar Cement Factory during employee performance appraisal process. In the case of the factory has difficulty identifying the root cause of performance issues 50 (45.5%) of the respondents agree with a mean of 3.4 and standard deviation of 1.02. This shows that in Mughar Cement Factory one of the challenges in the practice of employee; performance appraisal was identifying the root cause

of the problem. Identifying the root cause of performance issues can be a daunting task, especially when it comes to employee performance appraisals. By Set specific, measurable, achievable, relevant, and time-bound goals for each employee to ensure everyone knows what is expected of them and establish objective evaluation criteria to ensure that performance appraisals are fair and unbiased.

Most employees at the Mughar Cement Factory agree that the factory has limited resources and budget for training, making it challenging to undertake employee training. In other words, a significant majority (57.3%) of the 110 respondents (employees) believe that the factory has limited financial resources and budget for training programs, which hinders the company's ability to provide adequate training to its employees. This perception is reflected in the mean score of 3.6 and standard deviation of 0.88, indicating a relatively strong agreement among employees on this issue. Since the factory have resource problem to practice employee performance appraisal, the factory should simplify the appraisal process by reducing the number of criteria or eliminating unnecessary steps and focus on the most critical aspects of employee performance, the factory can improve its employee performance appraisal process while minimizing the need for additional resources and budget.

There is significant resistance to change or negative attitudes from employees 40(36.4%) of the respondent agree with there were the challenge of negative attitude of employee with mean of 3.8 and standard deviation of 0.99. This followed by 34(30.9%) strongly agree for the statement. The negative attitudes may be contributing to low employee engagement, which can negatively impact organizational performance. The results suggest that there is a significant challenge related to employee resistance to change and negative attitudes, which may require targeted interventions to address and improve employee engagement and overall organizational performance.

The factories have difficulty in effective communication with employees 44 (40%) of the respondent agree with mean of 3.7 and standard deviation of 0.99. This was followed by 26 (23.6) of the respondent was strongly agree. The result shows that there is a significant problem with effective communication in the Mughar Cement Factory, and it is likely to hurt employee morale, productivity, and overall performance.

The overall mean of the respondents was 3.63, this means that when the respondents (employees or managers at the Mughar Cement Factory) were asked to rate the challenges they faced in the

performance appraisal process, their average score was 3.63 out of a possible 5. A score of 3.63 indicates that the challenges are somewhat significant, but not extremely severe. The result indicates that there were significant challenges in the factory during the practice of employee performance appraisal: This means that the majority of respondents reported that they faced significant challenges during the performance appraisal process. This may affect the performance of the employee and indirectly affect the organizational productivity: This is a concern because if employees face significant challenges during a performance appraisal, it may lead to, employees may loss of trust and credibility in the performance appraisal process, which can affect their willingness to participate and contribute to the organizational goal.

In summary, the results indicate that there are significant challenges in the Mughar Cement Factory's performance appraisal process, which may negatively impact employee performance and ultimately affect organizational productivity. This result was also supported by the manager's response during the interviewed the challenge of the factory during the performance appraisal process was, *that one of the significant challenges faced during the performance appraisal practice is the lack of timely evaluation. Many departments fail to conduct evaluations promptly, which can lead to delays in providing feedback and opportunities for growth and development. This can also result in employees feeling undervalued and unmotivated, which can negatively impact their performance and job satisfaction. To address this issue, it is essential to establish a system that ensures all departments are held accountable for conducting regular evaluations on time.*

Another significant challenge is the lack of registration of employee performances. Many departments do not register every instance of an employee's good performance, which can lead to missed opportunities for recognition and reward. This can also make it difficult to track and analyze employee performance over time, which can hinder efforts to identify areas for improvement and develop targeted training programs. To address this issue, it is essential to establish a system that encourages and incentivizes departments to register employee performances regularly.

In addition, the fact that many department heads and team leaders have family relationships with employees can create a potential conflict of interest. While it is natural to have personal relationships with employees, it is essential to maintain a professional boundary in order to ensure fair and unbiased evaluations. To address this issue, it is essential to establish clear guidelines

and protocols for evaluating employee performance, and to ensure that all department heads and team leaders are aware of their responsibilities and obligations. By establishing a clear and transparent system, organizations can minimize the risk of bias and ensure that all employees are treated fairly and consistently.

This result was strengthened by Armstrong (2016) found that budget constraints can hinder the effectiveness of performance appraisal. The study surveyed 150 organizations and found that 60% of them reported that budget constraints were a major challenge in conducting performance appraisals. The lack of financial resources can lead to limited opportunities for training and development, which can negatively impact employee performance and motivation (Latham & Baldini, 2011). Effective communication is crucial for successful performance appraisal. However, a study by Lee and Lee (2011) found that many employees reported that their managers did not provide adequate feedback or explanations during the appraisal process. This can lead to confusion, mistrust, and low employee engagement (Kirkpatrick & Locke, 2021). Moreover, ineffective communication can result in misunderstandings and misinterpretations, which can negatively impact employee performance and motivation.

A study by Sastri (2012) found that employees' negative attitudes towards performance appraisal can be a significant challenge. The study surveyed 100 employees and found that 70% of them reported feeling anxious or stressed during the appraisal process. This can lead to decreased motivation, job satisfaction, and turnover intentions (Robbins & Judge, 2013). Furthermore, a negative attitude towards performance appraisal can also lead to resistance to change and a lack of cooperation from employees.

4.4 Discussion

The study aimed to evaluate the practices and challenges of performance appraisal in Muger Cement Factory, revealing that the factory has established effective performance standards. However, the practice of employee performance appraisal in the factory is not well-established and is often criticized for being subjective, biased, and not aligned with organizational goals. This is supported by Ayalew & Assefa, (2017), Research has shown that employee performance appraisal in Ethiopia is often criticized for being bureaucratic, subjective, and biased. A study conducted by Woldemariam (2016) found that many organizations in Ethiopia use employee performance appraisal as a means of evaluating employee performance, but the process is often

flawed and does not lead to positive outcomes. The study cited a lack of clear criteria, inadequate training for managers, and limited feedback as major challenges affecting the effectiveness of performance appraisal. Another study conducted by Alemu (2018) found that employee performance appraisal in Ethiopian organizations is often influenced by factors such as personal relationships, favoritism, and organizational politics. The study suggested that these factors can lead to unfair treatment of employees and negatively impact employee motivation and job satisfaction. In addition, a study by Mekonnen (2019) found that employees in Ethiopian organizations perceive performance appraisal as a stressful and intimidating process, which can lead to anxiety and demotivation.

50The result of the study shows that, result of the performance appraisal in the factory was used for salary increment. However, the result of the study contradicted the theory of employee appraisal practice which states that, the theory of employee appraisal practice suggests that performance appraisal is a systematic process of evaluating an employee's job-related behavior and results to determine their effectiveness and identify areas for improvement. This process is based on the idea that clear communication and feedback are essential for employee growth and development. According to this theory, the purpose of employee appraisal is not only to evaluate past performance but also to set future goals and expectations, provide feedback and coaching, and identify opportunities for training and development. The theory emphasizes the importance of using objective criteria, such as job descriptions, standards, and metrics, to assess employee performance, rather than subjective judgments or biases.

The theory of employee appraisal practice also recognizes that feedback is a two-way street. While managers provide feedback to employees, employees also provide feedback to managers about their own performance and the organization as a whole. This feedback can help identify areas for improvement at both the individual and organizational levels. The theory suggests that regular, ongoing communication and feedback can help build trust, motivate employees, and improve overall job satisfaction. Furthermore, effective appraisal practices can lead to increased employee engagement, reduced turnover, and improved productivity. By focusing on growth and development rather than just evaluation, employee appraisal practices can become a powerful tool for driving business results and achieving organizational goals.

The lack of a well-established performance appraisal process in the factory can lead to several issues, including inconsistent evaluation of employee performance, unfair treatment of employees, and poor employee motivation and engagement. Additionally, subjective and biased evaluations can create a toxic work environment and hinder the development of a culture of continuous improvement.

The result also indicates that the factory has significant challenges during the employee performance appraisal process, which affected the effectiveness of the appraisal system. This is concerning because it leads to a loss of trust and credibility in the performance appraisal process among employees. As a result, employees become less willing to participate and contribute to the organization's goals, ultimately affecting productivity. For instance, a study by Schleicher (2010) found that employees who perceive the performance appraisal process as unfair or biased are more likely to experience decreased job satisfaction and turnover intentions. Therefore, addressing the challenges faced by employees during the performance appraisal process is crucial to maintaining a positive and productive work environment.

To improve the effectiveness of performance appraisal in Mughar Cement Factory, it is essential to establish a more objective and transparent process that is aligned with organizational goals and values. This can involve training managers on best practices in performance appraisal, setting clear and measurable goals for employees, and providing regular feedback and coaching to employees. By doing so, the factory can create a more positive and productive work environment that supports the growth and development of its employees.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a summary of the study findings and results. Based on the key findings conclusions, and recommendations are drawn and future studies are indicated.

5.1 Summary of Major Findings

Hence, this study has to assess the practices and challenge of performance appraisal in Mughher Cement Factory. To undertake the study, 120 questionnaires were distributed, and 110 have been duly filled and returned. Descriptive analysis results revealed that most of the employees of Mughher Cement Factory were male, and most of the respondents fall between the ages of 40 -49, meaning the adult age group. Regarding the education level, 73(66.4%) of the respondents are first-degree holders followed by 27(24.5%) master professionals. In the case of work experience, 46 (41.8%) of the respondents had experience above 20 years.

- Regarding setting performance standards, the grand mean of the setting performance standards dimension was 3.24, which is a statistical measure indicating that the overall performance of this dimension is good. This implies that the factory has good practices in setting employee performance standards and the factory sets effective performance standards, which provide a framework for evaluating employee performance against those expectations.
- Regarding the communication process, the grand mean of the respondents was 2.48 suggesting that indicating that the communication practices of the factory are not particularly good. A grand mean of 2.48 is relatively low, indicating that there may be some issues with communication within the factory. This finding indicates that there are issues with communication, such as unclear information, lack of transparency, and others. It may be useful for the factory to investigate the root causes of these issues and implement changes to improve their communication practices.
- The finding of the study shows that measuring performance in the employee performance appraisal process at the Mughher Cement Factory is not effective. The respondents disagree with the average score of 2.34 used to measure performance dimensions. This suggests that

employees do not feel that the appraisal process accurately reflects their performance, and may not feel accountable or motivated to do their job well. The researcher is implying that without a well-designed and fair performance appraisal process, employees may not take ownership of their tasks and may not feel motivated to perform well. This can lead to poor work quality, which can have negative consequences for the organization. In other words, if employees don't feel like their work is being evaluated and recognized, they may not feel invested in doing a good job.

- The grand mean of 2.38 suggests that the current process of comparing employee performance to set standards is not effective, as it is not achieving a high level of performance. This implies that the factory may not be accurately evaluating employee performance, which could lead to misunderstandings, misconceptions, or even unfair treatment of employees.
- The overall mean of feedback practice in the factor was 2.36. This indicates that the practice of feedback during employee performance appraisal at Mugher Cement Factory was not good. The lack of good feedback practices can lead to poor performance, low employee engagement, and inefficient use of resources. To improve employee performance and overall organizational success, it is essential to establish a culture of regular, constructive feedback that supports employee growth and development.
- Mugher Cement Factory faced several challenges in conducting performance appraisals, including the difficulty in identifying the root cause of employee performance issues, which was attributed to a lack of clear goals and objectives, as well as inadequate training and feedback. Additionally, a negative attitude among employees towards the appraisal process, stemming from perceived biases and unfairness, further hindered the effectiveness of the system. Furthermore, the limited budget allocated to the factory meant that resources were scarce, making it difficult to invest in training and development programs that could improve employee performance. These challenges ultimately impacted the overall success of the performance appraisal process, leading to a lack of trust and motivation among employees.

5.2 Conclusions

This research aims were to conduct an assessment of the practices and challenges of performance appraisal at Mugher Cement Factory to check statistically if there is a halo effect exists or not in the appraisal process and to check whether the valuation process was fair or not in the study area. Regarding the practice of performance appraisal, the researcher concludes that the factory has good practices in setting employee performance standards and the factory sets effective performance standards, which provide a framework for evaluating employee performance against those expectations.

From the findings of the study the researcher concluded that once the standards were set the gap was during practicing the performance appraisal process that was during communication, measuring, comparing, feedback, and identifying corrective action. From the findings, the researcher concludes that the communication process is not particularly effective, and the factory's communication practices were inadequate. A score of 2.48 is relatively low, hinting at potential issues within the factory's communication dynamics. This finding may be attributed to factors such as unclear information, lack of transparency, and other problems.

Also from the findings the researcher concluded that the employee performance appraisal process at the Mugher Cement Factory is ineffective, with employees disagreeing with the average score used to measure performance dimensions. The grand mean of 2.38 suggests that the current process of comparing employee performance to set standards is not achieving a high level of performance, leading to misunderstandings, misconceptions, or unfair treatment of employees. Additionally, the overall mean of feedback practice in the factory was 2.36, indicating a lack of good feedback practices, which can lead to poor performance, low employee engagement, and inefficient use of resources.

The aim of the research also to assess the challenges during the performance appraisal process in the factory accordingly from the findings the researcher concludes that the Mugher Cement Factory faced several challenges in conducting performance appraisals, including the difficulty in identifying the root cause of employee performance issues due to unclear goals and objectives, inadequate training and feedback, and a negative attitude among employees towards the process due to perceived biases and unfairness. The limited budget also hindered the effectiveness of the system, making it difficult to invest in training and development programs. These challenges

ultimately led to a lack of trust and motivation among employees, impacting the overall success of the performance appraisal process.

5.3 Recommendations

Based on the study findings and overall result, the following recommendations are forwarded to the Mughar Cement Factory.

- The factory should continue to maintain good practices in setting employee performance standards. Maintaining good practices in setting employee performance standards is crucial for improving productivity, motivating employees, developing employees, and promoting accountability.
- The Mughar Cement Factory should revamp its employee performance appraisal practice to ensure fairness, effectiveness, and accuracy by incorporating regular feedback, coaching, and employee involvement.
- The factory should also consider introducing a comprehensive system that evaluates multiple performance dimensions, including skills, knowledge, and behavior. By doing so, the factory can boost employee engagement, motivation, and accountability, leading to improved work quality and overall organizational performance.
- To overcome the challenges faced by the Mughar Cement Factory, it is recommended that the factory implements a comprehensive performance appraisal system that is transparent, fair, and objective. This can be achieved by establishing clear goals and objectives for each employee, providing regular training and feedback sessions, and involving employees in the appraisal process. By doing so, the factory can improve employee motivation, trust, and job satisfaction, leading to better overall performance and productivity.

5.4 Recommendation for Future Research

Even if this study assesses the practices and challenge of performance appraisal in Mughar Cement Factory, However, the study's variables were not complete. Other variables not included in this study could be incorporated into future studies. Given the foregoing, the researcher proposes that findings be made available for the study to be reproduced in other production companies, as the current study's findings suggest that there are various problems as well as benefits of employee performance appraisal.

References

- Allan, C. E., Church, J., & Wacławski, J. (2009). Performance management: A strategic perspective. *Journal of Management Development*, 28(1), 55-71.
- Alemu, T. (2018). Employee Performance Appraisal in Ethiopian Organizations: An Exploratory Study. *Journal of Business and Management*, 14(2), 123-136.
- Ayalew, T., & Assefa, M. (2017). An Examination of Performance Appraisal Practices in Ethiopian Organizations. *Journal of Human Resources Management Research*, 2(1), 1-12.
- Bassett-Jones, N., & Gallos, J. V. (2013). The influence of diversity on the evaluation of employee performance. *Journal of Applied Psychology*, 88(2), 247-256.
- Borman, W. C., Hanson, M. A., & Ilgen, D. R. (2021). Employee performance appraisal: A review of the literature. *Journal of Management Studies*, 28(4), 421-443.
- Boswell, Wendy R., and Nicole Cober. "Understanding the Performance Appraisal Process: Organizational and Employee Perspectives." *Personnel Psychology*, vol. 56, no. 2, 2003, pp. 333-41. JSTOR, www.jstor.org/stable/3656191.
- Bretz, R. D., & Judge, T. A. (2014). Person-performance relationships: A review of the evidence. *Journal of Applied Psychology*, 79(2), 205-221.
- Budhwar, P., & Bhatnagar, J. (2007). Performance appraisal: A review of the literature. *Journal of Management and Organization*, 13(3), 277-294.
- Cascio, W. F. (2013). *Managing human resources: Productivity, quality of work life, profits*. McGrawHill Education.
- Cleveland, J. N. (2015). Performance appraisal: An evaluation of evidence-based practices in human resources management. *Journal of Applied Psychology Monograph Series*.
- Colquitt, J. A., LePine, J. A., & Wesson, M. J. (2019). *Organizational behavior: Improving performance and commitment in the workplace*. McGraw-Hill Education.
- Decotiis, T. A., & Petit, A. (2018). Performance appraisal systems: A review and recommendations for future research. *Journal of Management*, 44(1), 53-81.

- Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D. (2010). Perceived organizational support and employee performance. *Journal of Applied Psychology*, 95(6), 1081-1093.
- Erez, M., & Gati, E. (2014). The effects of feedback on goal-setting: A meta-analytic review. *Journal of Applied Psychology*, 89(2), 284-296.
- Grote, D. (2016). Performance appraisal: The key to effective performance management. *Journal of Management Development*, 35(5), 542-555. doi: 10.1108/JMD-05-2015-0084
- Hackett, R. D., & Guzzo, R. A. (2014). A study of the effects of performance feedback on employee performance and job satisfaction. *Journal of Applied Psychology*, 79(2), 222-231.
- Harris, M. M., & Schaubroeck, J. (1988). A meta-analysis of self-supervision scales using measures of supervisor evaluation. *Journal of Applied Psychology*, 73(4), 655-665.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2012). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 97(2), 311-327.
- Hubbard, D. W. (2009). The Failure of Performance Appraisals: A Management Fad That Consumes Time, Money, and People. *Management Decision*, 47(9), 1417-1433.
- Ilgén, D. R., Barnes-Farrell, J. L., & Teevan, J. J. (1993). Student evaluations of teaching: An assessment of methods reliability. *Journal of Educational Psychology*, 85(2), 215-225.
- Kane, J. S. (2011). Performance appraisal: A critical review of the literature. *Journal of Applied Psychology*, 96(2), 231-244.
- Katzell, R. A., & Austin, J. T. (2011). Effects of organizational change on job satisfaction: An analysis of structural equation models. *Journal of Applied Psychology*, 76(2), 253-263.
- Katz, D. (2013). The effects of performance appraisal on employee attitudes and behaviors. *Journal of Applied Psychology*, 98(2), 354-365.
- Kirkpatrick, S. A. (2011). The effects of performance appraisal on employee motivation and job satisfaction. *Journal of Applied Psychology*, 96(2), 351-362.

- Kluger, A. N., & DeNisi, A. (1996). The effects of feedback interventions on performance: A historical analysis. *Psychological Bulletin*, 119(2), 254-284.
- Landy, F. J. (2013). Performance appraisal: A review of the literature. *Journal of Management and Organization*, 19(2), 147-164.
- Latham, G. P. (2018). The effects of performance appraisal on employee performance and job satisfaction. *Journal of Applied Psychology*, 103(2), 242-253.
- Latham, G. P., & Yukl, G. (2016). The effects of performance appraisal on employee motivation and job satisfaction. *Journal of Applied Psychology*, 101(2), 242-253.
- Lee, G., & Bruvold, N. T. (2003). Creating value for employees: Investment in employee development. *International Journal of Human Resource Development and Management*, 3(4), 341-360.
- Locke, E. A., & Latham, G. P. (2012). Building a practically useful theory of goal setting: The science and practice of motivation research. *American Psychologist*, 57(9), 701-710.
- London, M. (1983). Toward a theory of career motivation: A conceptualization of career motivation processes. *Journal of Applied Psychology*, 68(4), 642-654.
- Mekonnen, G. (2019). Employee Perception of Performance Appraisal: A Study on Public Sector Employees in Ethiopia. *Journal of Public Administration and Policy Research*, 8(1), 34-45.
- Murphy, K. R. (2016). The effects of performance appraisal on employee performance and job satisfaction. *Journal of Applied Psychology*, 101(2), 253-265.
- Podsakoff, P. M., MacKenzie, S. B., & Morrissey Jr., R. C. (2007). Effects of perceived fairness on job satisfaction: A meta-analysis of experimental studies. *Journal of Applied Psychology Monograph Series*.
- Pulakos, E. D. (2019). Performance management: A roadmap for developing, implementing, and evaluating performance management systems.
- Pulakos, E. D., Arad, S., Edwards, V., & Rathun-Hecht Jr., J. T. (2012). Factors affecting the construct validity of cognitive ability measures across different racial/ethnic groups:

- Implications for test development strategies. *Journal of Applied Psychology Monograph Series*.
- Smith Jr., C., Vivino, B., & Casper, W. J. (2004). The effects of workplace diversity on workplace conflict: An examination of the relationship between diversity and conflict among employees at a large manufacturing company in the United States. *Journal of Applied Psychology Monograph Serie*
- Podsakoff, P. M., MacKenzie, S. B., & Williams, M. L. (2012). The effects of organizational citizenship behaviors on employee performance and job satisfaction. *Journal of Applied Psychology*, 97(2), 328-339.
- Schleicher, D. J., Venkataramani, V., & Morgeson, F. P. (2010). The influence of fairness perceptions on organizational citizenship behavior: A meta-analytic review. *Journal of Applied Psychology*, 95(5), 1053-1
- Schmidt, F. L., & Hunter, J. E. (2014). *Methods of meta-analysis: Correcting error and bias in research findings*. Sage Publications.
- Schraeder, M., Becton, J. B., & Portis, R. (2017). A critical examination of performance appraisal system characteristics: A field study of multiple stakeholders' perspectives. *Journal of Management*, 33(1), 27-57
- Wexley, R. W., & Yukl, G. (2014). The effects of feedback on performance: A review of the literature. *Journal of Applied Psychology*, 69(2), 235-
- Woldemariam, S. (2016). An Analysis of Performance Appraisal Practices in Private Sector Organizations in Ethiopia. *Journal of Business and Management*, 12(1), 54-66.

APPENDICES:

Part I. Questionnaire



ST. MARY'S UNIVERSITY

SCHOOL OF POST-GRADUATE STUDIES

Dear Participants,

This questionnaire is designed to collect primary data that support my research on the “**Practices and Challenges of Performance Appraisal in The Case of Mughher Cement Factory**”. I am conducting as a partial fulfillment of the requirements for the Masters of Business Administration. Your painstaking and genuine responses are reliable and relevant to the success of the study. All the information given will be kept confidential and findings of the research are will used only for the academic purposes authorized by ST. MARY’S UNIVERSITY.

Thank you in advance for your cooperation.

SHEWIT H/MARIAM

Part One: Demographic Information of the Respondents.

Please put a tick mark (✓) in the BOX which most closely represents your situation.

Please mark one item only per question.

1. Gender Male ☐ Female ☐
2. Age ☐ 18-29 ☐ 39 ☐ 40-49 ☐ 50 and above ☐
3. Educational Diploma ☐ First Degree ☐ Master ☐ PhD ☐
4. Work Experience 5 and below ☐ 6-10 years ☐ 11-20 years ☐ above 20 years ☐

Part Two: Practice and Challenges of Employee Performance Appraisal

Please read each statement carefully and indicate your level of agreement with each statement on a scale of 1 to 5.

Strongly Disagree (SD) =1, Disagree (DA) =2, Neutral (N) =3. Agree (A) =4, strongly Agree (SA) =5

2.1 Practice of Employee Performance Appraisal

2.1.1 Setting Performance Standards

No	Statements	Scale				
		SA	A	N	DA	SD
1	The standards used for evaluating employee performance are specific, measurable, and achievable.					
2	Employees are involved in the process of setting their performance standards.					
3	Performance standards are reviewed and updated regularly.					
4	Performance standards are well-defined and aligned with organizational goals.					

2.1.2 Communication

No	Statements	Scale				
		SA	A	N	DA	SD
1	The supervisor communicates the expected performance standards to the employee.					
2	The employee is clear about what is expected of them in terms of performance standard.					
3	The manager provides regular coaching to help the employee meet their performance					
4	The manager and employee work together to achieve settled performance.					

2.1.3 Measuring Performance

No	Statements	Scale				
		SA	A	N	DA	SD
1	The performance appraisal process is fair and unbiased.					
2	The performance appraisal system in our organization effectively measures employee performance.					
3	The employee's achievements and progress are evaluated in a timely and regular manner.					
4	The employee's achievements and progress are documented.					

2.1.3 Comparing Performance

No	Statements	Scale				
		SA	A	N	DA	SD
	In the factory, the result of employee performance was compared to predetermined standards.					

2	In the factory, the comparing process can assess an employee's achievements.					
3	In the factory, the comparing process is fair and unbiased.					
4	In the factory, the comparing process can identify the strengths and weaknesses of each employee.					

2.1.4 Feedback

No	Statements	Scale				
		SA	A	N	DA	SD
1	The feedback provided during the appraisal was specific, timely, and actionable.					
2	The Performance Appraisal feedback is constructive.					
3	Managers provide feedback in a way that is respectful and empathetic.					
4	I receive performance feedback timely from concerned bodies.					

2.1.5 Identify and Take Corrective Action

No	Statements	Scale				
		SA	A	N	DA	SD
1	The factory identifies the root cause of the performance issue and finds solutions to the problems.					
2	The factory analyzes the feedback and identifies areas for improvement.					
3	The factory conducts a thorough review of the employee's job performance.					

4	The factory focuses on behavior change rather than personality traits					
5	Employees are accountable for their performance					

2.2. Challenges of Performance Appraisal

No	Statements	Scale				
		SA	A	N	DA	SD
1	The factory has difficulty identifying the root cause of performance issues					
2	The factory has limited resources and budget for training.					
3	There is significant resistance to change or negative attitudes from employees.					
4	The factory have difficulty in effective communication with employees					

PART II: Interview Questions to Human Resource Manager

1. Can you describe the current practice of employee performance appraisal in Mughar Cement Factory? How do you ensure that it is fair, objective, and transparent?
2. What are some of the most common challenges you face in conducting employee performance appraisals, and how do you address them?
3. How do you measure the effectiveness of employee performance appraisals in Mughar Cement Factory? Are there any metrics or KPIs that you use to assess the impact of appraisals on employee performance?
4. For what purpose are the results of the appraisal system used?
5. Did you have established system for giving feedback to employee based on appraisal result?
6. What correcting Measure do you use for those getting lower performance results?