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COLLEGE OF OTHER SOCIAL SCIENCE AND HUMANITIES

DEPARTMENT OF GOVERNANCE AND DEVELOPMENT STUDIES

**THE ROLE OF JOB PLACEMENT AND PERFORMANCE APPRAISAL ON
EMPLOYEE SATISFACTION IN ETHIOPIA**

**SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF
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ABSTRACT

This research paper is on the role of job placement and performance appraisal on employee satisfaction in Ethiopia .the research methodology used to only the secondary data of design because of secondary data are was be appropriates for the achievement of research design objectives to shows or describes the existing relationships between performance appraisal systems of employee satisfaction .

Among the main findings of the study was be that from the six factors of effective of performance appraisal systems which are ongoing feedback ,rewards performance ,trained appraiser, continuous open communication , fairness of the performance appraisal systems have significant positives role on employee satisfaction .

Although performance appraisal have been in existences for know about how employee reactions to these systems might factor on the organizations. The primary aim of the current study was to investigate the relationships between employee satisfaction with performance appraisal systems work performances affective commitment, intention to leave. A secondary aim of the explores how intrinsic and extrinsic satisfactions on this variables were argued as having the potential to moderate these relationships.

The many Ethiopian organization on employees the performances appraisal satisfaction accounted for variances in both affective commitment are no significant correlation was founds work performance .As there was no significant association between performances appraisal satisfaction and work performance, no moderation was found. It was concludes that levels of employees satisfaction regarding to current performances appraisal systems is low .the study recommends that the performances appraisal is important factor for employee satisfaction. A performances appraisal system helps to improve employee job performances and motivation at work. There are few elements of the current performance appraisal system that are limiting the effectiveness of the appraisal to enhance motivation organization.

ACRONYMS/Abbreviations

HR-human resources

HRM- human resources management

HRD-human resource development

MBO-management by objectives

OBM-organizational behavior modification

PA-performance appraisal

PAS-performance appraisal system

PM- performance management

CHAPTER ONE

1. INTRODUCTION

1.1. Back ground of the study

Performance is describes the contribution of specific systems organizational units of differing size employees and process to attain and validate the goal of organization are to be a result of employee and abilities and role perception in the organization during formal specific period of times is assessed[Hauber,2002].

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of a periodic interview annual or sem annual in which the work performance of the subordinated is examined and discussed with a view to identifying weakness and strengths as well as opportunities for improvement and skills development[Dessler,2002].

Performance appraisal is the process of determining and communicating to employee how he or she is performing on the job and ideally establishing a plan of improvement when properly conducting performance appraisal not only let employs known how well they are performing but also influence their future level of effort and task and direction. Effort should be enhanced it employee is properly reinforced. The task perception of the employee should be clarified through the establishment of plan for improvement one of the major concerns of any organization is to attain maximum performance. Employee's performance is determined by a number of factors like managerial standards, knowledge and skills, commitment and performance appraisals effecting employees performance [Lillian & Sitati 2011].

According to [Gomez-mejia,2001] one of the most common uses of performances appraisal is for making administrative decisions relating to promotion, firings, layoffs, and merit pay increases. For example, the present job performance of an employee is often the most significant consideration for determining whether to promote the person while successful performance in the present job performance does not necessarily mean an employee will be effective's performers in higher level job performance appraisal do provide some predictive information. Performance

appraisal information can also provide needed input for determining both individual and organizational training and development needs. For example, this information can be used to identify individual employee strengths and weakness. This data can be used to help determine the organizations over all training and developments needs. For individual employees a completed performance appraisal should include a plan out lining specific training and development needs .Another important uses of performance appraisal is to encourage performance improvement. In this regard performance appraisals are used as means of communicating to employee how they are doing and suggesting needed changes in behavior attitude, skills or knowledge. This type of feedback clarities for employees the job expectation held by the manager. Often this feedback must be followed by coaching and training by the manager to guide an employees work efforts. Performance appraisal system measurable usually includes both behaviors what an employee does and results the outcomes of an employee's behavior. In order to realize the purpose of performance appraisal, organizations should carefully design appraisal system and implement accordingly [Armstrong, 2006].

Performance appraisal is one of the main functions of human resource of management and many studies have been done on its importance and its role performance appraisal is a process is process by which the activity of employee is investigated and measured officially in certain intervals [Saadat, 2006].

1. 2. Statement of the Problem

According to Bread well and Holden (1997) practices can develop the performance of an organization by contributing to employee satisfaction. Among the Human resources practices that have been studied, performance appraisal is arguably one of the more crucial ones in terms of organization performance and appears to be an indispensable part of any Human resources management system (Shrivastava and Purang, 2011).

The success, survival and competing power of organizations depend on the commitment of their members, and this may, to a large extent, depend on how satisfied the employees are in respect of the organization's appraisal mechanism." (Abdulkadir, Isiaka 2012].

Performance appraisal is one of many responsibilities of managers .it contributes to the well being and growth of organization and development and motivation of employee inhibiting this

organization. But also, it does affect the moral of each and every employee in the organization. Nowadays organizations work force is mainly characterized by larger number of women ethnic minorities and diversities and persons. The increasing diversity in work force makes performance appraisal system to be non-discriminatory therefore it focuses on truly essential features of job. An effective performance appraisal system should be developed and agreed by both managers and employees, which are participative bias free, job related, conducted on a continuous manner easy to operate, able to provide feedback (samue arega, 2012). But in most public and private organization of Ethiopia, performance appraisal program are not used as they intended for the organizations. There are many reasons associated for failure of performance appraisal to yield the desired results in organization. Among these causes the following are vital; unclear performance standards, untrained appraisers, lack of ongoing performance feedback, raters error in evaluating performance, lack of resources to reward performance Therefore the role of job placement and performance appraisal on employee satisfaction in Ethiopia .

1. 3. Research Question

- What are the criteria/instruments used to conduct performance appraisal in Ethiopia?
- What are the major factors related to performance appraisal employee satisfaction in Ethiopia?
- What is the major purpose of the current system of employees' performance appraisal?

1.4 Objectives of the Study

1.4.1 General Objective

General Objective The role of job placement and performance appraisal on employee satisfaction in Ethiopia.

1.4.2 Specific Objectives

- To assess the criteria/ instrument used to conduct performance appraisal capability of measured the employees' true performance study area.
- To find out the major factor affecting performance appraisal on employee satisfaction study area.
- To investigate the major purpose of current system of employee performance appraisal in Ethiopia.

1.5. Significance of the Study

This study will be useful to academicians and researchers who will be interesting in pursuing research in the job area. The study will help them understand the job placement the appraisal performance system on employee satisfaction. The student researcher is advantageous on getting knowledge about the study and will be the study and experience on conducting such assessment and get satisfaction when the study will be the solution to the problem. The study also provides relevant information for concerned organs found at various levels of management, human resource department and labor unions, to understand the importance of effective performance appraisal system and its role the on employee satisfaction. The organization is beneficial in that the managers of the organization see the identified problem and recommend solutions and take corrective actions accordingly this study. This study can also use for other organization which is similar by taking this study and they can term selves with identified problem and if the problem is originated on them can take their corrective measure.

1.6. Scope of the Study.

The study will be the the role of job placement and performance appraisal on employee satisfaction in Ethiopia.

1.7. Research methodology

The research will be used secondary source data .secondary source will be collected from internet, books and related documents.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 THEORETICAL REVIEW

Definition of performance appraisal

Performance appraisal is formal management system that provides for the evaluation of quality of an individual performance in an organization .the appraisal is usually prepared by the employees immediate supervisor .the procedures typically requires the supervisor to fill out a standardized assessment forms that evaluates the individual on several on dimensions and then discusses the results of evaluation with employees (Grote, 2002).

As it was mentioned the pivot of performance appraisal is employees and results and feedback provides in system is often aims at correcting the behavior or improving employee's performance. Therefore it can be acknowledged that employee's satisfaction with this system can play an important role of in improving their motivation and performances. Thus it can be said that employee satisfaction with performance appraisal and its components (like appraisal indices, transparency in providing the results and fairness of appraisal) is an effective's thing in increasing the effectiveness of these appraisals (toppo and prusty, 2012).

Performance appraisal (or performance review) is a process for individual employee s and concerned with their performance typical line managers to discuss their performance and development as well as the support they need in role. Its discuss to both asses recent performance and focuses on future objectives , opportunities and resources needed .thus it can be concluded that performance appraisal is a performances appraisal process ,conclusion on employee performance ,development of particular period conducted by superiors ,subordinates, themselfe.www.hrmars.com

According to Gomez -Mejia eta(2001), organizations usually conduct appraisals for administratively and or development purposes .performances appraisal are used administratively whenever they the basis for a decision about the employee work conditions including promotions ,terminations and rewards .Development uses of appraisal which are geared toward improving employees performance strengthening their job skills ,including counseling employees on

effective work behaviors and sending them for training .the major functions of performance appraisal are to give employee feedback on performance ,to identify the employees developmental needs to make promotion and reward decisions to make demotion and termination decisions and to develop information about the organization selection and placement decisions as Nelson and etal(2008).

2.2 PURPOSE S OF PERFORMANCE APPRAISAL

According to Ivancivich (2004).performance evaluation serves several purposes:

Developmental purpose: it can determine which employee needs more training and helps evaluates the results of training programs. It helps the subordinate's supervisor counseling relationships and it encourages supervisors to observe subordinates behavior to help employees.

Reward purposes: performances appraisal helps the organizational decides who should receive pay raises and promotions. It can determine who will be laid off .it reinforce the employees motivation to perform more effectively.

Motivational purposes: it encourages initiatives develops a sense of responsibility and stimulates efforts to perform better.

Legal compliance: it serves as a legal defensible reason for making promotion, transfer, rewards and discourages decisions.

Personnel and employment plan purposes: performances appraisal serves as a valuable input to skill inventories and personnel planning.

Communication purposes: evaluation is a basis for an ongoing discussion between superior and subordinates about job related matters .through interaction the parties get to know each as other better.

Administration decisions: those are employee promotion choosing employee and making salary increments recommendations. And also the scholars presented this for administrative purposes which helps to place employees in positions where their abilities can best uses or helpful in assigning employees to appropriate future positions.

2.3 PERFORMANCE APPRAISAL CRITERIA

According to Armstrong (2009), the criteria for reviewing performance should be balanced between achievements in relation to objectives, the level of knowledge and skills possessed and applied (competences or technical competences); behavior in job as it affects performance; competences; the degree to which behavior upholds the core values of the organization; day to day effectiveness. Criteria for job performance can be classified as trait-based, behavior based and result based.

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

Behavior based criterion: focus on specific behaviors that lead to job success.

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

2.4 THE ELEMENTS OF AN EFFECTIVE PERFORMANCE APPRAISAL SYSTEM

According to Delo (2005), there are some specific qualities that all effective performance evaluation systems share, paying particular attention to those that you as a manager can control.

A fair and communicative environment. The most effective performance appraisal system places concern for the employees at its core. That the majority of employees want to perform well, the key is to provide them the right environment. Such environment includes communication, collaboration and fair treatment, the very qualities created by effective performance appraisal systems. In addition, a fair communicative environment builds employee morale.

B Respect for the employee

Respecting employees is the foundation for any effective performance evaluation system. Employees who feel respected are more likely to participate in the appraisal system truly and sincerely in setting goals and to strive hard in performing to the standards you set.

C Focus on the future

If at its heart a performance appraisal process is designed to improve employee performance. Then a manager should emphasize what the employee can do in the future not how the employee did in the past. The past can inform your ideas about the future but it shouldn't be the sole focus of the appraisal process. This doesn't mean that looking at past performance has no place in the process. In deed at each evaluation you should discuss whether and how the employee meets the goals set at previous evaluation but you should look to past with goal of learning from it so that looking back ward is developmental and helpful to the employee rather than punitive.

D Employee participation

Another element common to successful performance evaluation system is employee participation. Employees must play a key role participating in every activity from writing job description to identifying their own goals and standards to assessing how well they performed. You can increase employees job satisfaction and engender their trust in the appraisal system by bringing them in the loop and giving them power and responsibility for directing and assessing their own performance.

E ongoing feedback

Giving employee feedback both positive and negative as circumstance warrant is another important feature of an effective evaluation system. Feedback helps employees adjust as circumstances change through the year. The importance of certain goals may shift obstacles may appear employees may lose motivation. Your feedback will tell employees what is still important what is no longer important and what they can do to achieve their goals in face of these changes.

F Document

Ongoing and accurate documentation is the crux of good performance appraisal system. Documentation spanning the entire appraisal period ensures that your review will be fair and accurate and gives good documentation provides continuity if old manager can take over easily than if no record existed.

2.5 PERFORMANCES APPRAISAL SATISFACTION

The performance appraisal satisfaction has tended to focus on one of three main components of the appraisal system (keeping levy, 2000):

The appraisal process: this involves the policies and procedures used to implement and administer the performance appraisal process.

The appraisal interview: refers to the formal meeting held between the rater and the employee and is typically used to provide feedback to the rate on their performance discuss an employee performance goals that and to define and discuss the performance goals that the rates needs to achieve in future.

The appraisal out comes: although there are a number of outcomes to the appraisal process therefore training opportunities ,career development and pay increases the most immediate outcome is the performance rating .

Although the three different types of fairness (procedural, distributive and interactional related to performance appraisal satisfaction procedural justice has consistently been found to have strongest relationship are proposed that it is important for organizations to provide employees with procedurally fair performance appraisal system as they are often used to make decisions which are of importance to employee .to provide guidance to organizations on how to develop a fair performance appraisal (jawahar,2007).

Performances appraisal should be fair and objective oriented if it's for aligning employees to organizational goals and employees development .fairness is emphasized more specifically trust will be developed if management acts fairly, equitably and consistently, if a policy of transparency is implemented decisions are communicated both to employees generally and individuals, if there is full involvement in developing rewards process and if mutual expectations are agreed through performance.

2.6 PERFORMANCE APPRAISAL METHODS

We can manage performance by focusing on employees attributes ,behaviors or results .in addition we can measure performance in relative way making over all comparisons among individual performance . Finally we can develop a performance measurement system that

incorporates some variety of preceding measures as evidenced by the quality approach to measuring performance (Noe et al, 2008).

2.7 THE COMPARATIVE APPROACH

The comparative approach to performance measurements requires the rater to compare on individual's performance with that others. This approach usually uses some over assessment with of an individual's performance seeks to develop some ranking on the individuals with a work group. At least three techniques fall under the comparative approach: ranking, forced distribution and paired comparison (Noe el at 2008).

RANKING

The ranking requires managers to rank employees within their departments from highest performer to poorest performer or best to worst. alternation ranking on the other hand consists of a manager looking at a list of employees deciding who best employee is and crossing that person's name off the .from the remaining name manager decides who the worst employee is and crosses that off (Noe et al 2008).

FORCED DISTRIBUTION

The forced distribution method also method also uses a ranking format, but employee are ranked in groups. This technique requires the manager to put certain percentages of employees into predetermined categories .such performance ranking takes several forms. Most commonly employees are grouped into three, four or five categories usually of unequal size indicating the best workers the worst workers and one or more categories in between. forced distribution method forces managers to distinguish between employees which avoids an entitlement mentally for pay ,rewards and developmental activities .even if a managers employees are all above average performers the manager is forced to rate some employees as not acceptable (Noe et al 2008).

PAIRED COMPARISON

The paired comparison method requires managers to compare every employee with every other employee in work group giving an employee a score of every time he or she is considered the high performer. Once all the pairs have been compared the manager computes the number of

times each employee received the favorable decision that is counts up the points and this becomes the employees' performance score.

2.8 THE ATTRIBUTE APPROACH

The techniques that use this approach define a set of traits such as initiative, leadership and competitiveness and evaluate individuals on them.

2.8.1 Graphic rating scales

The most common from that attribute approach to performance management takes is the graphic rating scale. Graphic rating scales can provide a number of different points a discrete scale a continuum along which the rater simply place a check mark continuous scale. These appraisals consisted of supervisors rating subordinates on a number of undefined dimensions such as volume of work, quantity of work, job knowledge, dependability, and cooperation.

2.9 GENARAL THEORIES

The four main theories of equity expectancy, procedural justice and goal setting the concept of performance management system, These four theories are very much related to the motivational aspects of individual employee which in turn relate to perceived increase in employee performance appraisal satisfaction and ultimately .

2.9.1 EQUITY THEORIES

Equity theories is based on premise that a worker perceives the relationships between outcomes what the employee gets from a job and organization and inputs, what the employee contributes to job and organization .outcomes includes pay, fringe benefits job satisfaction status opportunities for advancement job security and prestige. The people strive to maintain rations of their own outcome to their own inputs contribution that are equal to the outcome ration of other with whom they compare themselves vroom (1963).

2.9.2 EXPECTANCY THEORY

The theory that individuals may have different sets of goals they can be motivated if they believe that there is positive correlation between effort and performance and that favorable performance will results in desirable reward. The rewards will eventually satisfy the need and the desirable to satisfy the need is strong enough to make effort worthwhile. It's also means the depth of the needs of an employee for extrinsic reward such as money promotion, time-off benefits etc or

intrinsic such as a work satisfaction reward. Management must discover what employee's value (Tien, 2000).

2.9.3 PROCEDURAL JUSTICE THEORY

Procedural justice theory is concerned with the perceived fairness of the procedures used to make decision about the distribution of outcome. The worker are going to be more motivated to perform at high level when they perceive the procedures used to make decisions about the distribution of outcome are fair (George & Jones, 1999).

2.9.4 GOAL SETTING THEORY

Goal setting is mechanisms that connect goals to performance outcome as follows direct attention to priorities, stimulate effort, challenge people to bring their knowledge and skills to bear to increase their chances of success and the more challenge the goal the more will draw on their full skill. In other words a specific goal or targets increases a person focus on what is to be accomplished as opposed to putting it off until a later date. Commitment to a specific high goal also leads to persistence until the goal is achieved (Latham, et al, 2004).

2.10 PERFORMANCE OF PERSPECTIVES

In this section we will present the three perspectives and the core the questions to address by each perspective in detail.

2.10.1 INDIVIDUAL DIFFERENCE PERSPECTIVES

The individual difference perspectives focuses on performance between individual can be explained individual difference in abilities personality and motivation in general model of individual difference in performance are which becomes very influential .in this model Campbell differentia ties performance components of job performance and predictors of these three determinants one is declarative knowledge includes about facts, principles goal and the self .the second one are procedural knowledge and skills include cognitive and physical skill self management and inter personal skill. The third one is motivation comprises choice to perform level of effort and persistence of abilities of job knowledge as measured by works (Campbell et al; 2000).

2.10.2 SITUATIONAL PERSPECTIVE

The situational perspective refers to factors in the individual's environments which stimulate and support or hinder performance. With respect to work place factors and their relationships to

individuals performance two major approaches can be differentiated .one is those that focus on situational factors enhance and facilities performances and second are those that attend to situational factors which impede performance (sonnentag,2000).

2.10.3 PERFORMANCE REGULATION PERSPECTIVE

The performance regulation perspective takes as different look at performance and is less interested in person or situational predictors of performance. The performance regulation perspective that an improvement of action process itself improves performance .this perspectives assumes that training interventions can be useful in achieving such change. for example individual should be encouraged to set long range goals and to engage in appropriate planning ,feedback seeking and feedback processing and is increasing referred to within work and organizational psychology (sonnentag,2000).

2.11. EMPIRICAL RESEARCH.

Arvinder kou Mehta (2015) explained: performance appraisal is one of the main functions of human resource management. It is useful not only for management but also for the employees so that they can know and understand about their performance from the management point view.

According to Robert and john (2013), as one being to see the appraisal process gets extremely complicated very quickly and remember any time a process in organization a complicated it costs a lot of money. So why do we even do performance appraisals? What values provided to the organization and to to the individual makes the process of evaluating the performance worker so critical. If performance appraisal are done in correct manner they can provides us with a series of valuable results. However done incorrectly the process of evaluating employees can actually lead to lower level of job satisfaction and productivity.

The major reasons are they firstly for performance appraisal is provide an opportunity formal communication between management and the employees concerning how the organization believes each employee is performing. Organization can prevents or remedy the majority of performances problems by ensuring that two way conversations occurs between the managers and the employee, resulting in a complete understanding of what is required, when it is required and how the employees contribution measures up.

Second major purposes of performance appraisal is to allow management to make decision about employees within organizations. They need to make decisions based on information the information acquired from the communication. Accurate information is necessary for management decision making and is an absolutely critical components to allow the manager to improve organizations .its important to use information from annual performances appraisals to makes evaluates decisions concerning our work force including pay raises promotions demotions training and development and termination.

According to Cook and Crossman (2004), the result of mount showed concerning the aspects of over all performances appraisal determines the satisfaction of appraisal discussion and the aspects of over performances system the satisfaction was significances related to both dependent variables for managers and employees .shows that the appraisal form is an important aspects of managers and employees satisfaction and managers are more satisfied in performances appraisals than employees. The results of that both managers and employees should receives orientations and trainings in how to use the appraisal systems to be perceived by employees as fair and instrumentally just and appropriate and sound the followings activities must be ensured: frequencies of evaluation, identification of goal to eliminates weakness and supervisory knowledge subordinates level of performances and job duties.

Furthermore, (Cowley et al., 1998) found that clarity of performances expectations affected the motivation to great an extent. Feedback mechanism and open door policy affected satisfaction to great extent. Integrity and fairness affected job perform and employees satisfaction. In addition distributive fairness affected job performance to a moderate's extent. They found that appraisal motivates staffs by clarifying objectives and setting the clear futures objectives with provision for trainings and developments to established the performances objectives. Communication provides employee with the chances of exercising a level of process control. Trusty in supervisors is important for determining satisfaction with the appraisal system. Appraisals based on personal traits have little value for proving diagnostic feedback to employees for designing training and developments to identified skill deficiencies.

According to Ivancivich (2004), performances evaluation for several purpose: one developmental purpose it can determines which employees needs more training and helps evaluates the results of training programs. Subordinates supervisor counseling relationships and it can encourages

supervisors to observe subordinates behavior to help employees .then administration purpose are those which helps employees promotion choosing employee and making salary increments recommendations .and also the scholars presented this for administrative purposes which helps to place employees in positions where their abilities can best uses or help full in assigning employees to appropriates future positions.

According to Michael hailu, June (1998) research conducted on performances appraisal in Ethiopian insurances corporation and Ethiopian telecommunication corporation in Addis Ababa Ethiopia the followings were made. Employees have little understanding about the appraisal system because of lack of effectiveness present and past appraisal communication in organization and because of their participation in process of appraisal is low. They most ineffective performances appraisal system concern for the employees at its core. That majority of employees want to perform not well and not to prove them right environment .such environments includes communication not collaboration and fair treatments. Then performance appraisals are the building a fair communicative environments employees are more motivation in the job placement.

A research made by Haw Fanose, on performance appraisal practices in the case of federal ethics and anti corruption commission in 2007, in Addis Ababa also found some findings .among these is lack of culture in explaining the purpose of appraisal to employees were not motivated to improve their performance and forward their comment and disagreement. She also found that there was lack of coordination among different departments in order to prevent extreme ratings. There was also defective recording system and supervisors' do not keep sufficient records regarding the performance of their subordinates. These are empirical reviews related to performance appraisal practices in different organization

2.12 LESSON LEARNED FROM THE REVIEW/IMPLICATION OF THE REVIEW

The learned from the performance appraisal is an appropriates of manner it can be have an effective role of on improving employee motivation .its seems that providing feedback to employees results in correction of behavior and increasing performance appraisal employee when employee perceive the conditions and the manner of appraisal as fair and when they are satisfied with the way the appraisal is done.

In fact the outcome of performance appraisal has a broad application in an organization. It is often based on these outcomes that employees are promoted, rewarded and their organizations position is determined .therefore employees show all their efforts in these appraisal in order to get higher scores. Thus, if they perceive that these appraisals are real and that they are conducted appropriately and their general process is satisfactory and productive their interest and affective commitment to the organization is increased. Performance appraisal they will have enough motivation for progress in their job and for fulfilling their self-actualization.

In addition performance appraisal is used monitoring performance of employee that is in line with the goals set by the organization or administration for developmental purpose, rewards purpose ,communication purpose are very important of employees performance appraisal are necessary when organization terminates, promote or pay people differently as they are crucial defense if employees over such decision. Employee can have a clear understanding of the quality and quantity of work expected of them by avoid confusion. It helps employees to accomplish the task assigned to them on time and clearly.

From the perspectives of performance appraisal intrinsic motivation is focused on enriching attitudes experiences and skills. That goal setting and feedback has positive effective on performance through enhancing required motivation for work performance.

The management by object the performance appraisal is rated against the achievement of object established new goals and news strategies for goal not achieved in pervious year. The advantages is more managerial positions,then disadvantages is not applicable to all job of merit pay may result in setting short term goals rather than important and long term goals etc. in generally motivating aspects in the process of performance appraisal emphasize those characteristics based on which employees the conditions for providing better performance as favorable.

On the hand employees participation will creates will better understanding for employees their role and it will be creates belongingness in organization when the management provides a room to employee for participation in performance appraisal it conveying the message to employee that they have value to organization .and also employees can generates important ideas for improvements .like feedback, rewards should be timely and to actual performance appraisal. Employees should be appropriately rewards, recognized and compensated for efforts put in by

them in growth in of company. Employee needs acknowledgement for their contribution for performance.

The implication reviews the performance appraisal according to Gomez-mejia (2001), organization usually conduct appraisals for administrative and developmental purpose. Administrative role is to measures performance for the purpose of rewarding or otherwise making administrative decisions about employees. Administrative uses performance appraisal such as decision on promotion, to termination , lay off and transfer assignments are very important to employee performance appraisal are necessary when organization terminates ,promote or pay people differently as they are cruel defense if employees sue over such decisions.

According to Armstrong (2009), the criteria for reviewing performances should be balanced between achievements in relation to objectives the level of knowledge and skills possessed and applied technical. Behavior in the job as its affects performance (competences). The degree to which behavior uploads the core values of organizations day to day effectiveness.

According to Michael hailu, June 1998research conducted on performance appraisal in Ethiopian Insurance Corporation and Ethiopian Telecommunication Corporation in Addis Ababa Ethiopia the following findings were made. Employees have little understanding about the appraisal system because of lack of effectiveness present and past appraisal communication in the organization and because of their participation in process of appraisal is low.

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3. CHAPTER THREE

3.1. Conclusion

Performance appraisal is the one of the main function of human resource managements. It is useful not only for managements but also for the employees so that they can known and understanding about their performances from the management point view.

The performances appraisal have many criteria for performances achievement in relation to be objectives of the level of knowledge and skills possessed the core values of organization day to day effectiveness criteria's for job performances can be as trait based ands behavior based then result based are relevant when measures employee on the most important aspects of their job. What values provided to the organization and to the individual makes the process of evaluating the performances worker so critical. If performances appraisal are done in correct manner they can provides us with a series of valuable results.

the results based on for standardized values we are able to see that job security and relationships with themselves are key factors affecting job satisfaction of employees .money is a good motivator actually all employees work for money employees need the money that is a good salary and good compensation have moderate level in satisfying the employees of Ethiopia. A good work environment and good work conditions can increases employees job satisfaction and employees will try to give their best that can increases the employees work performances. Although there are a numbers of outcomes to the appraisal process therefore training opportunities, career developments and pay increases the most immediate outcomes is performing rating. Feedback mechanism and open door policy affected satisfaction to great extent. Integrity and fairness affected job perform and employees satisfaction. In addition are they distributive fairness affected job performances to a moderate extent. Trusty in supervisors is important for determining satisfaction with the appraisal system.

In addition performances appraisal is used monitoring performances of employees that is in line of with the goals set by the organization or administration for developmental purpose, rewards purposes, communication purposes are very important of employees. They performance appraisal is provide an opportunity formal communication between management and the

employees then other purpose of performances appraisal is to allow management to make decision about employees within organization.

The current performances appraisal system factors has great impact on employees satisfaction .this is due to regular and accurate feedback that could help them to improve their performances by gaining insight about their weakness and strength trained and well educated appraisers were conducted employees evaluation there is continuous open communication with the supervisors and the performance appraisal system is unbiased ad fair .the employees regarding to motivation to current performances appraisal were to moderately satisfied. There are ongoing feedbacks, rewarding performances, trained appraiser, continuous open communication, fairness of performances appraisal systems and employees participation in the performances appraisal system are positives effects on employees satisfaction. in general employees may motivated if the appraisal process is accurate and current job descriptions.

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