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SCHOOL OF GRADUATE STUDIES
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DEPARTMENT OF MANAGEMENT
MBA THESIS
THE EFFECT OF PERFORMANCE APPRAISAL METHOD ON
ORGANIZATIONAL PERFORMANCE: IN THE CASE OF BABO
GAMBEL WOREDA, WEST WOLLEGA ZONE, OROMIA REGIONAL
STATE

By

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AUGUST, 2020

NEKEMTE, ETHIOPIA

THE EFFECT OF PERFORMANCE APPRAISAL METHOD ON ORGANIZATIONAL PERFORMANCE: IN THE CASE OF BABO GAMBEL WOREDA, WEST WOLLEGA ZONE, OROMIA REGIONAL STATE,

MBA THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES, WOLLEGA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, DEPARTMENT MANAGEMENT IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR THE MASTER OF BUSINESS ADMINISTRATION (MBA).

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STATEMENT OF THE AUTHOR

I declare that this thesis entitled to “The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State.” is my work and that all sources of materials used for this thesis has been appropriately acknowledged. This thesis is submitted in partial fulfillment of the requirements for Master of Business Administration (MBA) at Wollega University. I seriously declare that this thesis is not submitted to any other institution anywhere for the award of any degree or diploma. The thesis deposited at the University Library to make available to borrowers under rules of the Wollega University Library.

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DECLARATION

This is to certify that this thesis entitled to “The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State,” accepted in partial fulfillment of the requirements for the award of the Degree of Master of Business Administration by the school of Graduate Studies, Wollega University through the college of Business and Economics done by Jiratu Temesgen Etefa is a genuine work carried out by her under my guidance. The matter embodied in this thesis work has not been submitted earlier for the award of any degree or diploma.

The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend that it can be accepted as fulfilling the thesis requirements.

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APPROVAL SHEET FOR SUBMITTING FOR FINAL THESIS

As members of the Board of Examining of the Final MA / thesis open defense, we certify that we have read and evaluated the thesis prepared by Jiratu Temesgen under the title “The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State,” and recommend that the thesis be accepted as fulfilling the thesis requirement for the Degree of Master of Art in Business Administration (MBA).

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I hereby certify that all the correction and recommendation suggested by the board of examiners are incorporated into the final thesis entitled “The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State,” by Jiratu Temesgen.

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Table of Contents

Content	Page
Statement of the author	I
Declaration	II
Acknowledgement	IV
Table of Contents	V
List of Tables	X
List of Figures	XI
Acronyms and Abbreviations	XI
Abstract	XII
CHAPTER ONE	1
INTRODUCTION.....	1
1.1. Background of the Study	1
1.2. Statement of the Problem.....	3
1.3. Research Questions	5
1.4. Objectives of the Study.....	5
1.4.1. General Objectives	5
1.4.2. Specific Objectives	6
1.5. Significance of the Study	6
1.6. Scope of the Study	6
1.7. Limitation of the study.....	7
1.8. Operational Definition	7
1.9. Organization of the Paper	7
CHAPTER TWO	7
REVIEW OF RELATED LITERATURE	7
2.0 Introduction.....	7
2.1. Theoretical Review	7
2.1 .1.Performance Appraisal Method	7
2.1.2. Performance Appraisal Process	13
2.1.3. Performance Appraisal Methods	14
2.1. 3. 1. Objective-Based Appraisals	14
2.1. 3. 2. Graphic rating scale (GRS) Appraisals	14
2.1. 3. 3. Management by Objective Appraisals.....	15

2.1. 3. 4. Immediate supervisory evaluation.....	16
2.1. 3. 5. Numerical Rating Scale Appraisal	16
2.1. 3. 6. Peer Review	16
2.1. 3. 7. Self-Review	17
2.2. Challenges involved in Performance Appraisal.....	17
2.2.1. Demand on Supervisors.....	18
2.2.2. Unfairness and biases	18
2.2.3 Lack of communication	18
2.2.4 Lack of training	19
2.2.5 Feedback.....	19
2.2.6 Lack of involvement	19
2.2.7. Attitudes.....	19
2.3 Empirical Review.....	20
2.3.1. The Relationship between effect of PAS and organization performance.....	20
2.3.2. Organization Performance	22
2.4. Conceptual framework of the study	22
CHAPTER THREE	24
RESEARCH METHODOLOGY	24
3.0. Introduction.....	24
3.1. Description of the Study Area.....	24
3.2. Research design	25
3.3. Research approach	26
3.4. Target Population.....	26
3.5. Sampling technique.....	26
3.6. Sample Size Determination.....	26
3.7. Data Sources	27
3.8. Data Collection Methods	28
3.8.1. Primary Sources of Data.....	28
3.8.2. Secondary sources of data	28
3.9. Data gathering Instruments	28
3.9. 1.Questionnaires	28
3.9. 2.Interview Guide	28

3.9. 3.Pilot Survey	29
3.10. The Variables of the Study	29
3.10.1. Independent Variables	29
3.10. 2.Dependent Variables.....	30
3.11. Validity and Reliability.....	30
3.12. Method of data analysis	30
3.12.1. Descriptive analysis.....	30
3.12.1. 1.Inferential statistical Analysis	31
3.12.1. 1.1.Correlation analysis	31
3.12.1.1.1. 1.The Pearson Product Moment Correlation Coefficient	31
3.12.1. 1.2.Multiple Linear Regression Analysis	32
3.13. Model assumption and Specification	33
3.13.1. Normality.....	33
3.13.2. Linearity.....	33
3.13.3. Multicolliearity	33
3.14. Ethical Consideration.....	33
CHAPTER FOUR.....	34
RESULTS AND DISCUSSION	34
4. 1. Introduction.....	34
4.2. Analysis of Demographic characteristics of Respondents.....	34
4. 2.1. Demographic Distribution of Respondents	34
4. 3. Descriptive statistics	36
4.3.1. Descriptive Statistics for Management By Object (MBO) appraisal Method.....	37
4. 3. 2. Descriptive Statistics for The effect of immediate supervisor appraisal on organizational performance	38
4.3.3. Descriptive Statistics for Numerical rating influence organizational performance	39
4. 3.4. Descriptive Statistics for organizational performance.....	41
4. 4. Correlation Analysis	41
4. 4.1. Correlation between Effect of performance appraisal Method and organizational performance	42
4. 5. Regression Analysis.....	43
4. 6. Model Assumption.....	43

4. 6.1. Model specification and measurement error	43
4. 6.2. Normality assumption.....	44
4. 6.3. Linearity assumption	44
4.7. Multicollinearity Diagnostics.....	44
4.8. Model Summary and Regression Results	45
4.8 .1Model Summary of Dependent Variable and predictors	45
4.8 .2. ANOVA ^a A analysis of predicators and Dependent Variable.....	46
4.9. Regression coefficient.....	46
4. 9.1. Regression of Coefficients ^a of Predictors variables and Dependent variable	46
4. 10. Challenges involved in Performance Method Appraisal at the study area	47
CHAPTER FIVE	49
5. SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	49
5.1. Introduction.....	49
5.2. Summary of the Findings.....	49
5.3 Conclusion	51
5.4 Recommendation	52
5.5 For Further research.....	53
REFERENCES	54
APPENDICES	57

List of Tables

Tables	Page
Table 3.1: Sample Size determination	27
Table 4.2.1: Demographic data analysis	35
Table 4.3.1: Descriptive Statistics for Management By Object (MBO) appraisal Method	37
Table 4.3.2: Descriptive Statistics for The effect of immediate supervisor appraisal on organizational performance	38
Table 4.3.3: Descriptive Statistics for Numerical rating on organizational performance	39
Table 4.3.4: Descriptive Statistics for organizational performance.....	41
Table 4.4.1: Correlation between Effect of performance appraisal Method and organizational performance	42
Table 4.7: Summary of Multicollinearity Diagnostics	44
Table 4.8 .1. Model Summary of Dependent Variable and predictors	45
Table 4.8 .2: ANOVA ^a Analysis of predicators and Dependent Variable.....	46
Table 4. 9.1: Regression of Coefficients ^a of Predictors variables and Dependent variable ...	46

List of Figures

Figures	Page
Figure 1: The proposed Conceptual framework model	23
Figure 2: Map of Babo Gambel Woreda.....	25

Acronyms and Abbreviations

BSC	Balanced Score-Card
BPR	Business Process Reengineering
CBE	Commercial Bank of Ethiopia
GRS	Graphic rating scales
HRD	Human Resource Development
HRM	Human Resource Management
MBA	Master of Business Administration
MBO	Management by Objectives
OP	Organization Performance
PAM	Performance Appraisal Method
PM	Performance Management
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflator Factor

ABSTRACT

The purpose of this study was to assess the “The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State.” with the overall aim of exploring the extent to which the PAM are satisfied and how they affect organizational performance. For this case, the total populations of the study were 216 employees and target populations used as stratum were senior managers, employees and HRD. For which the Stratified random sampling technique was used for the selection of 140 respondents from the stratum. Both quantitative and qualitative data were collected from both primary and secondary sources. In case that, the research designs employed under the present study were both descriptive and explanatory type through which Explanatory research was mainly used for the purpose of establishing causal relationships between predictor variables while descriptive research includes surveys and a fact-finding enquiry of different kinds and for data collection purpose, self-administered questionnaire with 5-point Likert scale was developed and personally distributed to selected respondents. In addition Quantitative data was analyzed by using Statistical package for social science (SPSS-version20.0) with the help of different statistical tools Specifically, descriptive statistics (mean standard deviation and tables) and inferential statistics (correlation and regression) were used. For this fact the result shows that, from the three performance Appraisal Method (PAM) dimensions studied, the employees of Babo Gambel Woreda are more satisfied with their relationship with MBO appraisal, Numerical rating, immediate supervisory appraisal and organization performance. They are also satisfied with the job to which they are assigned. Besides, as the result indicates Educational qualification and work experience were found to be significant associated with overall organization performance. Furthermore, PAM Variables have a significant positive effect on organization performance. To this end, based on the findings of the study, Babo Gambel Woreda would focus on enhancing organization performance, periodically assess improving PAM practices for better organization functioning and carryout an in-depth qualitative study approach in order to enhance the organization performance for this fact finding the researcher forwards some recommendations to the management of the sectors and suggestion for further researchers.

Key words: *Immediate Supervisory, MBO, Numerical rating, and organization, Performance appraisal*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The world related previous studies revealed a research study conducted on the effectiveness of performance appraisal Methods in private Universities in Kenya, Kabarak University in particular. This study shows that performance appraisal Method is the only tangible metric way by which an organization can know the level of performance of its diverse employees. Although most employees were aware of the type of performance appraisal Method used in the private universities, such Methods were not based on any serious formal purpose for which they were designed. The effectiveness of performance appraisal Methods in the private universities were only based on training to the employees involved in the rating/appraising process and are multi- rating Methods (Nyaoga, 2010).

In Africa like Tanzania, another study conducted by (Walsh, 2003) on perceived fairness of and satisfaction with employee performance appraisal .This study investigated the employees' reactions to fairness and satisfaction with an existing performance appraisal Method utilizing a hypothesized four-factor model of organizational justice as the theoretical basis. The conceptualized four-factor model was not found to represent the underlying factor structure substantially better than alternative plausible three-factor models. The best fit three-factor model however, provided some support for the differentiation between procedural and interactional organizational justice factors, which is a distinction that has been debated in the organizational justice literature. The differences in time, geographical location and socio-economic development between them that create a gap in knowledge, in which the study sought is the need to fill it. In the same taken research conducted in Ethiopian context in Dashen bank, performance evaluation is conducted twice a year that undergone three types of standardized forms. That is for supervisory level employees, clerical employees and non-clerical employees. Most of the questions in the forms are more of subjective. This makes it difficult for raters to accurately rate the performance of their subordinates. In case that organizations further noted that on a couple of occasions they tried to base some HR decisions like pay raise and bonus on the result of PA but failed because almost all Employees rating were more than 80% and it was not possible to differentiate the good performers from that of bad ones (Aschalew,2015).

As contemporary previous two separate Studies conducted by (Hwang and Min, 2013) and the other by (Kansal and Singh, 2012) focus on the effects of performance appraisals on organizational and both conclude that the Method motivates employee's attitudes towards improved performance through which study focused on performance evaluations as a strategic management style and found that performance appraisals formed a balanced approach to managing issue of performance in organizations. more studies conducted by (Greenan and Lorenz,2013) focused on the effect of performance appraisals on perceptions of organizational, market performance of the firm, and concluded that the single most significant variable affecting corporate performance was training and development, which is a role of performance appraisals.

Conclusively, as to (Mackenzie, 2000) studies conducted on the same issues of the performance appraisal Methods used in private universities were not effective and that they exist just as a matter of formalities, the private universities could not measure employees' performance hence making it difficult to achieve the intended Human Resource Management objectives. The purpose of the study was to examine the issues associated with performance appraisals and identify suitable methodologies which results into a process that is credible, equitable and the one that reinforces the desired organizational directions aimed at overcoming these issues that achieved by evaluating the need for performance appraisals, problems associated with various methodologies and examining the qualities need to measure employees by means of improving organization performance that the current study focus on dealing with diminished performance issues. Subsequently, the efforts of the individual are not necessarily aligned with the desired organization direction and little incentives amongst managers to challenge the current processes to improve service delivery. Hence, the current study is important because it examines the effect of performance appraisal Method on organization performance in explaining their MBO appraisal, supervisory appraisal, Numerical rating appraisal and, subsequently, their Organizational Performance and finally suggests a conducive workplace environment to the organization in Babo Gambel Woreda ,West Wollega Zone, Oromia Regional State,

1.2. Statement of the Problem

The main challenge that faces managers in all types of organizations is how to get maximum performance from their employees. PA is therefore, seems to be inevitable. In the absence of a carefully structured Method of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge without a structured appraisal Method can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal Method, there is little chance of ensuring that the judgment made was lawful, fair, defensible and accurate. It is in the light of this that the present study intends to investigate the effects of performance appraisal Method on organization performance (Henrietta, 2012).

As stated by (McCourt & Eldridge, 2003) PAM can be conducted once, twice or even several times a year. but in Babo Gambel Woreda of government sector the employees being evaluated, generally on an appraisal form and conducted by the employees immediate supervisor, Team appraisal, MBO concepts, recognizing team accomplishments based on process owners that established during BPR establishment in order to enhance customer satisfaction by one-stop-shopping services rather than individual performance in particular .Conversely, it is important to note that, since there are no proper Methods and plans to deal with the findings of the performance appraisal, the expected benefits of this process for the organization may not be realized. Further still, it is obvious as good performance appraisal may be good for an organization but bad if not professionally handled and depending on the appraisal feedback; negative or positive, its impact to the employee; may damage the Organization if not taken well by the employee and can demoralize the employee that sometimes may lead to losing the key employees. Because they could not take the appraisal feedback and feel that they was better off somewhere else, in addition there is no formal reason as regards why performance appraisals fail in the study area. This is the reason why the researcher is initiated to conduct her research on the effect of PAM on Organization performance.

With the same taken as much of the previous study had focused on employee motivation and staff appraisal in the government organization. In addition as some other study conducted by (Fletcher, 2004) reveals Survey of the Relationship between Performance Appraisal Practices, Motivation and Job Satisfaction of Commercial Banks in Nairobi but concerning the present

study there is no much research that conducted on the effect of performance appraisal Method on organization at the study area.

On the basis of the empirical review literature, it is clear that the effect of PAM is an important and critical aspect to organizational performance. To this end ,the basic problem encountered in Babo Gambel Woreda ,West Wollega Zone, Oromia Regional State, is employees complaining due to the poor PAM on the basis of researcher's personal observation and informal discussion with employees of the government organization and low performance of the organization due to dissatisfaction of employees relative to other sectors (from Babo Gambel Woreda annual report,2010-2011E.C) about which 20% of the employee turnover was there searching for a better alternative in the Woreda and there is no research conducted on the effect of performance appraisal Method on organizational performance at the study area, these factors and related hinders initiated the researcher to bridge this gap in the present study.

In addition, from the practical situations she observed daily at workplace, the researcher is therefore, self-motivated and self-initiated that drive her to conduct this study to fill knowledge and methodological gap by determining the factors that influence the effect of performance appraisal Method on organizational performance in relation to academic, organizational and personal perspective at the study area.

1.3. Research Questions

The study tried to address the following basic research questions.

1. How does MBO appraisal influence organizational Performance?
2. What is the effect of immediate supervisory performance appraisal Method on Organizational Performance?
3. How does numerical rating scale practiced on organization performance at the area?
4. What are the challenges of performance appraisal Method on organizational performance?

1.4. Objectives of the Study

1.4.1. General Objectives

The main objective of this study was to assess the effect of performance appraisal Method on Organizational performance in Babo Gambel Woreda, West Wollega Zone, Oromia Regional State.

1.4.2. Specific Objectives

The specific objectives of the study are:

- ✓ To determine the influence of MBO performance appraisal Method practices on organizational Performance at the study area,
- ✓ To examine the effect of immediate supervisory performance appraisal Method on organizational Performance at the study area,
- ✓ To analysis the numerical rating scales appraisal Method of organizational performance at the study area,
- ✓ To identify the challenges of performance appraisal Method on organizational performance at the study area,

1.5. Significance of the Study

The study was served as additional information for addressing the problem associated to Babo Gamble Woreda, West Wollega Zone, Oromia Regional state. To investigate the effect of performance appraisal Method on Organizational performance. Thus, the researcher hopes that this study was contribute to the efforts made for improving performance appraisal Method at the Woreda .in addition the outcomes of this study was first enable managers to identify the areas where development efforts was needed for personal and career development were enhanced. Again it helps managers to make out individuals who have specific skills to their promotions and transfer in line with organizational requirements that enable managers to administer a formal organization reward and counsel poor performers. Furthermore, it was inform managers about which selection devices and development programs were needed for the smooth running of organizations. It also initiates further study in the area and serves as a resource material for future research.

1.6. Scope of the Study

This study was delimited to manageable size in relation to spatial and temporal coverage delimited to Babo Gambel Woreda, West Wollega Zone, Oromia Regional State, to investigate the effect of performance appraisal Method on Organizational performance at the study area. Furthermore, this study was attempted to determine whether certain demographic variables and organizational performance to predict the employees job satisfaction and their job performance and the study were takes place during the year 2020.G.C/2012E.C.

1.7. Limitation of the study

Despite the fact that the researcher was tried all the best to maximize the fruitfulness of this study, the study was not be free from limitations. Lack of methodological, lack of access to the right secondary data, negligence of some respondents particularly management staff respondents, to respond the questionnaire openly and timely to conduct the study was among the various problems encountered by the researcher during his study. Moreover, sampling restrictions was other serious problem that underweight the researcher's conclusion.

1.8. Operational Definition

Performance appraisal is a process of identifying, observing, measuring and developing human performance in organizations and has attracted the attention of both academicians and practitioners (Erdogan, 2002).

Effectiveness: is by definition a qualitative measure set by evaluator that refers to the Method's ability to invent and produce solutions that provide more value to stakeholders of the institution"(Moller and Torronen,2003).

Performance: is something or someone refers to how successful they are or how well they do something and what measured and rewarded gets attention (Bholder and Sherman, 2001).

Self-appraisal performance: By the employee being evaluated, generally on an appraisal form completed by the employee prior to the performance interview (Aidah, 2013). .

Subordinate appraisal: Appraisal of a superior by an employee, which is more appropriate for developmental than for administrative purposes (Aidah, 2013).

Peer appraisal: Appraisal by fellow employees, complied into a single profile for use in an interview conducted by the employees manager (Aidah, 2013).

1.9. Organization of the Paper

The study was organized in to five chapters. The first chapter of the research will deal with background and general introduction of the study, the statement of problem, objective of the research, research question, significance of the research, cope of the research, limitation of the research and organization of the research., the second chapter discusses the details of related literature, the third chapter focuses on research methodology, the fourth chapter outlines results and discussion, the last chapter is Conclusion, Summary and Recommend forwarded by the researcher based on investigation of the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

The literature review discusses the theoretical foundation of the study, historical development of Performance Appraisal and research evolution process, empirical studies and research gaps.

2.1. Theoretical Review

Different theories explain the effect of rewards on employee performance laying emphasis on the role of reward management practices. These theories would form the foundation of the present study. The Historical Emergence of PAS reveals as it became a widely used management tool in businesses around the 1980s. Its modern uses had previously been restricted to Army Officers and Senior Management" (Taylor, 2005).

However appraisal has been present throughout history and has advanced significantly over time. Performance appraisal is defined as a process of assessing the performance and progress of an employee or of a group of employees on a given job and his potential for future development. He further argues that performance appraisal consists of all formal procedures used in work organizations to evaluate personalities, contributions & potentials of employees (Gupta 2006).

In similar context as to (Erdogan, 2002) Performance appraisal is a process of identifying, observing, measuring and developing human performance in organizations and has attracted the attention of both academicians and practitioners. The process is also viewed as making an important contribution to effective human resource management as it is closely interlinked to organizational performance.

According to (Bono, 2003) Performance appraisal is a management tools that management in its drive towards optimizing performance, primarily individual performance and therefore, organization performances now and in the future. The aim of performance appraisal can be achieved through assessing how effectively employees are working in their:

2.1 .1. Performance Appraisal Method

There are some methods to be followed while rating performance appraisal. There are two methods to evaluate the performance of the employees. ‘

They are as follows:

I. Traditional Methods

II. Modern Methods.

I. Traditional Methods

The past oriented methods were categorized into different methods which were as follows:

1. Rating Scale Method

It is the simplest and most popular technique for appraising employee performance. In this Method, there are several numerical scales each representing job related performance criteria such as dependability, attendance, attitude, co-operation and their output i.e., nothing but result of their job. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion and then computes the employees total numerical score. The number of points scored may be linked to salary increases.

The advantages of this method are it is very easy to use and low cost. Nearly any type of job can be evaluated with the rating scale by changing the job performance criteria. Large or much number of employees can be evaluated in a short time and the rater does not need any training to use the scale.

There are also some disadvantages in this Method. They are the rater shows partiality towards the employees regarding their co-operation, attitude, etc.

2. Check List Method

In this method, a check list of statements on the traits of the employee and their job is prepared in two columns i.e., 'YES' column and 'NO' column. The rater should tick the 'YES' column if the answer of the statement is positive and 'NO' if the answer is negative. After ticking each item, the rater forwards the list to the HR department where the actual assessment of the employee takes place. The HR department assigns certain points to each 'YES' ticked and they will count the number of yes and points were allotted to the check list.

The advantage of this method is it is very easy to evaluate. The disadvantage of this method is there is a chance to evaluate the personality criteria instead of the performance criteria.

3. Forced Choice Method

In this method, rater is given a series of statements about an employee which were arranged in blocks of two or more and the rater indicates which statement is most or least descriptive of the employee. As we already know, the rater should simply tick yes or no that describes the rate. But in this method, the rater is forced to select statements which are readymade, that is why this method was known as forced choice method.

The advantage of this method was that it was done in the absence of personal bias rating. The disadvantage of this method is that if the statements were not framed properly it damages the traits of rate.

4. Forced Distribution Method

In this method, the appraiser should appraise the employee according to a rating scale. Here, we should discuss about the job performance of an employee. Here, the five point performance scale is used for rating without any mention of the descriptive statements. Workers are placed between the two extremes of good and bad performances. For example, the employees of excellent performance were placed at 20% - good, 40% - average, 20% - below average and 10% - unsatisfactory.

The advantages of this method are it eliminates the usage of different ratters with different scales and it also eliminates the ratter's bias. The disadvantage of this method is they should explain the rate that why they are placed in a particular group.

5. Critical Incidents Method

In this method, it focuses on certain critical behaviour of an employee that makes the difference between effective and non-effective performance of the job. Such incidents were recorded by the superiors. At the end of rating period, these critical incidents were used in the evaluation of workers performance.

The advantages of this method are it provides a basis for conducting a thorough discussion of an employee's performance and it also avoids the bias of the employees. The disadvantages of this method are negative incidents may be more noticeable than positive incidents, it results to very closely supervision which may not be liked by the employee, and the recording of incidents may not be done by the managers or supervisors due to their busy work or they forget to do it.

6. Behaviourally Anchored Rating Scales

This method is also known as Behavioural Expectation Scale. The scale points were determined by statements of effective or ineffective behaviours. They are behaviourally anchored in the scales that represent a range of descriptive statements of behaviour varying from least to the most effective. A rate must indicate which behaviour on each scale best describes an employee's performance. BARS were developed to provide results in which the subordinates could use to improve the performance. Superiors should feel comfortable to give feedback to the rates. BARS help to overcome rating errors.

7. Field Review Method

In this method, an outsider assesses an employee's performance. The outsider reviews employee records and holds interview with the appraisee and with their superior. This method is primarily used for taking promotional decision at the managerial level.

The advantage of this method is since an outsider measures the performance of an employee, there is no chance to show bias on an employee. The disadvantages of this method are an outsider is not familiar with the conditions of an employee's work environment which may affect the employee's work ability or motivation; an outsider cannot observe an employee behaviour or performance over a period of time and in a variety of situations.

8. Confidential Records

Confidential records are maintained mostly in government departments. It includes 14 items they are attendance, self-expression, ability to work with others, leadership, initiative, technical ability, ability to understand new material, ability to reason, originality and resourcefulness, areas of work that suits the person suit, judgment, integrity, responsibility and any defect. Twelve of these were filled on a four point grade scale. For integrity there were special instructions from the management. Overall rating on a fine point scale was separately given. The confidential records contain recommendations and signature of appraiser, the head of the department, CMD. The Method was highly secretive and confidential.

9. Essay Method

The appraiser must describe the employee within a number of broad categories such as the appraisers overall impression of the employees performance, the promo ability of the employee, strengths and weaknesses of the employee, the training and development assistance required by the employee. This method can be used independently or combination with others. The advantages of this method are the appraisers were confused about what to say, how much they should say in depth and it consumes more time since the appraisers must collect the information necessary to develop essay. The disadvantage of this method is the quality appraisals may be unduly influenced by appearance rather than content.

10. Cost Accounting Method

This method evaluates performance of an employee by establishing the relationship between the cost that incurred in keeping the employee and the benefit that organization derives from them. Therefore, the performance of an employee is evaluated by establishing the relationship between the cost and benefit.

11. Comparative Evaluation Approach

In this method, the performance of one worker is compared with their co-workers. Comparative appraisals are conducted by their supervisors. The ranking of appraisals is done from best to worst. The appraisal is useful in deciding merit-pay increases, promotions and rewards. There are two types of methods used in this approach.

- ✓ Ranking Method.
- ✓ Paired Comparison Method

12. Ranking Method

In this method, the superior ranks their subordinates in order of their merit i.e., starting from the best to the worst. The whole man is compared with whole man. The position of each man or individual is tested in terms of their numerical rank. This method seems to be very simple but it is very difficult in practice. It is very difficult when large number of persons were rated.

13. Paired Comparison Method

In this method, the appraiser compares each employee with the other employees one at a time. For example, there are five employees named A,B,C,D and E first of all the performance of A is compared with the performance of B and decision is made about whose performance is better. Then B is compared with C,D and E, C is compared with D and E, D is compared with E, after comparison, ranks were allotted to each individual.

The number of comparisons can be calculated by a formula= $N(N-1)/2$, where 'N' stands for number of employees to be compared. After the completion of comparison, the results will be tabulated and a rank is given.

II.MODERN METHODS

In this method, an employee performance should be assessed by setting future goals. There are some methods to be followed in future oriented techniques.

They are given below:

I. Management By Objectives (MBO)

This concept was introduced by (Drucker et al., 1954). The steps involved in this method are as follows:

The first step is to establish the goals to each subordinate to attain. In some organizations, the superiors and subordinates work together to establish goals. Here, superiors establish goals for subordinates. The goals which were established can evaluate an employee performance.

The second step is to set the performance standard for the subordinates. While performing they know what we should do, what has been done, and what is remained to do.

The third step is to compare the actual level of goals with the goals we had set. The evaluator should explain the goals that were met and the goals which were exceeded. It helps to determine the training needs in the organization which may affect a subordinate.

The final step is to establish new goals, new strategies for goals that were not previously attained. At this point, the superior and subordinate involvement in goal setting may change.

The subordinates who achieved the established goals are allowed to participate in the goal setting process.

The disadvantage of this method is that it is not applicable for all jobs and for all organizations i.e., the jobs with little or no flexibility such as assembly line work are not comfortable with this job because the performance standards and objectives were already determined.

1. Psychological Appraisals

In this method, large organizations employ full-time industrial psychologists. These psychologists will assess an individual's future potential. The appraisal normally consist in-depth interviews, psychological tests, discussions with supervisors, and a review of other evaluations. The psychologist then writes an evaluation of the potential and may predict future performance. The evaluation by the psychologist may be for a specific job opening for which the person is being considered or for the global assessment of their future potential. From these evaluations, placement and development decisions are made to shape the person's career. This method is used to evaluate the performance of young members.

2. Assessment Centres

This method is used to evaluate the performance of executive or supervisory potential. An assessment centre is a central location where managers come together to have their participation in job related exercises which were evaluated by trained observers over a period

of that from one to three days by observing their behavior across a series of selected exercises i.e., in work groups, computer simulations, role play and other similar activities which have some attributes for successful performance as in their actual job. The rater will record the observations of rate behaviors. Finally, decisions were taken regarding the performance of rate based upon the discussion of observation.

The characteristics assessed in a typical assessment centre are the assertiveness, persuasive ability, communicating ability, planning and organizational ability, self-confidence, resistance to stress, energy level, decision-making, administrative ability, and creative, mental alertness. The characteristics are very difficult to some accurately over three days.

The disadvantages of this method are it is very expensive and employees who receive a poor report from the centre may react in negative and it demoralizes an employee performance.

3.360 Degree Feedback

In this method, multiple ratters were used to evaluate the performance of rate. So, these multiple ratters can be their supervisors, team members, customers and self. Therefore, it provides a better communication between employee soft skills; inter personal skills, customer satisfaction and team building skills.

The disadvantages are the usage of multiple ratters to evaluate the performance of employee and this technique takes long time to choose ratter and in analysing the data.

Three broad areas are closely related to performance appraisal. Firstly, the development of appraisal instruments to accurately and objectively measure the human performance. Secondly, a focus on supervisor and employee characteristics and their potential bias on performance appraisal ratings, thirdly, the uses and types of performance appraisal Methods within organizations (Scott and Einstein, 2001). Present jobs and what they need to do and know to perform even better.

2.1.2. Performance Appraisal Process

As stated by (Erdogan, 2002) the starting point for the PA process is identifying specific performance goals. An appraisal Method probably cannot effectively serve every desired purpose, so management should select the specific goals it believes to be most important and realistically achievable. For example, some firms may want to stress employee development,

whereas other organizations may want to focus on pay adjustments. Too many PA Methods fail because management expects too much from one method and does not determine specifically what it wants the Method to accomplish.

2.1.3. Performance Appraisal Methods

The Performance management Method usually includes measures 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 Method and implement accordingly. The first step in the performance appraisal process is identifying what is to be measured. This process seems fairly simple at first glance. In practice, however, it can be quite complicated (Aguinis, 2012).

Objective-Based Appraisals, Graphic rating scales (GRS) Appraisals, Management-by objectives, immediate supervisory evaluation, Numerical Rating Scale Appraisal, Peer Review, Self Review, methods.

2.1. 3. 1. Objective-Based Appraisals

It measures performance of the workforce by investigating the amount of achievement of preset goals of the organization. Typically, the goals are jointly set by both superiors and subordinates. The process is unique in that the employee doesn't wait for an external evaluation to determine his or her strengths or weaknesses but monitors his or her progress the objectives set must measurable and timely which makes it possible to monitor the progress. Finally, the progress is evaluated during which honest feedback is according to the level of achievement (Kirchmer, 2017).

2.1. 3. 2. Graphic rating scale (GRS) Appraisals

A graphic rating scale (GRS) presents appraisers with a list of dimensions, which are aspects of performance that determine an employee's effectiveness. Examples of performance dimensions are cooperativeness, adaptability, maturity, and motivation.

Each dimension is accompanied by a multi-point (3, 5, or 7) rating scale. The points along the scale are defined by numbers and/or descriptive words or phrases that indicate the level of performance. The midpoint of the scale is usually anchored by such words as "average," "adequate," "satisfactory," or "meets standards." (Kane and Lawler, 2009).

Many organizations use graphic rating scales because they are easy to use and cost little to develop. HR professionals can develop such forms quickly, and because the dimensions and

anchors are written at a general level, a single form is applicable to all or most jobs within an organization. Graphic rating scales do present a number of problems, however. Such scales may not effectively direct behavior; that is, the rating scale does not clearly indicate what a person must do to achieve a given rating, thus employees are left in the dark as to what is expected of them. For instance, an employee given a rating of 2 on “attitude” may have a difficult time figuring out how to improve (Meyer, 2001).

Graphic rating scales also fail to provide a good mechanism for providing specific, non-threatening feedback. Negative feedback should focus on specific behaviors rather than on the vaguely defined dimensions the GRSs describe. For example, if told that they are not dependable, most employees would become angered and defensive; they would become less angry and defensive if such feedback were given in behavioral terms: “Six customers complained to me last week that you did not return their phone calls (Long, 2006).

2.1. 3. 3. Management by Objective Appraisals

Management by objectives (MBO) is popular in both private and public organizations. The process consisted of having all the subordinate managers write a letter to their superiors, detailing what their performance goals were for the coming year and how they planned to achieve them. The Method designed to achieve organizational effectiveness by steering each employee's behavior toward the organization's mission and it is often used in place of traditional performance appraisals process which includes goal setting, planning, and evaluation. Goal setting starts at the top of the organization with the establishment of the organization's mission statement and strategic goals. The goal-setting process then cascades down through the organizational hierarchy to the level of the individual employee. An individual's goals should represent outcomes that, if achieved, would most contribute to the attainment of the organization's strategic goals. In most instances, individual goals are mutually set by employees and their supervisors, at which time they also set specific performance standards and determine how goal attainment was measured as they plan, employees and supervisors work together to identify potential obstacles to reaching goals and devise strategies to overcome these obstacles. The two parties periodically meet to discuss the employee's progress to date and to identify any changes in goals necessitated by organizational circumstances. In the evaluation phase, the employee's success at meeting goals is evaluated against the agreed-on performance standards. The final evaluation,

occurring annually in most cases, serves as a measure of the employee's performance effectiveness (Lindsey, 2005).

2.1. 3. 4. Immediate supervisory evaluation

An employee's immediate supervisor is a common alternative for appraising job performance. There are several valid reasons for this approach. These are; the supervisor is the one most familiar with the individual's performance. In most jobs, the supervisor has the best opportunity to observe actual performance. Since the supervisor has the proper understanding of organizational objectives, needs and influences, he/she is best able to relate the individual's performance to departmental and organizational goals. Since the supervisor is held accountable for the successful operation of his/her department, it is logical for him to exercise control over personnel and administrative decisions affecting his/her subordinates. Moreover, since the supervisor is in a better position, he can link effective performance with regards such as pay and promotion (Aschalew, 2015).

2.1. 3. 5. Numerical Rating Scale Appraisal

Rating scales are used in performance administration to indicate employees' level of achievement of set organizational goals. They provide quantitative evaluation that is user friendly and easy to oversee and assist in distinguishing employees abilities. Though a variety of rating scales exists which include, numerical, where numbers are used, or alphabetical where numbers and alphabets correspond to an adjective like five is equivalent excellent or narrative which could include a rating of 'unsatisfactory performance,' scales that provide positive feedback for the performance have become more popular. it is important for the managers to determine which scale best suits their organizational needs. A simple three rating scale may be enough to capture critical objectives while reducing the burden of a comprehensive performance review. A five-level scale could provide the organization with feedback to better differentiate between employee skills as it can offer two levels of superior performance, one level of satisfactory performance and two levels of less-than-satisfactory levels (Isaacs & Thomson, 2013).

2.1. 3. 6. Peer Review

Peer Review may be designed by three to six workers, to set the goals, benefits, and objectives of the program, design a criteria-based performance evaluation Method and

conduct a pilot program. People should be encouraged to provide feedback on the Method itself. Training and support should be available. Peer reviews often have a high level of worker acceptance and involvements tend to be stable, task-relevant, and accurate. By helping peers to understand each other's work, and by airing grievances in a non-threatening manner, peer reviews may also help people to get along better. For the organization, this means higher performance. For the worker, this means a better place to work and less frustration. It may also help people to concentrate less on politics and more on building skills. Peer reviews may work best if all parties know that the reviews will not be used for setting pay, promotion possibilities, or disciplinary actions. However, a peer review Method with the power to give promotions, raises, or disciplinary actions, might be workable in some businesses, if the employees think it's a good idea (Henrietta, 2012).

2.1. 3. 7. Self-Review

Self-Reviews are based on the idea that employees are most familiar with their work, and that their involvement is essential. Employees rate themselves on a number of criteria, usually with a formal survey form, and suggest improvements. They help to clarify their own goals, and expose areas of weakness so they may be worked on. Mostly, the manager is left out of the process, although an exchange of views between the employee and manager may help their relationship, and boost the employee's own understanding. Self-review changes the role of the manager to counselor, rather than judge. With this role, the manager can do more to support people. He further points out that self-review enhances the subordinate's dignity and self-respect. Involving the employee as an equal in the review process is more likely to increase commitment to action plans, making the entire process both more satisfying and more productive. Self-reviews tend to have low halo error and result in little paperwork for managers. However, people may not see their own deficiencies as others do, so self-review should be used alongside other methods (Henrietta, 2012).

2.2. Challenges involved in Performance Appraisal

As stated by (Robinson and Fink, 2006) Evaluating employees on relevant job criteria sounds reasonable and logical that flaws in the evaluation process. In actual practice, however, formal performance appraisal programs have often yielded unsatisfactory and disappointing results. Again, some critics suggest that PA should be abandoned as a lost hope, as they point to scores of problems and pitfalls as evidence. Thus, until a better technique comes along,

organizations should use some form of appraisal to cover any potential risks. Decisions related to discipline and potential terminations are usually the “hot button” issues that managers want most to avoid. But in firms that ignore or simply overlook performance problems, the problems may grow so large that they put the firm at risk either from a professional liability claim, or from some kind of employee relations fiasco. Obstacles to the success of formal performance appraisal programs should be familiar to most managers, either from painful personal experience or from the growing body of critical literature. One reason for failure is that companies often select indiscriminately from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective. The following are the most troublesome and frequently cited drawbacks:

2.2.1. Demand on Supervisors

A lot of demand is placed on supervisors. Formal PA obviously requires at least periodic supervisor observation of each subordinates performance. However, the typical first-line supervisor hardly knows just what each of the 20, 30, or more subordinates are doing.

2.2.2. Unfairness and biases

Standards and ratings tend to vary widely and, often, unfairly. Some raters are tough, while others are lenient. Some departments have highly competent people, others have less competent people. Consequently, employees subject to less competition or lenient ratings can receive higher appraisals than equally competent or superior associates. Mostly, personal values and bias replace organizational standards. An appraiser may not lack standards, but the standards used are sometimes wrong. For example, unfairly low ratings may be given to valued subordinates so they were promoted out of the rater's department. More often, however, outright bias dictates favored treatment for some employees.

2.2.3 Lack of communication

Employees may not know how they are rated due to lack of communication. The standards by which employees think they are being judged are sometimes different from those their actually use. No PAS can be very effective for management decisions, organization development, or any other purpose until the people being appraised know what is expected of them and by what criteria they are being judged.

2.2.4 Lack of training

Appraisal techniques tend to be used as performance panaceas. If a worker lacks the basic ability or has not been given the necessary training for his job, it is neither reasonable to try to stimulate adequate performance through performance appraisals, or fair to base salary, dismissal, or other negative decisions on such an appraisal. No appraisal program can substitute for sound selection, placement, and training programs. Poor performance represents someone else's failure. The supervisor often reduces the validity of ranking. Rather than confront their subordinates with negative ratings, negative feedback in appraisal interviews, and below-average salary increases, supervisors often take the more comfortable way out and give average or above average ratings to inferior performers.

2.2.5 Feedback

PA ratings can boomerang when communicated to employees. Negative feedback not only fails to motivate the typical employee, but also can cause him to perform worse (Myers, et al 1965). Only those employees who have a high degree of self-esteem appear to be stimulated by criticism to improve their performance.

2.2.6 Lack of involvement

Performance appraisal interviews tend to emphasize the superior position by placing him in the role of judge, thus countering his equally important role of teacher and coach. This is particularly damaging in organizations that are attempting to maintain a more participative (democratic) organizational climate. Pitfalls represent a formidable challenge in appraisal techniques, but attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are most likely to achieve a particular objective and least vulnerable to the obstacles already discussed.

2.2.7. Attitudes

An attitude can be defined as a positive or negative evaluation of people, objects, events, ideas or just about anything in your environment. All attitudes take a stance either positive or negative but they can vary in intensity. Attitudes are evaluative statements either favorable or unfavorable about objects, people, or events. They reflect how we feel about something. Social psychologists use the term attitude to refer to people's evaluation of virtually any aspect of their social world. People can have favorable or unfavorable reactions to issues,

ideas, objects, a specific behavior, or entire social groups. Some attitudes are quite stable and resistant to change while others may be unstable and show considerable variability depending on the situation. We may hold some attitudes with great certainty, while other attitudes may be relatively unclear or uncertain. Attitudes can influence our thoughts, even if they are not reflected in our overt behavior. Moreover, while many of our attitudes are explicit attitudes conscious and reportable other attitudes may be implicit attitudes- uncontrollable and perhaps not consciously accessible to us. Attitudes represent personal beliefs of an evaluative nature, such as good or bad, likeable or not likeable. Attitudes are of practical as well as theoretical interest, since they involve such basic concerns as attraction and prejudice. Understanding who likes whom, and why, requires an understanding of how attitudes are formed, and how they are altered (Fazio and Olson, 2003).

2.3 Empirical Review

In any competitive business environment, both locally and globally, it is common for companies to offer employees attractive, lucrative and competitive remuneration packages. These are directly linked or inter-related to improving individual's job competency, retaining high achievers and finally achieving the organizational performances and goals. An attractive remuneration package has been a norm of any employment contract. The appraisal and rewards Methods for employees are now closely linked to the performance measurement indicators of the companies. If such reward does not commensurate with their job performance, this can lead to low motivation and high attrition, finally affecting service delivery (Thun&Sardana, 2012).

2.3.1. The Relationship between effect of PAS and organization performance

Various studies have been conducted to investigate the relationship between effect of performance appraisal Method (PAS) and Organization performance. The results of most studies and the literature show that there exist a relationship between (PAS) and Organization performance. Most of the studies which the student researcher came across were conducted in Kenya and Tanzania. However, some studies were conducted in African countries, including Ethiopia. The findings of those studies vary to a certain degree. For instance;

According to (Brown et al. 2010) analyze the relationship between performance appraisal quality measured by clarity, communication, trust, and fairness of the performance appraisal process and job satisfaction and commitment based on a sample of more than 2,300

Australian non-managerial employees of a large public sector organization. They find that employees who report a low performance appraisal quality (lowest levels of trust in supervisor, poor communication, and lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment. Furthermore, employee participation in the performance appraisal process is positively related to the satisfaction with the performance appraisal Method, perceived fairness, and acceptance of such a practice communication, and lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment that clarity of performance expectations affected the motivation to a great extent. Feedback mechanism and open door policy affected motivation to a great extent. Integrity and fairness affected job perform and employees motivation to a great extent.

In addition, distributive fairness affected job performance to a moderate extent. The study found that ideas and innovations, absenteeism/tardiness and timeliness had improved for the last five years. Performance appraisals are one of the most important human resource management (HRM) processes. This evaluation process of an employee's current and/or past performance that corresponds to his or her performance standards aims at enhancing performance, adding value to the organization, and contributing to objective attainment. Regular appraisals represent an overall view of each employee's performance, potential, and development needs (Foot & Hook, 2011).

Organizational performance engages a set of persistent activities, towards set targets, and formulating suitable modifications to accomplish the set aims efficiently the recurring activities are often the primary role of leaders in organizations. As a leader in an organization's hierarchy, it is imperative to know the determinants of organizational performance. It allows managers to identify the key factors to prioritize to develop organizational performance. A comprehensive analysis of organizational performance allows the firm to improve their performance in the present and stay relevant for the future (Thurston et al, 2010; Watson, 2016.).

Also another research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals. For instance, employees satisfaction with the performance appraisal process as a whole, the performance appraisal feedback, or employees' evaluations of the perceived quality, justice, and fairness of the performance appraisal regime (Gupta & Kumar, 2013).

The study found that appraisal motivates staff by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective. Communication provides employees with the chance of exercising a level of process control. Trust in supervisors is important for determining satisfaction with the appraisal Method. Appraisals based on personal traits have little value for providing diagnostic feedback to employees or for designing training and development programs to ameliorate identified skill deficiencies (Thurston et al, 2010; Watson, 2016).

Generally, from almost all surveys reviewed in the literature, it is evident that performance appraisal Method is essential in optimizing the practices of business and public organization. In addition, assessing effect of performance appraisal Method of organization performance involves establishing an appropriate in organization environment, operating under a sound granting process, maintaining appropriate administration that involves the identification, analysis and monitoring process as well as adequate controls over Appraisal. So that Organizations have long viewed the problem of appraisal Method as the need to control its activities. While they recognize counterparty and legal evaluation Method, they view them as less central to their concerns. Where counterparty is significant. Thus, it is evaluated using standard procedures, and often within the human resource department by itself.

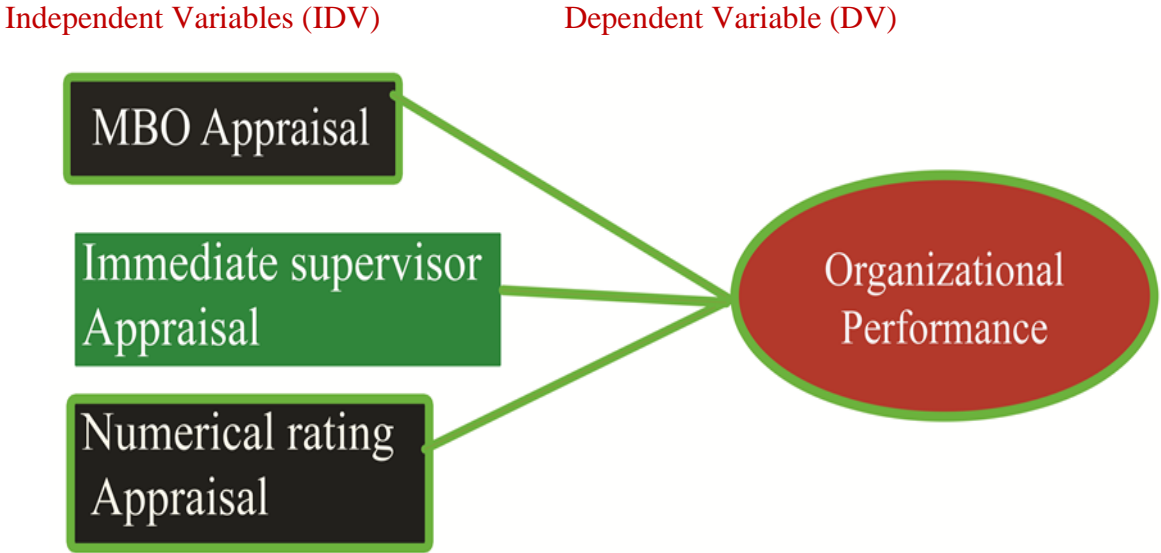
2.3.2. Organization Performance

performance is a continuous process for improving the performance of individuals by aligning actual performance with that desired (and with the strategic goals of the organization) through a variety of means such as standard-setting, appraisal and evaluation both informally, day-to-day, and formally/Methodically through appraisal interviews and goal-setting. Job performance is defined as the value of the set of employee behaviors that contribute, either positively or negatively to organizational goal accomplishment while task performance are employee behaviors that are directly involved in the transformation of organizational resources that the organization produces (Cole and Kelly, 2011).

2.4. Conceptual framework of the study

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study revealed the relationship between the performance appraisal dimensions (MBO appraisal, Immediate Supervisory appraisal, Numerical rating appraisal) and organizational performance. These dimensions were expected as directly related with organizational performance as indicated under the Conceptual framework model below.

Figure 1: The proposed Conceptual framework model



Source: The proposed Conceptual framework model developed by the researcher based on literature review for this study, 2020 G.C

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

This chapter discusses research methodology use in the study. Methodology refers to a set of methods and procedures that was used to carry out research. It also refers to the rationale and assumptions that underlie a particular study relative to the scientific method it was focused on the research design, collection of data and analysis methods used in the study (Muganda, 2003).

3.1. Description of the Study Area

Babo Gambel Woreda is one of the Woredas of West Wollega Zone which is located at 560 KMs from the capital of Oromia Region, Finfine and 120 KMs from the capital of the Zone, Gihmbi respectively. It is bounded by Nedjo and Jarso Woredas in East, ManaSibu and Kiltu Kara in the North, Begi Woreda in the West and Kellem Wollega Zone in the South. The Woreda has got recognition as independent Woreda in 2006. Currently, the Woreda has 18 rural kebeles and 3 urban kebeles. Even though the majority of the residents of the Woreda are Oromos, it is also home for other ethnic groups like Amhara, Mao and Tigre. Afan Oromo is the dominantly spoken language in the Woreda followed by Amaharic language.

According to 2007, national census, the total population of the Woreda was 30,689 male, 29,824 female and totally 60,513. Currently, the population of the Woreda is estimated to be 43,512 male and 42,310 female totally 85,822. Out of this, the urban population is estimated to be 4465 male and 4340 female and totally 8805. The remaining male 39047 female 37970 totally 77017 are rural residents. From this we understand that the highest number of population of the Woreda is rural residents.

The dominant religions in the Woreda are Islam and Christianity. The Christianity is further divided into Orthodox, Protestant and full gospel churches. According to 2007 national population census, Muslim was 44.34%, Orthodox was 32.38% and protestant religion followers were 23.02%. The Woreda owns various natural resources that serve as tourist attraction and other purpose although have not been properly utilized.

These include mountains covered with natural forest like Gara Gajo ,Garacocobe,GaraFaranji GaraKussi and Garashimala. Rivers like Dabus, Gulufa Hadaka, Aleltu and Dilla are among the natural resources of the Woreda that serve the residents for irrigation and other purposes.

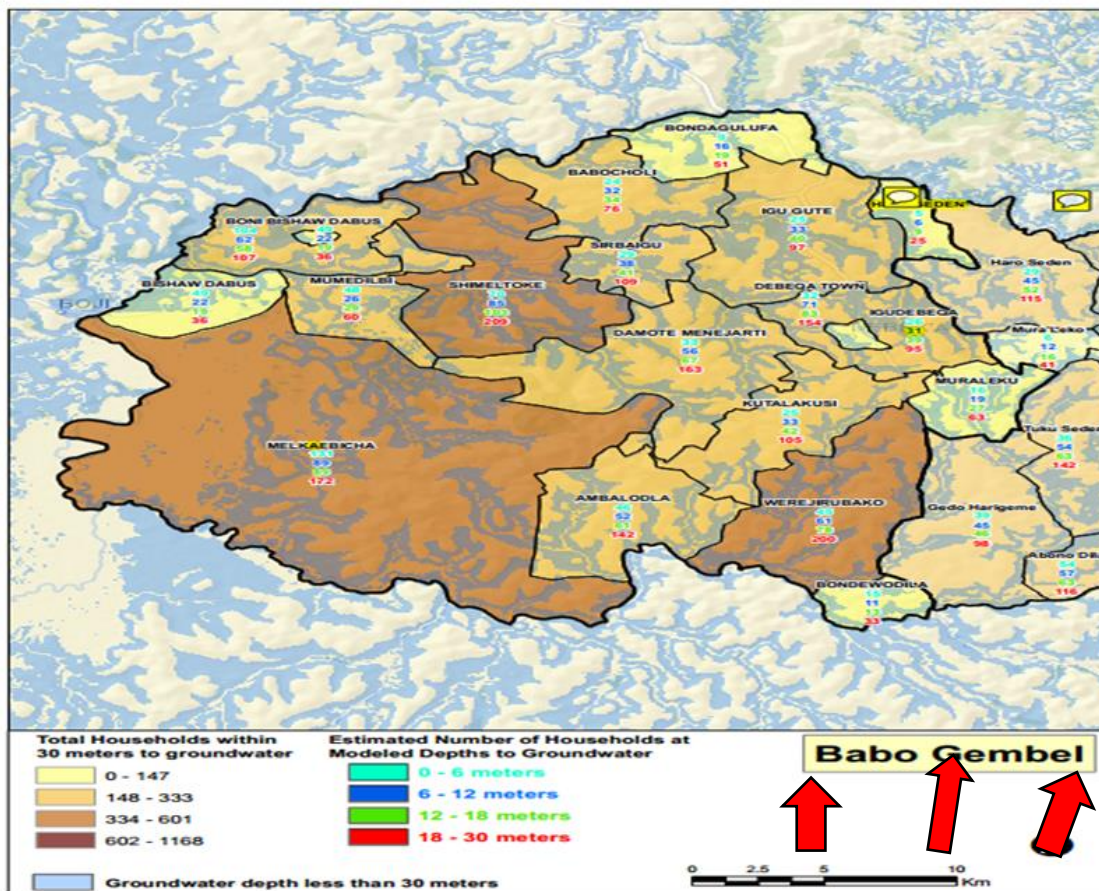


Figure 2: Map of Babo Gambel Woreda

Source: Babo Gambel land administration and utilization office, 2007

3.2. Research design

The study utilized both descriptive and explanatory research type. Descriptive research includes surveys and a fact-finding enquiry of different kinds. The design seeks to answer the question ‘what’ and precedes explanatory research. Explanatory research: is deeper in the sense that it describes phenomena and attempts to explain why behavior is the way it is as well as with a quantitative approach it is employed to analyses the collected data in which Explanatory research design deals with in order to identify the relationship between the variables.

3.3. Research approach

The study was employed mixed research approach. i.e.; both quantitative and qualitative. Thus, the research reemployed mixed research approach in which quantitative method used dominantly and qualitative data were used to support the data gathered through quantitative research method. In case that, the qualitative method was used to obtain Qualitative data from managers using structured interview and the quantitative method were used to collect quantitative data using self-administered questionnaire. Primary and secondary Data's was used to support and study. The primary data were collected from pre organized self-administered questionnaires and the secondary data were obtained from periodic publications of annual and periodic progress reports.

3.4. Target Population

The target population refers to a group of a specific population element that were applicable to the research from a total population of 216 the target respondents were 140 which consists of four (4) senior managers, one hundred thirty two (132) employees and four (4) HRD of respondents for which self-administrated questionnaires were provided by stratified sampling techniques.

3.5. Sampling technique

This study was conducted by taking the population from Babo Gambel Woreda public organization. To make the study manageable, samples were taken by using different sampling techniques as discussed below. The Woreda was selected purposively because, as the ideal setting for the study was easily accessible .Therefore, Babo Gambel is chosen because it was easily accessible for the Study to assess the problem of effect of performance appraisal Method on organization performance.

3.6. Sample Size Determination

The sample size were determined by using a simplified formula provided by Yamane, 1967 that was applied to reach at the required target sample size for data collection specified respondents.

$$n = \frac{N}{1+N(e)^2} = \left(\frac{216}{1+216(0.05)^2} \right) = 140$$

Where, n: sample size required

N: number of total population which is 216

e: limit of tolerable error 0.05 for 5%;

From the total population of 216, the target respondents were 140 which consists who participate in the study were 4 respondents of Senior managers, 132 respondent of Employees and 4 respondents of the HRD determined as target respondents.

Table 3.1: Sample Size determination

S/N	Category(group)based on selected organization	Category based respondents on job	Total population(N)	Sample Size(n)	Sampling techniques
1	Education office	Senior managers	$2*0.6422$	1	Purposively
		Employees	$71*0.6422$	46	Purposively
		HRD	$2*0.6422$	1	Purposively
		Total	75	48	
2	Health office	Senior managers	$2*0.6422$	1	Purposively
		Employees	$71*0.6422$	46	Purposively
		HRD	$2*0.6422$	1	Purposively
		Total	75	48	
3	Finance and Economic development	Senior managers	$2*0.6422$	1	Purposively
		Employees	$30*0.6422$	20	Purposively
		HRD	$2*0.6422$	1	Purposively
		Total		22	
4	Public service and good governance office	Senior managers	$2*0.6422$	1	Purposively
		Employees	$30*0.6422$	20	Purposively
		HRD	$2*0.6422$	1	Purposively
		Total		22	
			218	140	

Source: Researcher's sampling schedule, 2020/2012

Therefore, the multiplication factor was obtained by the ratio of total sample size to total population i.e. n/N , $140/218 = 0.6422$. This implies that from the total population of 216, the target respondents were 140.

3.7. Data Sources

The source of data for this study comprised of both primary and secondary sources of information. Thus, for the proper achievement of the objectives the researcher used both primary and secondary sources of data.

3.8. Data Collection Methods

3.8.1. Primary Sources of Data

The primary data were collected through self-administered questionnaires and the researcher was used a well-designed structured questionnaires with five point likert scale in order to realize the objective of the study. This method was chosen as it affords the advantages of speed, cost and versatility.

3.8.2. Secondary sources of data

The secondary data were collected from the existing relevant information and documentary review like documents, organizational reports and archival records from which the researcher was tried to review to make the study fruitful.

3.9. Data gathering Instruments

In order to attain the necessary information from participants, three types of data collecting instruments were used. These are: Questionnaires, interviews and Pilot Survey.

3.9. 1.Questionnaires

A questionnaire is a method of collecting data which uses a set of questions to collect data. In case that a list of questions were carefully prepared and administered to the respondents. The questionnaires were consisted of both open ended and closed ended questions. Accordingly the questionnaires were administered to 140 respondents form the selected organizations of Babo Gambel Woreda. The questionnaires were first prepared in English language. Thus, the questionnaire was first administered to few respondents as pre-test and after appropriate adjustment was made that administered to the rest of respondents.

3.9. 2.Interview Guide

A researcher prepared semi Structured interview questions to gather additional qualitative data. The importance of the interview for this research was to gather additional information to compliment the information gathered through questionnaires. The management bodies of the organization in the Woreda were interviewed to obtain data concerning the Effect of PAS on organization performance follow up procedure and other issues. The interview guide was also adopted in this study. The aim of using the interview guide was to enable the researcher to gather other information that was not captured with the questionnaire by providing any clarification during the discussion.

3.9. 3.Pilot Survey

The questionnaires were designed based on the study questions. The investigator then conducted a pilot study for these questionnaires to which the concept is supported by (Sarantakos,2012) as a pilot study is a pretest that conducted the questionnaires using a smaller target population than the planned sample size to which pilot survey is vital as it helped the researcher to identify questions that could prove ambiguous to participants leading to inaccurate or unclear data

The researcher was also able to identify and eliminate problems in the questionnaires that could have led to biased data. This was done to ensure that the questionnaire is clear to respondents and can be completed in the way to wish it was test before the actual survey was piloted. Thus, a pilot study was conducted for a period of 7 days from March 14, 2020 through March21, 2020 with independent reviewers who have more knowledge in the area. .So that, the researcher takes certain measures to determine the reliability and the content validity, to ensure the accuracy of the instruments, to reduce possible bias and increase trustworthiness of the research results. For this facts, semi structured interviews was conducted with independent reviewers who were specialists in the areas and were selected by their own. So that, they would be confident and passionate to give answers. Besides, to generate qualitative information from purposively selected respondents, it is usually related more to the fact that the interviewee may not want to explicitly discuss certain parts of the research questions.

After completing pilot study and testing, the researcher did some modifications within the research questions that enhanced him to collect more appropriate and relevant data during the semi-structured interviews and questionnaire survey which is the most effective and efficient ways within the case studied organizational Babo Gambel Woreda.

3.10. The Variables of the Study

3.10.1. Independent Variables

Independent variables are the variables that represent the inputs to the dependent variable, or the variable that can be manipulated to see if they are the cause. So that, the dependent variables of this study were performance Appraisal dimensions (Management by Object (MBO), Numerical rating, and immediate supervisory appraisal).

3.10. 2. Dependent Variables

The dependent variables are the variable which represents the effect that is being tested. So that, the dependent variables of this study was Organizational Performance.

3.11. Validity and Reliability

Validity is the extent to which it gives the correct answer .It indicates the degree to which an instrument measures what it is supposed to measure. Questionnaire papers were modified according to literatures within the specific topic and were reviewed by professionals and academicians.

Reliability -is the extent to which the consistency, dependability and reliability of the measuring instrument over time, and with the same respondents or the same groups of individuals are repeatedly measured under the same conditions (Mengistu, 2012). It is the extent to which the measuring instrument yields consistent and accurate results when the characteristic being measured remains constant (Leedy & Ormrod., 2001). This implies as a measure of the internal consistency of the questionnaire be possible to construct validity and reliability.

3.12. Method of data analysis

This is the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. The Statistical Package for Social Science (SPSS) version 20 is used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean standard deviation and tables) and inferential statistics (correlation and regression) was taken from this tool.

3.12.1. Descriptive analysis

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (mean and standard deviation). Moreover, tables were used to describe the general characteristics of PAS. The reason for using descriptive statistics was to compare the different factors. Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy.

3.12.1. 1. Inferential statistical Analysis

According to (Sekaran, 2003) inferential statistics allows inferring from the data through analysis the relationship between two or more variables and how several independent variables were explained the variance in a dependent variable. In quantitative approach, correlation model was used to measure the degree of association between different variables.

3.12.1. 1.1. Correlation analysis

In this study therefore, the Pearson's Correlation coefficient was employed to see the relationship between dependent and independent variables. As for the direction of the relationship, the positive correlation indicates that when one variable increase another also increases while the negative correlation shows inverse relationship (Pallant, 2007).

3.12.1.1.1. The Pearson Product Moment Correlation Coefficient

According to (Phyllis, 2007) inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. Such generalizations were therefore, be made for the population from the samples. They speculate that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. Thus, according to (Duncan C. and Dennis H. 2004), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

Correlation coefficient Interpretation

$(-1.00 \text{ to } -0.8]$	Strong
$(-0.8 \text{ to } -0.6]$	Substantial Negative
$(-0.6 \text{ to } -0.4]$	Medium
$(-0.4 \text{ to } -0.2]$	Low
$(-0.2 \text{ to } 0.2)$	Very Low
$[0.2 \text{ to } 0.4)$	Low
$[0.4 \text{ to } 0.6)$	Medium Positive
$[0.6 \text{ to } 0.8)$	Substantial
$[0.8 \text{ to } 1.00)$	Strong

In this study Pearson's Product Moment Correlation Coefficient is used to determine the following relationships.

The relationship between Management by Object (MBO) factors and organization performance the relationship between Numerical rating factors and organization performance; The relationship between immediate supervisory appraisal factors and organization performance;

3.12.1. 1.2. Multiple Linear Regression Analysis

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

Regression Functions

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (organization performance) and independent variables (Management by Object (MBO), Numerical rating, immediate supervisory appraisal).

The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

Regress Performance on Selected Variables

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where:

Y is the response or dependent variable Organization performance

X is the response or independent variable- performance appraisal Method

X₁= Management by Object (MBO), X₂= Numerical rating, X₃= Immediate supervisory appraisal are the explanatory variables.

β_0 is the intercept term constant which is equal to the mean if all slope coefficients are 0. β_1 , β_2 , and β_3 are the coefficients associated with each independent variable measures the change in the mean value of Y, per unit change in their respective independent variables.

Accordingly, this statistical technique was used to explain the following relationships. Regress performance (as dependent variable) on the selected linear combination of the independent variables using multiple regressions.

3.13. Model assumption and Specification

Under this section of the study, different assumptions were taken place. This section includes model specification and assumptions like Normality, linearity and Collinearity.

3.13.1. Normality

Normality is the measure of distribution of data around the center of all scores. That the researcher was used before running regression analysis. Therefore, the researcher analyzed normality of data which indicates the residuals was normally distributed around the mean.

3.13.2. Linearity

This is one of the assumptions underlying the regression model that the disturbance term was an independent random variable. However, empirical data are in the form of a time series of observations taken on the variables at different points in time. The existence of a significant pattern in the successive values of the error term constitutes autocorrelation. The graph Shows that the data was linearly related as dependent variable.

Therefore, $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \epsilon$

3.13.3. Multicollinearity

Multicollinearity is a phenomenon where the two or more of the explanatory variables used in a regression model are highly related to one another. Multicollinearity simply involves looking at the matrix of correlations between the individual variables (Brooks, 2014).

3.14. Ethical Consideration

The consideration of some ethical issues is vital for the completion of research project. To describe that ensure the validity, reliability and quality of the research report, the researcher was follow and maintain relevant ethical issues during the completion of this thesis. In the recent study therefore, the researcher was acknowledged all previous works that was used in this research report & in similar ways; he followed and maintain some relevant ethical issues such as confidentiality, privacy, honesty, integrity and fairness at case study area. In addition, each questionnaire contained an opening introductory letter requesting for the respondents cooperation in providing the required information for the study. The respondents were further assured for the confidentiality of the information provided and that the study findings to be used academic purposes only (Saunders et al., 2009).

CHAPTER FOUR

RESULTS AND DISCUSSION

4. 1. Introduction

In this chapter, data regarding the Effect of Performance Appraisal Method on Organizational Performance: In Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State has been presented, analyzed discussed. The presentation is arranged in line with the specific objectives that guided the study.

4.2. Analysis of Demographic characteristics of Respondents

A demographic characteristic of respondent is presented in the following section. i.e., a profile of 140 respondents in Babo Gambel Woreda, West Wollega Zone ,Oromia Regional State, who participated in this study were summarized in the form of frequencies percentages, and subsequently presented by tables for each of the selected variables. This profile was devised to offer necessary data to interpret the findings of the study in which the demographic characteristics include: sex, age, marital status, and education qualification and work experience of the respondents as follows:

4. 2.1. Demographic Distribution of Respondents

From the different demographic variables addressed in this study, this section deals with the respondents' distribution in terms of demographic characteristics category of respondents' frequency distribution. Accordingly, the data regarding this demographic variable were presented in table below.

Table 4.2.1: Demographic data analysis

Demographic Information	categorical	Frequency	Percentage
1. Gender	Male	83	59.3
	Female	57	40.7
	Total	140	100.0
2. Age	21-25 years	4	2.9
	26 – 30 Years	14	10.0
	31- 35 years	89	63.6
	36 - 40 years	22	15.7
	Above 41 years	11	7.9
	Total	140	100.0
3. Working experience (in years)	Less than 20 years	6	4.3
	20-30 years	28	20.0
	30-40 years	98	70.0
	above 40 years	8	5.7
	Total	140	100.0
4. Marital status	Married	130	92.9
	Single	10	7.1
	Total	140	100.0
5. Education Background	Diploma	25	17.9
	Bachelor degree	108	77.1
	Master's degree	7	5.0
	Total	140	100.0
6. Monthly Income (ETB)	Less than 2000	4	2.9
	2000-4000	35	25.0
	4000-6000	61	43.6
	Above 6000	40	28.6
	Total	140	100.0

Source: computed from field survey, 2020/2012 E.C

The above Demographic Information table 4.2.1 indicates the sex distribution of the participants. Out of 140 participants of this study, male respondents comprised of (N= 83 or 59.3 %) and female respondents constituted (N=57 or 40.7 %). It is evident that the respondents are mainly male and females are not proportionally represented and as the age distribution of the sample observed most of the respondents are in the age category of 31-35 years were (N=89 or 63.6%) and the least proportion of the respondents fall in the age category of 21-25 Years (N=4 or 2.9%). The result discloses that most of the respondents fall in the age category of 31-35 years. It is observed that most of respondents have working experience under the categories of 30-40 years (N=98 or 70 %) which is followed by respondents of the public organization at Babo Gambel Woreda having the work experience under the age category <20 years (N=6 or 4.3 %) and the remaining 28 (20%) and 8 (5.7%)

indicated that they were fail under 20-30 years and + 40 years respectively. In addition Marital Status is one of the demographic variables of the respondents which was analyzed and presented as the representation reflects majority of the participants of this study (N=130 or 92.9%)were married and the remaining (N=10 or 7.1%) indicated that they were single. Thus, the results indicate that most of the respondents of the public organization at Babo Gambel Woreda of the respondents were in a marital relationship and also Educational qualification is one of the demographic variables assessed in this study.

The respondents' educational qualification and the results were summarized and presented as majority of the participants of this study (N=108 or 77.1%), the result indicates that the greatest majority of the respondents were with Bachelor Degree. The remaining (N=25 or 17.9 %) and (N= 7 or 5 %) were with diploma holders and Master's Degree respectively. Finally, the above table indicates the representation of income earned by the respondents per month. It is clear that most of the respondents earn in the categories of 4000-6000 ETB (N=61 or 43.6%) which is followed by the categories of above 6000ETB (N=40 or28.6%) and categories of 2000-4000 ETB (N=35 Or 25 %) whereas only (4 or 2.9%) participants reported that they earn a monthly salary of Less than 2000 ETB. Thus, the above demographic table reveals the demographic characteristics of the respondents. It is evident from the data that Babo Gambel Woreda is satisfied with respondents of longer years of experience which is to mean they are more of adolescents that considered as productive age group.

4. 3. Descriptive statistics

The descriptive statistics was computed, so that it gives detail understanding to the trend of the influence MBO appraisal, the effect of immediate supervisor appraisal and Numerical rating influence on organization performance it is used as standard to give recommendations after identifying the association between the variables from correlation and regression analysis.Thus,Descriptive analysis illustrate the Mean and standard deviation of the different variables of interest in the study that presents the minimum and maximum values of the variables which help in getting a picture about the maximum and minimum values a variable can achieve. The following tables therefore show Descriptive Statistics of Management by Object (MBO) appraisal, the effect of immediate supervisor appraisal and Numerical rating appraisal on organization performance respectively.

4.3.1. Descriptive Statistics for Management By Object (MBO) appraisal Method

Table 4.3.1: Descriptive Statistics for Management By Object (MBO) appraisal Method

Descriptive Statistics			
The influence of MBO appraisal Method on organizational Performance	N	Mean	Std. Dev
Management by object are clearly understood	140	3.49	1.014
Management by object are aligned to organizational goals	140	3.64	.954
The employee involved in the process of setting objectives	140	2.89	1.307
Objectives are reviewed continuously to reflect internal and external changes in the business environment	140	3.84	.972
Accurate and specific feedback is received from the performance manager past performance	140	3.61	1.261
Work is fairly distributed among team members	140	4.24	.804
An objective based performance appraisal will lead to increment/promotion	140	4.11	.911
The performance appraisal Method helps to identify the strengths weaknesses of the employee	140	3.58	1.011
Evidence of performance is well documented and available for reference if needed	140	4.16	.810
Strategies to manage poor performance exist in the organization	140	4.32	1.140
Valid N (listwise)			

Source: computed from field survey, 2020

As the result of descriptive Statistics Table 4.3.1, revealed respondents had varying responses on how the MBO appraisal contributed to organizational performance; the mean is between two and four. In general, using this scale, most of variables were agreed upon. Staff agreed to a large extent that objectives set to achieve organizational goals are clearly understood (M= 3.49). Respondents also agreed to a large extent that objectives set are aligned to organizational goals (M =3.64). Respondents also agreed to a large extent that they are involved in the process of setting objectives (M=2.89). Objectives are also reviewed continuously to reflect internal and external changes in the business environment (M=3.84), Accurate and specific feedback is received from the performance manager on past performance (M=3.61), Work is fairly distributed among team members (M=4.24). Respondents also agreed to a large extent that an objective based performance appraisal will lead to salary increment/promotion (M=4.11). The performance appraisal Method also helps identify the strengths and weaknesses of the employee (M=3.58). The respondents

agree that evidence of performance is well documented and available for reference if needed (M=4.16) and Strategies to manage poor performance are effective (M=4.32).

This result is therefore supported by (Bagraim et al., 2003) Participation in the setting of objectives allows managers to control and monitor the performance by measuring outcomes against the goals that the employees helped to set through which the MBO Method should keep employees focused on the deliverables of their job and in this way, the organization would have delivered on a strategic promise.

4. 3. 2. Descriptive Statistics for The effect of immediate supervisor appraisal on organizational performance

Table 4.3.2: Descriptive Statistics for The effect of immediate supervisor appraisal on organizational performance

Descriptive Statistics			
B –The effect of immediate supervisor appraisal on organizational performance	N	Mean	Std.
Your organization often appraises its employees twice a year	140	4.54	1.035
Immediate supervisor conduct the performance appraisal	140	3.56	1.195
Immediate supervisors use more of MBO appraisal	140	3.44	.998
Performance evaluation result used in your organization for Salary	140	4.15	.622
The poor appraisal Method resulted in ineffective team work	140	4.51	.894
The criteria used for performance appraisal Method in your organization are appropriate	140	2.35	1.099
Lack of ability to evaluate performance appraisal Method of your organization	140	4.08	.740
You are allowed to see your performance results	140	2.99	1.383
You are allowed to discuss performance appraisal results with the appraisers	140	2.46	1.153
The weight assigned to the evaluation criteria in your organization is fair	140	3.06	1.124
Valid N (listwise)	0		

Source: Computed from field survey, 2020

As presented in Table 4.3.2 above, the result of descriptive Statistics that discloses respondents had varying responses on how the effect of immediate supervisor appraisal contributed to organizational performance; the mean is between two and five. In general, using this scale, most of variables were agreed upon a large extent that organization often appraises its employees twice a year (M= 4.54). Respondents also agreed to the extent that immediate supervisor conduct the performance appraisal (M =3.56). In addition immediate

supervisors used more of MBO appraisal Method (M=3.44). Respondents also agreed to Performance evaluation result used in your organization for Salary increment (M=4.15). Likewise as PAS reviewed continuously to the poor appraisal Method resulted in ineffective team work (M=4.51) as supplemented by the criteria used for performance appraisal Method in organization are appropriate (M=2.35) and Lack of ability to evaluate performance appraisal Method of your organization is (M=4.08). Respondents also agreed to a large extent that is allowed to see your performance (M=2.99). Finally, the performance appraisal Method also helps to identify as you are allowed to discuss performance appraisal results with the appraisers employee (M=2.46) and the weight assigned to the evaluation criteria in your organization is fair (M=3.06).

4.3.3. Descriptive Statistics for Numerical rating influence organizational performance

Table 4.3.3: Descriptive Statistics for Numerical rating on organizational performance

Descriptive Statistics			
	N	Mean	Std. Dev
C –Numerical rating influence organizational Performance	0		
The differentiation of the numerical scale 1-5 is clear and concise	140	2.48	1.306
The performance manager is impartial when assigning ratings	140	3.84	1.152
The numerical rating scale is fairly assigned	140	3.69	1.240
Feedback on achievement of goals is frequent	140	3.18	1.293
The consequence for receiving each numerical rating is clear.	140	3.61	1.345
Numerical ratings provide an atmosphere where team members are encouraged to be high achievers	140	3.16	1.366
A poor numerical rating will lead to improvement of performance for a member of staff	140	3.24	1.302
The performance rating is helpful to identify the strength and weakness of the employee	140	3.57	1.298
A favorable rating performance appraisal will lead to a bonus payment or reward	140	3.35	1.383
There exists the right tool to assist me in achieving a favorable	140	3.52	1.462
Valid N (listwise)	0		

Source: computed from field survey, 2020

From the findings, respondents had varying agreements on how the numerical rating scale contributes to organizational performance; the mean is between two and five. MBO appraisals, the responses for numerical rating were a bit more varied. As shown in the above table the mean value of 2.48, 3.84, 3.69, 3.18 respectively show the value that above average .that is the respondents agree on last performance rating truly represented how well the differentiation of the numerical scale 1-5 is clear and concise have performed in my job

However more than half of the staff agreed that .the performance manager is impartial when assigning ratings, the numerical rating scale is fairly assigned, and Feedback on achievement of goals is frequent respectively this result is supported by the Equity theory, if an employee holds the view that he is being treated fairly, it causes him to maintain a healthy relationship with his coworkers and his organization. This leads employees satisfaction increases with rewards only when these rewards are valued and observed as equitable. Finally, the performance appraisal Method also helps to identify that you are allowed to discuss the results with the consequence for receiving each numerical rating is clear(M=3.61), A poor numerical rating will lead to improvement of performance for a member of staff (M=3.24),The performance rating is helpful to identify the strength and weakness of the employee (M=3.57), A favorable rating performance appraisal will lead to a bonus payment or reward (M=3.35)and There exists the right tool to assist me in achieving a favorable rating (M=3.52).

Regarding performance appraisal practice, in addition to the above quantitative results based on the open ended question the respondents give their opinion regarding performance appraisal practice. The organization's appraisal method is using best method, but there are some gaps in the implementation of evaluating the employees. The reason for this gap is employees are not evaluated based on their actual registered performance just for arbitrary. In addition some of the jobs difficult to measure objectively. It is impossible to implement the same appraisal format to all position. Because, there is different job description. And they recommend the performance measurement tool have to design carefully for each position properly.

4. 3.4. Descriptive Statistics for organizational performance

Table 4.3.4: Descriptive Statistics for organizational performance

Descriptive Statistics			
D: Organizational Performance	N	Mean	Std. Dev
The organizational goals are clearly understood	140	3.12	1.452
It is clear how your role connects to the organizational goals	140	2.93	1.453
Objectives set in the performance appraisal are aligned to the organizational objectives	140	2.99	1.338
Information is made available when organizational goals have been met	140	2.90	1.475
Your business unit strategy will lead to achievement of organizational goals	140	2.96	1.536
The firm has a reputation of having high performing employees	140	3.32	1.509
The firm is perceived as a successful business	140	3.98	1.289
The performance appraisal Method in the firm motivates high performance	140	3.29	1.407
A bonus scheme exists to reward when the organization performs well	140	3.06	1.384
Individual goals link to organizational goals	140	3.41	1.609
Valid N (listwise)	0		

Source: Computed from field survey, 2020

The result of the above descriptive Statistics Table 4.3.4, indicates the respondents had varying responses on how the organizational Performance contributed to performance appraisal Method; incase the mean value is between two and four. Thus, when we specify the results using this scale, most of variables were agreed upon a large extent that the organizational goals are clearly understood (M= 3.12). Respondents also agreed to a large extent that it is clear how your role connects to the organizational goals (M =2.93). Respondents also respond to involved as in the process Objectives set in the performance appraisal are aligned to the organizational objectives (M=2.99). Respondents also reviewed continuously to reflect information is made available when organizational goals have been met (M=2.90), your business unit strategy will lead to achievement of organizational goals (M=2.96), the firm has a reputation of having high performing employees (M=3.32). Respondents also agreed to a large extent that the firm is perceived as a successful business (3.98). In addition, the performance appraisal Method in the firm motivates high performance (M=3.29).

In addition the respondents agree that evident of performance that a bonus scheme exists to reward when the organization performs well (M=3.06) and as result of this effect Individual goals link to organizational goals with mean value of (M=3.41).

4. 4. Correlation Analysis

Correlation is the degree of correspondence between variables in addition as the study supported by (Robert and Richard, 2008).This implies the relationship is mutual

reciprocating, but we do not include in our concept of correlation any proposition that one thing is the cause and the other the effect. In addition, the objective of this study was to establish the effect of performance appraisal Method on organizational performance at Babo Gambel Woreda. A correlation was done between the performance appraisal scores and the job satisfaction scores to establish the effect of appraisal Method on organization performance.

4. 4.1. Correlation between Effect of performance appraisal Method and organizational performance

In the case of correlational studies of this research finding the data are in the form of measures of behavior from each member of a single group of participants. Supposing that scores on two variables from each participant is to reveals a correlation between the two sets of scores which was done by using a test known as Pearson product moment; provided that the data were ordinal indicating the strength of the association of variables depicted as statistical tables below: In the case of Babo Gambel Woreda organization performance can be affected by variety of factors like the influence of MBO appraisal, the effect of immediate supervisor appraisal and Numerical rating influence. Accordingly, Pearson’s coefficient of correlation was calculated to assess how these techniques and organization performance are related depicted as table below:

Table 4.4.1: Correlation between Effect of performance appraisal Method and organizational performance

				Organization performance
The influence of MBO	Pearson	Correlation Coefficient	1.000	.00938**
	Correlation	Sig. (2-tailed)	.000	1.000.
		N	140	140
The effect of immediate supervisor appraisal	Pearson	Correlation Coefficient	1.000	.00935**
	Correlation	Sig. (2-tailed)	.000	1.000.
		N	140	140
Numerical rating influence	Pearson	Correlation Coefficient	1.000	.00968**
	Correlation	Sig. (2-tailed)	.000	1.000.
		N	140	140

** . Correlation is significant at the 0.05 level (2-tailed).

Source: computed from field survey, 2020

The performance appraisal Method variables (independent variables) analyzed against organization performance (dependent variable) revealed that there exists a positive relationship between the variables. The table above reveals that organization performance is significantly correlated to the performance appraisal Method. The findings indicate that the presence of positive relationship between influence of MBO appraisal and their organization performance with correlation ($r = 0.00938$) at the calculated P-value ($\alpha < 0.05$) at 0.05 level of significance i.e., the relationship is statistically significant as the p-value is less than the selected alpha level. And the effect of immediate supervisor appraisal are related to organization performance, Pearson coefficient of correlation was computed. Accordingly, the result indicates that there is significantly relationship with effect of immediate supervisor appraisal on organization performance with ($r = 0.00935$) and ($p < 0.05$). As well as the Numerical rating influence organization performance at the p-value less than the level of significance selected for this study with correlation ($r = 0.00968$) at the calculated value ($\alpha < 0.05$) level of significance i.e., the relationship is statistically significant as the p-value is less than the selected alpha level indicates there is the relationship between Numerical rating and organization performance at the study area .

4. 5. Regression Analysis

Regression analysis is the statistical technique that identifies the relationship between two or more quantitative variables: a dependent variable, whose value is to be predicted, and independent or explanatory variables about which knowledge is available. The technique is used to find the equation that represents the relationship between the variables. Multiple regressions provide an equation that predicts one variable from two or more independent variables.

4. 6. Model Assumption

Under this section of the study, different of assumptions are taken place. This section Includes Model specification and measurement error, Normality linearity and Collinearity test

4. 6.1. Model specification and measurement error

Once the model has been chosen the study needs to check whether the model fits with the variables to be regressed or not.. To check the fitness of the model with the data being observed for the variables specified multiple regressions was used. From the results, it is possible to verify the fitness of the model by checking the F statistics level of significance. The results from regression shows F statistics of 72.4715 with p- value of 0.000 and this implies the model was well fitted at 1% which means it's strongly significant.

In line with this the rest test was also employed to check the omission of significant variable that can affect the results of the study. When the results showed that the value of p is statistically significant, this means the calculated P-value less than 5%. The test states that the model has significant variable that can influence the result of the study. As far as this study is concerned, the testing result imply three significant variables .because the value of p was statistically significant at 5%.

4. 6.2. Normality assumption

Normality assumption can be checked by using judgmental, therefore it is better to use statistical test for normality. i.e., as the previous research supported by (Brooks 2014), Normality test is used to determine whether the error term is normally distributed. The test results of the residual for this study showed that it’s statistically significant at less than 5% which states the residual is normally distributed. This means that the p-value given at the bottom of the normality test screen should be normality at the 5% level. Theoretically, if the test is not significant, then the data are normal, so any value above 0.05 indicates normality. Which proves significance, then the data are normal.

4. 6.3. Linearity assumption

This is one of the assumptions underlying the regression model that the disturbance term is an independent random variable. However, empirical data are in the form of a time series of observations taken on the variables at different points in time. The existence of a significant pattern in the successive values of the error term constitutes autocorrelation which are linearly related the dependent variable. This is Therefore, to reveal

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \hat{\epsilon}$$

4.7. Multicollinearity Diagnostics

Table 4.7: Summary of Multicollinearity Diagnostics

Collinearity Diagnostics ^a			
Model		Tolerance	VIF
1	Constant		
	MBO Appraisal	.022	1.938
	Immediate supervisor appraisal	.013	2. 50
	Numerical rating appraisal	.051	1.157

a. Dependent Variable: D: Organizational Performance

**. Correlation is significant at the 0.05 level (2-tailed).

Source: computed from field survey, 2020/2012 E.C

The above multicollinearity statistics table 4.7 displays the Summary of Multicollinearity Diagnostics through which the tolerance values of all independent variables are (.022, 013, .051) that the tolerance value less than 0.20 or 0.10 indicates as it has no a multicollinearity problem and the reciprocal of the tolerance, is the Variance Inflation Factor (VIF).The researcher is therefore, used Variance Inflation factor(VIF=1.938,2.50 and1.157 respectively) to check the Multicollinearity among the independent variables. As a result the finding was supported by the previous research conducted by (Baum, 2006) that shows the value of VIF for each independent variable is smaller than 10, so the problem of Multicollinearity does not exist in the present study.

The operational panel regression model used to find the significant factors of PAM on Organization performance of at the study area was depicted as follows:

4.8. Model Summary and Regression Results

4.8 .1Model Summary of Dependent Variable and predictors

Table 4.8 .1. Model Summary of Dependent Variable and predictors

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970 ^a	.941	.940	3.13094

a. Dependent Variable: D: Organizational Performance

b. Predictors: (Constant), MBO appraisal ,immediate supervisor appraisal& Numerical rating appraisal

From Table 4.8.1 we can see that the overall regression model was significant, at $P = 0.000$, which is less than $P < 0.05$, through which $R \text{ Square} = .941$ that shows 94.1%.The valid regression model implied that all independent variables, taken as a set explained that there is a positive and significant relationship with dependent variable. Which shows 94.1% of variation in organization performance is explained by the predictor variables jointly, while the remaining 5.9 % could be due to the effect of extraneous variables.

4.8 .2. ANOVA^a A analysis of predicators and Dependent Variable

Table 4.8 .2: ANOVA^a Analysis of predicators and Dependent Variable

ANOVA ^a						
Model	Sum of	Df	Mean	F	Sig.	
1	Regressio	21312.705	3	7104.235	72.4715	.000 ^b
	Residual	1333.180	136	.9803		
	Total	22645.886	139			

a. Dependent Variable: D: Organizational Performance

b. Predictors (Constant: MBO appraisal, immediate supervisor appraisal& Numerical rating appraisal).

The above ANOVA^a analysis was done between predictor and organizational performance. Thus, the above tables reveals that the overall regression model was significant, $F(3,136) = 72.4715$, $P = 0.000$, which is less than $P < 0.05$, $R\text{ Square} = .9803$. This implies that over all regression models is statistically significant, valid and fit. The valid regression model implied that all independent variables, taken as a set explained that there is a positive and significant relationship with Predictors variables and the dependent variable organization performance at the study area.

4.9. Regression coefficient

The regression coefficient explain the average amount of change in dependent variable that caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

4. 9.1. Regression of Coefficients^a of Predictors variables and Dependent variable

Table 4. 9.1: Regression of Coefficients^a of Predictors variables and Dependent variable

Coefficients ^a						
Model	Unstandardized		Standardized	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.486	1.351		-3.543	.001
	The influence MBO appraisal on organizational Performance	.259	.092	.279	2.802	.004
	B –The effect of immediate supervisor appraisal on organizational performance	.251	.157	.176	1.596	.000
	C –Numerical rating influence on organizational performance	.984	.088	.871	11.131	.003

a. Dependent Variable: D: Organizational Performance

** . Correlation is significant at the 0.05 level (2-tailed).

Source: computed from field survey, 2020

The study used the values of unstandardized coefficient' B. values to interpret and predict the increase in dependent variable due to a unit increase in each independent variable, and the standardized coefficients "Beta" values, to compare the extent of the effects of each independent variable has on dependent variable. Based on the above regression Table 4.9.1.

The Regression Coefficient of influence of MBO appraisal β_1 value (.259) indicates a unit increase in MBO appraisal will lead to 25.9 % increase of organization performance if the other variables are held constant. The "t" value 2.802 is significant at 0.004 because significance level is less than $P \leq 0.05$. It implies that MBO performance appraisal has significant impact on the organizational performance at Babo Gambel Woreda: The Beta" value β (.279) indicates MBO appraisal has the strongest weak effect on organization performance in the organization.

The Regression Coefficient of immediate supervisor appraisal β_2 value (.251) indicates a unit increase in immediate supervisor appraisal will lead to 25.1 % increase of organization performance if the other variables are held constant. The "t" value 11.131 is significant at 0.000. Because significance level is less than $P \leq 0.05$. It implies that immediate supervisor appraisal has significant impact on the organization performance at the study area; The Beta" value (.176) indicates immediate supervisor appraisal has the strongest effect on organization performance in the organization. The Beta" value (.176) indicates immediate supervisor appraisal has the strong effect on organization performance in the organization prior to MBO appraisal.

The Regression Coefficient of Numerical rating influence β_3 value (.984) indicates a unit increase in immediate supervisor appraisal will lead to 98.4 % increase of organization performance if the other variables are held constant. The "t" value 1.596 is significant at 0.003. Because significance level is less than $P \leq 0.05$. It implies that Numerical rating appraisal has significant impact on the organization performance at the study area; The Beta" value (.176) indicates immediate supervisor appraisal has the strongest effect on organization performance in the organization. The Beta" value (.871) indicates Numerical rating appraisal has the strong effect on organization performance in the organization next to MBO appraisal.

4. 10. Challenges involved in Performance Method Appraisal at the study area

Evaluating employees on relevant job criteria sounds reasonable and logical. However, there are a number of defects in the evaluation process .In actual practice however, performance appraisal programs have often yielded unsatisfactory and disappointing results.

Interviewees point to scores of problems and pitfalls as evidence. By considering the potential of appraisal programs, but in firms that ignore or simply overlook performance problems, the problems may grow so large that they put the firm at risk. In case of obstacles to the success of formal performance appraisal programs was familiar to most managers, either from painful personal experience. One reason for failure is that companies often select indiscriminately from the wide freestyle of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective either from a professional liability claim, or from some other else. Thus, the previous research supports as the growing body of critical literature attested by (Robinson and Fink, 2006). The issue is not be whether to scrap them; but rather, it should be how to make them better.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter presents brief summary of the study, conclusions drawn based on the findings and recommendations made based on the result of the study.

5.2. Summary of the Findings

The purpose of this study is to assess the Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone Oromia Regional State,” and The specific objectives addressed through this research were: To determine the influence of MBO performance appraisal Method practices on organizational Performance at the study area, To examine the effect of immediate supervisory performance appraisal Method and numerical rating scales appraisal Method in line with the challenges of performance appraisal Method on organizational performance at the study area, Stratified sampling technique was used to select participants for the study. Self-administered questionnaires containing different items were used to collect relevant information for the study.

In addition quantitative data and semi structured interview were used to generate information to substantiate the information gathered through questionnaire. The data gathered were analyzed using appropriate techniques (Descriptive, correlation and Regression statistics) and the current study provides evidence as there is a relationship between Performance Appraisal Method on Organization Performance is largely correlated. It is hoped that these findings it help to put Performance Appraisal with all the three dimensions were found to be positively and strongly related to overall organization Performance and the relationship was also found to be significant in all cases, the extent to which employees feel satisfied with their job influence how they perform their job well.

The performance Appraisal Methods are general rather than being specific to include the major tasks and activities of each department. The format of performance appraisal of the company is prepared in to three divisions each with minor differences one from the other. Like Senior manager, Human resource department and the rest of others were employees of the organization in the woreda to which Performance appraisal is made twice a year, which is long period to remember and evaluate employees half year past performance. For the fact

finding of the study, the study used the values of unstandardized coefficient' B. values to interpret and predict the increase in dependent variable due to a unit increase in each independent variable, and the standardized coefficients "Beta" values, to compare the extent of the effects of each independent variable has on dependent variable .For instance, the Regression Coefficient of influence of MBO appraisal β_1 value (.259) indicates a unit increase in MBO appraisal will lead to 25.9 % increase of organization performance if the other variables are held constant. The "t" value 2.802 is significant at 0.004 because significance level is less than $P \leq 0.05$. It implies that MBO performance appraisal has significant impact on the organization performance at Babo Gambel Woreda. Likewise, the Regression Coefficient of immediate supervisor appraisal β_2 value (.251) indicates a unit increase in immediate supervisor appraisal will lead to 25.1 % increase of organization performance if the other variables are held constant. The "t" value 11.131 is significant at 0.000. Because significance level is less than $P \leq 0.05$. It implies that immediate supervisor appraisal has significant impact on the organization performance at the study area; The Beta" value (.176) indicates immediate supervisor appraisal has the strongest effect on organization performance in the organization. Regression Coefficient of Numerical rating influence β_3 value (.984) indicates a unit increase in immediate supervisor appraisal will lead to 98.4 % increase of organization performance if the other variables are held constant. The "t" value 1.596 is significant at 0 .003. Because significance level is less than $P \leq 0.05$. It implies that Numerical rating appraisal has significant impact on the organization performance at the study area The Beta" value (.871) indicates Numerical rating appraisal has the strong effect on organization performance in the organization next to MBO appraisal.

5.3 Conclusion

From the finding the researcher concludes that individual performance is the foundation of organizational performance to which improving individual performance is critical for the success of every organization. Performance evaluation is a common practice in the life of the organization. Failure to have a proper performance appraisal Method leads to failure of the organization itself. The aim of performance appraisal is therefore, to evaluate the job performance of employees so as to improve their organization performance and consequently the organization in order to do performance appraisal Method in one way or the other.

As the result. Level of educational qualification and work experience were found to be significantly associated with overall organization performance in study area. The objective on improving employees moral and performance by assessing the effect of performance appraisal Method in Babo Gambel Woreda, in doing so, the study tried to analyze data that have been gathered through primary and secondary sources. So that, in investigated performance appraisal Method has been found that organization performance is significantly correlated to the performance appraisal Method to which the findings indicates that there exists a positive relationship between the variables that reveals organization performance is significantly correlated to the performance appraisal Method. For this case the finding indicate that the presence of positive relationship between influence of MBO appraisal and their organizational performance with correlation ($r = 0.00938$) at the calculated value ($\alpha < 0.05$) level of significance. Similarly as Pearson coefficient of correlation was computed as there is significantly relationship with effect of immediate supervisor appraisal on organizational performance with calculated value ($r = 0.00935$) and ($p < 0.05$). As well as the Numerical rating influence on Organizational performance at the p-value less than the level of significance selected for this study with correlation ($r = 0.00968$) at the calculated value ($\alpha < 0.05$) level of significance revealed the relationship is statistically significant as the p-value is less than the selected alpha level at the study area . Employees are not clear about the purpose of performance appraisal Method and the timing of performance appraisal, Lack of uniformity and consistency in applying the performance appraisal Method which is influenced by subjective judgments rather than guided by written policy and principles. There is no training given for both appraiser and appraises about how to conduct performance appraisal and in its objective setting the performance criteria and the weight assigned to performance measurement criteria.

5.4 Recommendation

In views of the findings and the problems mentioned above coupled with review of related literature the following recommendations are suggested.

The objective of appraisal would be made clear to all employees before appraisal take place and employees should accept it. Thus, employee would participate in the designing of the appraisal Method and criteria.

- ✓ The criteria of appraisal would be developed from the job analysis. Because, the more the criteria of evaluation are related to the job analysis and evaluating is for better.
- ✓ The performance appraisal criteria would specific to reduce subjective judgment that comes from generalization
- ✓ Besides, employees should be given training that lets them know how to conduct appraisal and the purpose of appraisal in accordance of their job.
- ✓ Feedback would be given to employees on time. After all the main objectives of appraisal is improving employees performance, but employees could not perform better without feedback given to them on time.
- ✓ Grievance would be fairly examined, after the appraisal; the rater must describe work related progress in a manner that is mutually understandable.
- ✓ By participating employees in the design of the performance appraisal process the weight assigned to the criteria was revised based on the participant idea. Since, the evaluation is long; raters would develop the habit of recording the favorable and unfavorable deeds of workers to lesson recent behavior bias.
- ✓ It is better to include explanation of those criteria in the appraisal. So that, employees and appraisers were in a position to understand them without considerable effort. Senior managers and Human resource department of the Organizational who conduct the PAS would equipped with best methods of motivating employees through the proper performance appraisal Method and the Organizational would provide all the necessary office equipment sufficiently.

In general, with this context the overall view of management should advocate the accuracy of appraisal Method and take corrective action in case of unfair ratings. appraisal to the betterment for reliable performance Method, in which this return enables Babo Gambel Woreda to attach high value through performing equitable performance.

5.5 For Further research

This study examined the Effect of Performance Appraisal Method on Organizational Performance: In Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State,” by using selected Performance Appraisal Method variables. However, there are so many specific variables not included in this study like self-appraisal, peer appraisal and objective based appraisal. Thus, it is recommended for future researchers to further assess the Effect of Performance Appraisal Method on Organizational Performance by incorporating these specific variables. It is also recommended for future researchers to study area will expand the scope on the overall government and private (Business) Organizational in Ethiopia.

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APPENDICES
QUESTIONNAIRES

WOLLEGA UNIVERSITY

COLLEGE OF BUSINESS AND ECOOMICS

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

Section one: Introduction

Dear respondent,

I am undertaking a research entitled “The Effect of Performance Appraisal Method on Organizational Performance: In Case Of Babo Gambel Woreda,West Wollega Zone, Oromia Regional State,” .You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding of the Effect of Performance Appraisal Method on Organizational Performance: In Case Of Babo Gambel Woreda,West Wollega Zone, Oromia Regional State,” as case study area.

Your assistance and cooperation will be highly appreciated.

Yours Sincerely,

Jiratu Temesgen

Appendix II: Research Questionnaires

The Effect of Performance Appraisal Method on Organizational Performance: In the Case of Babo Gambel Woreda, West Wollega Zone, Oromia Regional State.

Kindly answer all the questions either by ticking in the boxes or writing in the provided.

General Direction:

No need of writing your name

For Likert scale type statements and multiple choice questions. Please, indicate your answers with a check mark (✓) for the question provided as follows.

Section A. General Information

1. Gender

1 Male	2 Female

2. Age

Less than 20 yrs	21-25 years	26 -30 Years	31-35 years	36 -40 years	above 41 years

3. Working experience (in years)

Working experience	Less than 20 years	20-30 years	30-40 years	above 40 years

4. Marital status; 1.married 2 .Single 3.Divorsed 4.Widowed

5. Education Background

Certificate	Diploma	Bachelor degree	Master's degree and above

6. Monthly Income (ETB): 1.Less than 2000 2.2000-4000 3.4000-6000 4. 6000

Section B – How does MBO appraisal influence Organizational Performance?

Using a scale 1-5 tick the appropriate answer from the alternatives:

1- Strongly Disagree, 2- Disagree, 3-Neutral, 4-Agree, 5- Strongly Agree

Statement	1	2	3	4	5
1 Management by object are clearly understood					
2 Management by object are aligned to Organizational goals					
3 The employee is involved in the process of setting objectives					
4 Objectives are reviewed continuously to reflect internal and external changes in the business environment					
5 Accurate and specific feedback is received from the performance manager past performance					
6 Work is fairly distributed among team members					
7 An objective based performance appraisal will lead to increment/promotion					
8 The performance appraisal Method helps to identify the strengths weaknesses of the employee					
9 Evidence of performance is well documented and available for reference if needed					
10 Strategies to manage poor performance exist in the Organizational					

If you have any additional comments regarding MBO appraisal, please answer them in the space provided

Section C– What is the Effect of Immediate supervisor appraisal on Organizational performance?

Using a scale 1-5 tick the appropriate answer from the alternatives,

1-Strongly Disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree

Statement	1	2	3	4	5
1 Your Organizational often appraises its employees twice a year?					
2 Immediate supervisor conduct the performance appraisal?					
3 Immediate supervisors use more of MBO appraisal Method in Organizational					
4 Performance evaluation result used in your Organizational for Salary					
5 The poor appraisal Method resulted in ineffective team work					
6 The criteria used for performance appraisal Method in your Organizational are appropriate					
7 Lack of ability to evaluate performance appraisal Method of your					
8 You are allowed to see your performance results					
9 You are allowed to discuss performance appraisal results with the appraisers					
10 The weight assigned to the evaluation criteria in your Organizational is fair					

If you have any additional comments regarding the Effect of Immediate supervisor appraisal, please answer them in the space provided

Section D. How does Numerical rating influence on Organizational performance

Using a scale 1-5 tick the appropriate answer from the alternatives,

1-Strongly Disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree

	Statement	1	2	3	4	5
1	The differentiation of the numerical scale 1-5 is clear and concise					
2	The performance manager is impartial when assigning ratings					
3	The numerical rating scale is fairly assigned					
4	Feedback on achievement of goals is frequent					
5	The consequence for receiving each numerical rating is clear.					
6	Numerical ratings provide an atmosphere where team members are encouraged to be high achievers					
7	A poor numerical rating will lead to improvement of performance for a member of staff					
8	The performance rating is helpful to identify the strength and weakness of the employee					
9	A favorable rating performance appraisal will lead to a bonus payment or reward					
10	There exists the right tools to assist me in achieving a favorable ratings					

If you have any additional comments regarding numerical rating, please answer them in the space provided

Section E: Organizational Performance

Using a scale 1-5 tick the appropriate answer from the alternatives,

1-Strongly Disagree, 2- Disagree, 3-Neutral,4-Agree, 5-Strongly Agree

Statement		1	2	3	4	5
1	The Organizational goals are clearly understood					
2	It is clear how your role connects to the Organizational goals					
3	Objectives set in the performance appraisal are aligned to the Organizational objectives					
4	Information is made available when Organizational goals have been met					
5	Your business unit strategy will lead to achievement of Organizational goals					
6	The firm has a reputation of having high performing employees					
7	The firm is perceived as a successful business					
8	The performance appraisal Method in the firm motivates high performance					
9	A bonus scheme exists to reward when the Organizational performs well					
10	Individual goals link to Organizational goals					

If you have any additional comments Organizational, please answer them in the space provided _____

Section F: Interview Guide for respondents

1. Is there a formal performance appraisal in your Organizational?
2. Is there a written policy regarding performance appraisal Method at your Organizational?
3. What are the challenges facing in the implementation of the appraisal Method?
4. Do employees satisfied with the performance appraisal Method?
5. Do staff members able to express their grievances after appraisal?
6. Is there a feedback process?
7. Do you think the raters have the required knowledge, experience and training that is necessary to rate the performance of employees?

Thank you for completing the survey! 😊

Section G: SPSS out put

1. Gender

	Frequenc y	Percent	Valid Percent
Valid Male	83	59.3	59.3
Valid Female	57	40.7	40.7
Total	140	100.0	100.0

2. Age

	Frequency	Percent	Valid Percent
Valid 21-25 years	4	2.9	2.9
Valid 26 – 30 Years	14	10.0	10.0
Valid 31- 35 years	89	63.6	63.6
Valid 36 - 40 years	22	15.7	15.7
Valid Above 41 years	11	7.9	7.9
Total	140	100.0	100.0

3. Working experience (in years)

	Frequency	Percent	Valid Percent
Valid Less than 20 years	6	4.3	4.3
Valid 20-30 years	28	20.0	20.0
Valid 30-40 years	98	70.0	70.0
Valid + 40 years	8	5.7	5.7
Total	140	100.0	100.0

4. Marital status;

	Frequenc y	Percent	Valid Percent
Valid Marrie d	130	92.9	92.9
Valid Single	10	7.1	7.1
Total	140	100.0	100.0

5. Education Background

	Frequency	Percent	Valid Percent
Valid			
Diploma	25	17.9	17.9
Bachelor's Degree	108	77.1	77.1
Master's degree	7	5.0	5.0
Total	140	100.	100.0

6. Monthly Income (ETB)

	Frequency	Percent	Valid Percent
Valid			
Less than 2000	4	2.9	2.9
2000-4000	35	25.0	25.0
4000-6000	61	43.9	43.9
+6000	40	28.9	28.9
Total	140	100.0	100.0

A. The influence MBO appraisal on Organizational Performance

Descriptive Statistics

	N	Mean	Std. Deviation
The MBO appraisal influence Organizational Performance	0		
1. Management by object are clearly understood	140	3.49	1.014
2. Management by object are aligned to Organizational goals	140	3.64	.954
3. The employee involved in the process of setting objectives	140	2.89	1.307
4. Objectives are reviewed continuously to reflect internal and external changes in the business environment	140	3.84	.972
5. Accurate and specific feedback is received from the performance manager past performance	140	3.61	1.261
6. Work is fairly distributed among team members	140	4.24	.804
7. An objective based performance appraisal will lead to increment/promotion	140	4.11	.911
8. The performance appraisal Method helps to identify the strengths weaknesses of the employee	140	3.58	1.011
9. Evidence of performance is well documented and available for reference if needed	140	4.16	.810
10. Strategies to manage poor performance exist in the Organizational	140	4.32	1.140
Valid N (listwise)	0		

B. The effect of immediate supervisor appraisal on Organizational performance

Descriptive Statistics

	N	Mean	Std. Deviation
B –The effect of immediate supervisor appraisal on Organizational performance	0		
1. Your Organizational often appraises its employees twice a year?	140	4.54	1.035
2. Immediate supervisor conduct the performance appraisal?	140	3.56	1.195
3. Stakeholders (superiors, juniors and peers). Immediate supervisors use more of MBO appraisal Method in Organizational	140	3.44	.998
4. Performance evaluation result used in your Organizational for Salary increment.	140	4.15	.622
5. The poor appraisal Method resulted in ineffective team work	140	4.51	.894
6. The criteria used for performance appraisal Method in your Organizational are appropriate	140	2.35	1.099
7. Lack of ability to evaluate performance appraisal Method of your Organizational	140	4.08	.740
8. You are allowed to see your performance results	140	2.99	1.383
9. You are allowed to discuss performance appraisal results with the appraisers	140	2.46	1.153
10. The weight assigned to the evaluation criteria in your Organizational is fair	140	3.06	1.124
Valid N (listwise)	0		

C .Numerical rating influence on Organizational performance

Descriptive Statistics

	N	Mean	Std. Deviation
C –Numerical rating influence Organizational performance	0		
1. The differentiation of the numerical scale 1-5 is clear and concise	140	2.48	1.306
2. The performance manager is impartial when assigning ratings	140	3.84	1.152
3. The numerical rating scale is fairly assigned	140	3.69	1.240
4. Feedback on achievement of goals is frequent	140	3.18	1.293
5. The consequence for receiving each numerical rating is clear.	140	3.61	1.345
6. Numerical ratings provide an atmosphere where team members are encouraged to be high achievers	140	3.16	1.366
7. A poor numerical rating will lead to improvement of performance for a member of staff	140	3.24	1.302
8. The performance rating is helpful to identify the strength and weakness of the employee	140	3.57	1.298
9. A favorable rating performance appraisal will lead to a bonus payment or reward	140	3.35	1.383
10. There exists the right tool to assist me in achieving a favorable rating	140	3.52	1.462
Valid N (listwise)	0		

D .Numerical rating influence on Organizational performance

Descriptive Statistics

	N	Mean	Std. Deviation
D: Organizational Performance	0		
1. The Organizational goals are clearly understood	140	3.12	1.452
2. It is clear how your role connects to the Organizational goals	140	2.93	1.453
3. Objectives set in the performance appraisal are aligned to the Organizational objectives	140	2.99	1.338
4. Information is made available when Organizational goals have been met	140	2.90	1.475
5. Your business unit strategy will lead to achievement of Organizational goals	140	2.96	1.536
6. The firm has a reputation of having high performing employees	140	3.32	1.509
7. The firm is perceived as a successful business	140	3.98	1.289
8. The performance appraisal Method in the firm motivates high performance	140	3.29	1.407
9. A bonus scheme exists to reward when the Organizational performs well	140	3.06	1.384
10. Individual goals link to Organizational goals	140	3.41	1.609
Valid N (listwise)	0		

Correlations

		Correlations			
		The MBO appraisal influence Organizational Performance	B –The effect of immediate supervisor appraisal on Organizational performance	C –Numerical rating influence Organizational performance	D: Organizational Performance
The MBO appraisal influence Organizational Performance	Pearson Correlation Sig. (2-tailed) N	1 140	.977** 140	.953** 140	.00938** 140
B –The effect of immediate supervisor appraisal on Organizational performance	Pearson Correlation Sig. (2-tailed) N	.977** .000 140	1 140	.962** .000 140	.00935** .000 140
C –Numerical rating influence Organizational performance	Pearson Correlation Sig. (2-tailed) N	.953** .000 140	.962** .000 140	1 140	.00968** .000 140
D: Organizational Performance	Pearson Correlation Sig. (2-tailed) N	.00938** .000 140	.00935** .000 140	.00968** .000 140	1 140

** . Correlation is significant at the 0.01 level (2-tailed).

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970 ^a	.941	.940	3.13094

a. Predictors: (Constant), C –Numerical rating influence Organizational performance, The MBO appraisal influence Organizational Performance, B –The effect of immediate supervisor appraisal on Organizational performance

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21312.705	3	7104.235	724.715	.000 ^b
Residual	1333.180	136	9.803		
Total	22645.886	139			

a. Dependent Variable: D: Organizational Performance

b. Predictors: (Constant), C –Numerical rating influence Organizational performance, The MBO appraisal influence Organizational Performance, B –The effect of immediate supervisor appraisal on Organizational performance

Coefficient ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.486	1.351		-3.543	.001
1 The influence of MBO appraisal on Organizational Performance	.259	.092	.279	2.802	.004
B.The effect of immediate supervisor appraisal on Organizational performance	.251	.157	.176	1.596	.000
C .Numerical rating influence on Organizational performance	.984	.088	.871	11.131	.003

Collinearity Diagnostics^a

Collinearity Diagnostics ^a			
Model		Tolerance	VIF
1	Constant		
	MBO Appraisal	.077	1.938
	Immediate supervisor appraisal	.013	2.50
	Numerical rating appraisal	.051	1.157