FACTORS AFFECTING THE EFFECTIVE IMPLEMENTATION OF PERFORMANCE APPRAISAL SYSTEM IN PUBLIC INSTITUTIONS IN TANZANIA: A CASE STUDY OF NATIONAL SOCIAL SECURITY FUND – TANGA
FACTORS AFFECTING THE EFFECTIVE IMPLEMENTATION OF PERFORMANCE APPRAISAL SYSTEM IN PUBLIC INSTITUTIONS IN TANZANIA: CASE STUDY OF NATIONAL SOCIAL SECURITY FUND - TANGA

By
Amina K. Chwaya

A Research Dissertation Submitted in Partial Fulfillment of the Requirements for the award of Degree of Master of Science in Human Resources Management (MSc. HRM) of Mzumbe University

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **Factors Affecting the Effective Implementation of Performance Appraisal System in Public Institutions in Tanzania: A case Study of National Social Security Fund**, in partial fulfillment of the requirements for the degree of Master of Science in Human Resources Management (MSc. HRM) of Mzumbe University.

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I, Amina K.. Chwaya, declare that this dissertation is my original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

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ACKNOWLEDGEMENT

I am greatly indebted to a number of people for their support and tireless guidance throughout this work. I would like to thank God first and foremost for holding me firm, without God I could not accomplish this work.

My heartfelt thanks go to the Management and Head of schools, and Departments of the National Social Security Fund (NSSF) for the efficient cooperation they offered me during my study.

I would like to thank Dr. Andrew Mushi who energetically devoted his precious time to the supervision of this work. I found his suggestions absolutely invaluable and criticisms constructive. I thank him very much for the encouragement.

Many thanks to my colleagues for providing immeasurable suggestions and ideas at the time I needed their help. Many people contributed valuable information towards the realization of this dissertation. Mentioning all of them is not possible. The researcher also wishes to extend her profound gratitude to all the individuals who participated in the research process in one way or another but have not been mentioned by names or designations.

Finally, I would like to thank my family, particularly my husband and my children for the hardship they had to go through in my absence.
DEDICATION

This work is dedicated to over-loving husband and children. It is for the reminiscences of your love, care, support, and perseverance you rendered to me for all the time in my life. You are the ever-memorable virtues of success, the driving force for my accomplishments, for whatever level I have managed so far.
ABSTRACT

This study aimed at studying the factors affecting the effective implementation of performance appraisal system in public institutions in Tanzania. The main objective of the study was to assess the effectiveness of the performance appraisal system. Specifically, the study assessed the knowledge of the employees about Open Performance Review Appraisal System, employees’ involvement in performance appraisal process and whether the performance appraisal in the organization conforms to performance policies. The study used questionnaires that were distributed to the Heads of departments and to other employees.

A total of 76 questionnaires were distributed to the individual respondents in this study. Judgmental non probability technique was used to select the respondents from the pension fund. The study also used interview and observation methods for collecting the data. Secondary data were collected from books, internet, journals, and internal documents from the pension fund. The study observed that the employees do not have enough knowledge about Open performance review appraisal system. The study also discovered that most of the employees were involved in the performance appraisal processes like defining the organization and individual objectives, communication, feedback and rewarding. The study also revealed that the performance appraisal process conforms to the performance policies.

Based on the findings it was recommended that the government and pension fund organization should formulate more other policies, rules, regulations and procedures. These can be used as the guide by the supervisors and the employee when dealing with performance appraisal process. The government and public organizations should conduct regular training to ensure smooth open performance review appraisal system. The study also recommended for further study that will include many public institutions in Tanzania.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>MDA</td>
<td>Ministries, Independent Departments and Agencies</td>
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<tr>
<td>NSSF</td>
<td>National Social Security Fund</td>
</tr>
<tr>
<td>OPRAS</td>
<td>Open Performance Appraisal System</td>
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<tr>
<td>PIF</td>
<td>Performance Improvement Fund</td>
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<tr>
<td>PIM</td>
<td>Performance Improvement Model</td>
</tr>
<tr>
<td>PSMEP</td>
<td>Public Service Management and Employment Policy</td>
</tr>
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<td>PSRP</td>
<td>Public Service Reform Programme</td>
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<tr>
<td>PMS</td>
<td>Performance Management System</td>
</tr>
<tr>
<td>SPSS</td>
<td>Software Programme for Statistical Sciences</td>
</tr>
<tr>
<td>TDMS</td>
<td>Teacher Development and Management Strategy</td>
</tr>
<tr>
<td>URT</td>
<td>United Republic of Tanzania</td>
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CHAPTER ONE
INTRODUCTION

1.1 Background to the Problem
The performance appraisal system is one of the critical areas in the field of human resource management (Bhatia, 2006). It is a key element in performance management process in which many organizations depend on to bring about effectiveness and efficiency of employee working in organization. In almost all organization, performance appraisal is used as an important tool to assess the overall performance of an organization through the assessment of individuals. As such, it has become the subject matter for researchers to seek the best practices.

Performance appraisal is the process of evaluating the performance and qualifications of the employees in terms of requirements of the employees in relation to the requirements of the job for which he/she is employed. It is also for the purposes of administration in the exercise of placement, selection for promotion, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally (Prasad, 2006).

Historically, appraisal system was inherited from the colonial administrative practices and still continues to be applied in all sectors. Performance appraisal is a key ingredient of Performance Management System (PMS). Since 1990’s Performance management constitutes the most important part of Tanzania’s Public Service Reform Programme (PSRP), which is implemented in the Ministries, Independent Departments and Agencies (MDA) as well as the Public Sector in its entirety (Bana, 2009).

The PSRP is implemented by the Government of Tanzania in order to improve the MDAs’ service delivery, policy management and regulatory functions through a more vigorous and rigorous Public Service.
Performance Management System in Tanzania is geared towards improving the efficiency and effectiveness in public service delivery, consequently, ensuring value for money. Traditionally, the dominant approach in reviewing employee performance was closed or un-participative system commonly named as “Annual Confidential Report” (Bana, 2009).

However, the recent trend has shown remarkable changes in staff assessment with the introduction of the open and participatory system. The approach to performance management takes the installation of the Open Performance Appraisal System (OPRAS), which is embedded in the Public Service Act, 2002. OPRAS is intended to support an accountability regime on part of individual public servants and to ensure every individual contributes to Vision 2025 (URT, PSRP Presidential Office, 2002). Basically, OPRAS is an instrument for objectively assessing performance of staff by their supervisors. It is different from the closed Performance Appraisal System.

It has been asserted by Ghosh (2000) that the impression the subordinate receives about his assessment has an impact on his general performance. And conveying good news is considerably less difficult for both the manager and subordinate; hence performance has been below expectations. Based on this assertion, it is obvious that the appraisal of an employee is a fundamental issue in management of individuals and organization. The failure to administer appraisal system in an appropriate manner may be detrimental to the organization as whole.

It has been learnt that several measures to improve staff assessment in public sector through reform were introduced in Tanzania mainland, with orientation of New Public Service Management practices. This is contrary to the Public Sector in Zanzibar where most of public institutions operate under different authority (President Office State House-Zanzibar) excluding those that operate under the mandate of the United Republic of Tanzania Government. Obviously, the need to analyse factors affecting the implementation of Performance Appraisals Systems in public institutions in Tanzania is of great importance and highly demanded.
1.2 Statement of the Problem

For a long time, National Social Security Fund (NSSF) has been using the old or traditional approach (Confidential system). Later on, it introduced the new form of performance appraisal systems (OPRAS) so as to ensure that the Social Security Fund become results oriented as opposed to routine work and to improve service provision to its members and ultimately achieve sustained high economic growth and eradication of poverty in the 21st century (URT, 2009). However, the shift from old approach to OPRAS did not mark the end of performance evaluation problems in NSSF. The Public Service Report of 2003 reveals that OPRAS was not well implemented at the required level in the five ministries studied. Since its initiation, the behavior of being reluctant towards its implementation started to emerge in many public organizations in Tanzania. There are also some MDA’s that think that OPRAS are only supposed to be used during the emergency situations, such as when government is given a condition by donors so that they could offer grants for development, this means, before any financial assistance is given, the government has to show to the donor how committed its employees are.

While performance appraisal is gradually being applied to employees in NSSF, beyond managers and professionals, there is a concern that the appraising system is treated as administrative exercise as such employees lack commitment to the contract agreements, mid-year review and annual performance appraisal as required by the system (Lasway, 2008). This makes the system inefficient. As a result, the system remains to be routine work, as such its prominence in increasing quality effectiveness and efficiency to individual and organizational performance by being open remains unachievable. In addition to that, the system seems to lack clarity and purpose (Longenecker, 1997). The results of OPRAS implementation from five ministries indicates that there are some problems relating to this new system, although the reasons for the poor implementation are not well specified. Following these problems, of conducting ‘business as usual’, lack of commitment to government activities, and poor service delivery, the researcher aimed at assessing the effectiveness of the Performance appraisal system at National Social Security Fund (NSSF).
1.3 Research Objective
1.3.1 General Research Objectives
The general objective of this study was to assess the effectiveness of the performance appraisal system at National Social Security Fund (NSSF).

1.3.2 Specific Research Objectives
In order to meet the above general objective of this study, the following specific objectives were formulated:

i) To assess the knowledge regarding OPRAS among employees at the NSSF.

ii) To examine whether employees are involved in performance appraisal practices.

iii) To investigate whether performance appraisal practices at NSSF conform to the performance policies.

1.4 Research Questions
The following were the research questions under the study:

i) How knowledgeable are the employees concerning the OPRAS in use?

ii) How are the employees involved in the performance appraisal practices?

iii) Are the performance appraisal practices at NSSF conforming to the performance appraisal policies?

1.5 Significance of the Study
This study is expected to furnish NSSF, government and other public organisations with the valuable information concerning the effectiveness of the performance appraisal in local government authorities.
The study particularly is expected to help the authority to improve the performance appraisal system: The information in this study may enable NSSF to improve its performance appraisal systems and gain better understanding on the factors that contribute to the effectiveness of the performance appraisal system in the public sector.

This study is also envisaged to add to a body of knowledge. The research is expected to add knowledge to the existing body of knowledge accumulated by researchers and academicians so far. it is also useful to the public organizations, government stakeholders and the public at large because a good performance appraisal system has great impact to the employees’ performance, public sector services, organizations’ achievement and to the general public.

The study is also expected to encourage other researchers to conduct further study on the Factors affecting the effective implementation of performance appraisal system in other public institutions in Tanzania, especially pension funds organizations like NSSF, PPF, and PSPF.

Employees and appraisers are also expected to benefit from the study. The study encourages employees and appraisers to learn and understand more about the performance appraisal systems in the National Social Security Fund (NSSF)

1.6 Limitations of the Study
This study was conducted in only one Institution that is, National Social Security Fund (NSSF). This was due to the easy accessibility of data, financial limitations and time constraints allocated for the study. The researcher therefore was able to distribute questionnaires and to conduct interview with the staff members of NSSF only. The researcher encountered the following constraints during the study:

Time constraint: Time required to complete this study was not enough since the study was so wide too demanding to be accomplished within the short time allocated.
Financial problem: The study needed a lot of money that should be used for transport, stationery and other miscellaneous expenses. Financing a whole research from proposal preparation to data collection and writing the final report of the study was a big challenging obstacle.

Data collection problems: Some respondents at NSSF were not willing to provide some of the important information required in the study. Some information was not easily provided because they were treated as confidential. Alternatively, potential respondents like Directors and The Heads of departments were simply too busy to cooperate. All the above constraints were likely to have some negative repercussions on the quality of the research work.

1.7 Delimitation of Study Constraints

However, to mitigate the adverse effects on the study by the limitations pointed above, the researcher did the following:

Time constraints: The researcher prepared a work plan indicating the activities performed on daily basis and the time required completing each piece of work. This was done by synchronizing the activities of data collection, recording, processing, and analysis. The researcher also strived to use sample sizes that were manageable under the specified time constraints.

Unwillingness of respondents: The researcher explained the possible benefits of assessing the Factors affecting the effective implementation of performance appraisal system in public institutions in Tanzania specifically in NSSF. Hence, she was able to convince some of the reluctant respondents to release some information.

Confidentiality of information: The researcher strived to alley the organizational concern on confidentiality by persuading them to believe divulging the information would not harm the organization or individual. Moreover, Anonymity of the individual participants was kept.
Financial constraints: To mitigate financial limitation the researcher ensured that the sample size was reduced to be reasonable and at adequate level, as well as the use questionnaires, interview and observation so as to minimize costs of transport and stationery

1.8 The Scope of the Study

This research was conducted at the National Social Security Fund in Tanga region. The study was done specifically in all NSSF Departments, such as human resource and administration department, accounting and finance, and procurement and logistics departments. Every Department and employee of the NSSF in Tanga regional office had equal opportunity to participate in this study.

1.9 Dissertation Layout

The first chapter of this dissertation includes general introduction, background information, and statement of the problem, research objectives, and research questions, significance of the study and limitations, delimitation and scope of the study. The second chapter covers literature review, definition of terms, theoretical frame work, empirical studies on Performance Appraisal, and synthesis of the study gaps. Chapter Three discusses research methodology, which includes introduction, research design, location of the study, population of the study, sampling techniques, sample size, data collection methods and data analysis plan. Chapter Four covers data presentation, data analysis and discussion of the findings. Chapter Five provides a conclusion and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter presents a review of related literatures. Substantial numbers of studies that deal with the issue of performance appraisal systems in public institutions are reviewed. The Chapter begins with definitions and discussions of the key concepts as proposed by various scholars. The review goes further into discussing the contents of various theories on performance appraisal and its implications to Tanzanian working context. The empirical studies will also be revealed to enable the identification of research gap that the study was intended to bridge.

2.2 Definition of Terms

2.2.1 Performance Appraisal
Performance appraisal is defined as a formal, structural system of measuring and evaluating an employee’s job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization and society all benefit (Vroom, 1964).

According to Gupta (2006), performance appraisal is the systematic periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job. It is the process of obtaining, analyzing and recording information about the relative worth of an employee. It is designed primarily to cover rank and file personnel. On the other hand, performance appraisal focuses on the performance and future potential of the employee. Its aim is not simply to decide salary increments but to develop a rational basis for personnel decision. Merit rating measures what the person is (traits) where as performance appraisal measures what the person does. Performance appraisal has been perceived in different ways. Some scholars such as Ngirwa (2005), Armstrong (2008), and Torrington etal. (2005), refer it as a process that is applied by managers working with their teams in accordance with the circumstances in which they operate. As such, it involves managers and those with whom they manage acting as partners but within a
framework that sets out how they can best work together. Others like Bevan and Thomson (1992); Mabey and Salaman (1995) consider it as a system of managing employees’ performance, which is more than ability and motivation.

From these two schools of thoughts, performance and performance appraisal are referred to being operational, short to medium term and concerned only with individual and their performance and development. According to Ngirwa (2005), it is one of the tools managers use for enhancing institution performance which involves systematic evaluation of the individual with regard to his/her performance on the job and his development. The following theories are discussed and only one was taken as a framework for this study

2.3 Theoretical Framework

2.3.1 Expectancy Theory

The theory was propounded by Vroom (1964) who assumed that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on attractiveness of that outcome to the individual. In practical terms, the theory assumes that employee will be motivated to exert a high level of effort when she/he believes that the effort will lead to organization rewards such as bonus, a salary increase or promotion and that rewards will satisfy the employee’s personal goals. He thus focused on three variables:

   i) Attractiveness (value), which implies the importance that the individual places on the potential outcome or reward that, can be achieved on the job.
   ii) Performance is all about rewarding linkage, which involves the degree to which the individual believes that performing at a particular level, will lead to the attainment of each job outcome.
   iii) Effort-performance linkage (expectancy) which assumes that the perceived probability by the individual that exerting a given amount of effort will lead to performance.
Basing on these variables, the theory is important as it helps to explain why workers are not motivated on their jobs and do only the minimum to get loyalty, initiative and courage. It helps to an understanding of an individual’s goals and the linkage between effort and performance, between performance and rewards, and between rewards and individual goal satisfaction. It recognizes the absence of universal principle for explaining every one’s motivations. It is however criticized of having limited use as it tends to be more valid for predicting situations in which effort performance and performance reward linkages are clearly perceived by individual. The theory is too idealistic because it assumes individuals perception to be high when correlating between performance and rewards to their job. It is not always that what individual expects comes the way it is, at times it is different.

The theory is not relevant to our study because it bases on traditional approach of Performance Appraisal. In modern performance approach, results are not only used for administrative decisions such as promotions and salary allocations but are utilized as a tool for employee development processes like, identifying areas for growth, offering feedback, and developing planning. Ngirwa (2007) states that the primary objective of the Performance Appraisal function is not promotion, salary increments for outstanding performance, or penalty for poor performance: these are just its outcomes. This argument was supported by Williams (1992) who noted that, the merit element of pay was too small to motivate staff, and sometimes it was seen as abusive.

2.3.2 Goal Setting Theory
Goal setting theory as developed by Lathan and Locke (1990), It states that motivation and performance are higher when individuals set specific goals, when goals are difficult but accepted, and when there is a feedback on performance. Participation in goal setting is important as a means of getting agreement to the setting of high goals. According to this theory, goals have two primary attributes; content and intensity. Goal content refers to the substance of the goals themselves, for example the difficulty and specificity of the goal. Goal intensity is the process by which a goal is set and accomplished (Lee, Locke and Lathan, 1989). Difficult goals
must be agreed and their achievement reinforced by guidance and advice. Finally, feedback is vital in maintaining motivation, particularly towards the achievement of even higher goals (Armstrong, 2008).

Discussing the content goal setting perspective, Foster (2000) states that, setting agreed, consistent, clear, challenging, yet attainable goals will increase positive work practices and motivation; providing resources for the individual to meet the goals. Further, Foster (ibid) supports Locke’s view that, it is also relevant to examine the level of involvement in setting goals, and how the goal is positively communicated to the employee. Researches to date suggest that for goal or objectives to be motivating they must be sufficiently specific, challenging and set participative. Goal difficulty and the level of participation in goal setting are both considered as they relate to measures of goal performance over time.

In the other hand, constructive feedback as stated under goal setting theory has been found to be vital for a successful application of appraisal and is seen as one of the important ways in which the organizations can more fully tap and develop the talent of their diverse employees, as well as provide a sense of direction Sommer (2007). The theory accounts for the relationships between goals and performance as they clarify over the goal setting period. It also describes the importance of employee’s participation in the goal setting process, and for supervisors to communicate their willingness to assist employees in achieving their goals by providing guidance and resources, and removing obstacles to goal attainment.

However, goal setting theory may not be applied to multiple goal environments or where relatively multiple goals are set, also in an organization, a goal of a manager may not align with the goal of the organization as a whole. In such cases, the individual goals may be into conflict with the employing organization. Without aligning goals between the two (organization and individual) performance may not be achieved because individual will become preoccupied with meeting the goals than performing the tasks. Therefore, the theory cannot be adapted to our research study.
2.3.3 The ‘Equity’ or Justice Theory

This theory was propounded by Adams (1963), a workplace and behavioral psychologist, putting forward his theory on job motivation. The theory states that, individuals are motivated to achieve subjectively perceived fairness.

The theory acknowledges that subtle and variable factors affect each individual's assessment and perception of their relationship with their work, and thereby their employer. However, awareness and cognizance of the wider situation and crucially comparison feature more strongly in Equity theory. People mentally calculate the benefits and costs for them in relationship. If their behavior is then affected by whatever they feel, there is equity or inequity; they will act to restore equity if there is inequity.

Adams (ibid) further described that individuals will be motivated if they perceive financial rewards and conditions to be comparative to others within the organization at a similar level, and they feel fairly treated and rewarded for their own efforts. As it is stated that individuals are not happy with the process of calculating bonus payments according to performance review, one may suspect that this process is not viewed as fair, and/or comparative to the process in use within other areas. It seems relevant therefore to investigate why the process may be perceived as unfair by examining how individual performance is measured and rewards attributed. Given the open-ended nature of customer facing roles this examination will hinge upon how well individual job descriptions, duties, responsibilities, and objectives allow for clear, reliable and valid measurement of individual performance. Viewing the current situation from the equity theory perspective, it is suggested that existing problems with the design, organization and management of work, and presumably the related performance objectives, are intrinsically linked to low job satisfaction and motivation. The resulting Performance Appraisal process is likely to be viewed as unjustly reflecting individual effort.

Equity Theory calls for a fair balance between an employee’s inputs (hard work, skill level, tolerance, enthusiasm, and an employee’s) and outputs (salary, benefits,
intangibles such as recognition). In addition to the supervisor’s perception of the importance of the Performance Appraisal, it also affect the effort the supervisor puts into competing the Performance Appraisal accurately. Anderson (2002) supported that, a supervisor’s perception of justice in the Performance Appraisal process is positively correlated with a supervisor accurately completing the Performance Appraisal process.

Therefore, equity theory of motivation has clear relevance to the process of Performance Appraisal. It has revealed slight and variable factors that affect an employee’s assessment and perception of their relationship with their work and their employer. This Theory is not appropriate to our study as it is built on the belief that the employees become unmotivated, both in relation to their job and their employer, if they feel that their inputs are greater than the outputs.

2.3.4 Implementation Theory

In Implementation theory by Meter and Horn (1975) states policy usually originated from top-down; where the top (policy initiator) gives directives to the subordinates (implementers) to meet the objectives and standards of the policy. They further argue that, the success of any policy implementation depends on the amount of change involved and the extent to which there is goal consensus among participants in the implementation process. Meter and Horn (ibid) explained six variables in their model that are crucial to the implementation process in addition to the previously mentioned factors of goal consensus and amount of change. The variables are policy standards and objectives, resources, inter-organization communication and enforcement activity; the characteristics of implementing agencies including economic, social, and political conditions and lastly, the disposition of implementers.

Drawing from the implementation theory of Meter and Horn (1975), independent variables are considered to influence the dependent variables (reform measures) and this leads to success or failure. The reform measures selected and assessed are remuneration, recruitment, retrenchment, capacity building, and government
expenditure. The success of the policy depends on the proper coordination of policy objectives and goals and the need for enforcement mechanism by superiors to make subordinates comply. Also, the characteristics of the implementing agency in terms of competence and size are necessary condition for successful implementation.

As the implementation theory suggests, the availability of sufficient resources and specific standards and objective are important because they establish the criteria for assessing the achievement of the policy. However, this theory cannot be adopted to our study because it uses the traditional approach with the assumptions that directions should always come from top down. This should not be encouraged in modern organization systems where both supervisors and subordinates need to sit down and discuss the matters together.

2.3.5 Performance Improvement Model
Performance Improvement Model (PIM) is an integrated approach to performance management. Teskey and Hooper (1999) reports that PIM has been piloted in Public Service Department itself, which has developed a medium term strategic plan for 1999-2004, including detailed specification and costing of capacity building requirements financed through the PIF.

Introduction of PIM eliminated the problem of running dissimilar programmes and projects for public service reforms with minimal link and ineffective coordination. There were parallel programme for public service reforms, including public financial management, and public procurement reforms. Rugumyamheto (2005) termed PIM as a unique model that has been implemented to facilitate Result Based Management (RBM). PIM is a simple model that starts with strategic planning in a process which links to performance budgeting, staff appraisal, client service charter, and monitoring and evaluation (Nagu, 2000).

Bana (2009) added that PIM approach, among other things, requires all public service institutions to plan, implement, monitor, evaluate, and report on performance,
and finally carry out performance reviews appraisal. From the year 2000 to 2006 PIM was introduced in all Ministries, independent departments, Executive Agencies and Regional Secretariats. Teskey and Hooper (1999) concluded that, the PIM takes a strategic and results oriented approach to the management and resource of government operational units. The PIM establishes strategic goals at the ministry and department level, provides implementation support through the Performance Improvement Fund (PIF), and monitors and rewards performance against goals. The intention is to hold Permanent Secretaries and Ministry management accountable for the results they achieve.

Performance Improvement Model is appropriate to this study because it is a model that is currently applicable in MDAs. It describes the planning elements and links the public service reforms. Although the staff Performance Appraisal element which is a key part of this study has been integrated in the model, the model is not adopted to the study because it is not a participatory in nature. This research is based on the effective participation between the supervisors and subordinates in order to achieve the set goals.

2.3.6 System Theories
Reneker and Steel (1989) say that any performance appraisal system must first aims at achieving its primary goals and organizational objectives. The attempt to achieve too many objectives is likely to lead to failure. The primary goals of the performance appraisal system include clarifying employees’ work expectations, document employees’ performance, fostering employees’ development, create linkage between merit and pay, and monitoring workforce improvement (Mathias and Jackson 1998). For a performance appraisal system to be successful, it should achieve the organizational objectives. The success of a system depends on managers who are called upon to evaluate employees’ performance. Managers are required to posses both skills and motivation to conduct effective performance appraisal.

This theory shows the need for having a number of possible objectives to be achieved, and it shows the need for establishing performance standards. Its weakness
however, is that, it does not consider the issue of delegation of duties to other parts of the system that seem to have fewer objectives. It also fails to show the indicators of too many objectives between one organization and another. Any organization’s success in addressing the existing objectives depends on the resources available.

In this case, public institutions in Tanzania are viewed as systems which use single instrument in evaluating performance of employees. This theory however, poses a limitation, for example when employees’ performance is measured by using a single instrument and it is focused on achieving only the organizational goal. Therefore, this theory cannot be adopted because this study concerns both individual and the organization as a whole.

2.3.7 Cognitive Theories
DeNisi (1996) and Wright (2004) have the opinion that, the rater (the one rating employee performance) is the key decision maker in performance appraisal. The rate is engaged in cognitive processes closely related to the decision making process, and if someone fully comprehends how the raters make appraisal decisions he or she could be able to make the appraisal more accurately. The perception people have about performance appraisals and performance management systems is a key determinant of the systems for long term success or failure. However, since the employees are not happy with appraisals, they are unwilling to take active part in the process. This creates low morale which affects productivity. Therefore, to make cognition more effective, a better appraisal system is required. So far appraisers should be better trained.

The advantages of this perspective are that, it places emphasis on the importance of supervisors in ensuring the accurate rating of employees’ performance. It also shows the need for having better trained supervisors in order to make appraisal effective. However, the theory has a disadvantage that, it is difficult to rely on the rater only in order to make decisions concerning employees’ performance, but it can be suitable
where formal appraisal is in practice. Training for appraisal is successful because both the supervisors and the employees need to be trained.

Therefore, taking into account the above situation, this perspective can not be adopted to our study because it is biased on the rater’s side during decision making concerning employees performance; while the research concerns in this study bases on the opinions of both raters and the one who is rated.

2.3.8 Human Resource Commitment Approach
Arthur (1994) and McDuffie (1995) reveal that high commitment or involvement of human resource practices through enhancing employees’ level of skills, motivation and information contributes to the firm’s performance. The idea of involving employees in their own appraisal is central to the commitment of the HR approach. It takes a long term perspective on employment relations and focuses on developing and investing in social and human capital. Performance appraisal is characterized as part of the communication with regard to the appraisal techniques, and outlines objective measures in the appraisal. The employees are viewed as assets and their voice is valued under this approach.

The importance of this approach is that it takes into account the necessity of having an active HR department in the organization which regulates issues concerning HR. It shows the need for seeing employees as assets rather than the costs. The instrument for evaluating employees’ performance is the main activity of the HR, and its success depends on the ability of HR department in integrating other departments. The weaknesses of this approach are that, even the places where high commitment to HR ‘exists, in practices; they may fail to realize motivation and high performance because it is difficult to meet all the expectations of the employees. This is due to the fact that its success depends on other factors like acceptability by the management, and the owners of the organization.
This theory relates to our study because, an effective instrument of measuring employees performance will depend on how well the HR department coordinates other departments, the level of employee motivation in the organization, and the level of employees involvement in decision making. A competent HR manager in any public organization is in a position to facilitate training and the acceptability of the installed instrument for measuring employee performance. The HR manager is therefore required to direct and monitor other managers to conduct the appraisal exercise. However, the limitation of this theory is that it exaggerates the strength of one department concerning employees’ performance while neglects the efforts of other departments like finance, policy, and research, just as if they are of no importance to the success of employees’ performance, Rotich (2001). Therefore, the theory was not adopted to this study.

2.3.9 Implicit Leadership Theory
Creiling (2006) tells that when there is a mismatch between the supervisor’s suggestions and subordinates perceptions about the task to be performed, the performance appraisal and promotion chances are believed to decrease. This means that the aspect of the theory need to be taken into account when evaluating and promoting leaders. Those who evaluate other employees also need to be evaluated at the end, for them to be successful they are required ensure that subordinates understand the objectives.

The strength of the theory is that, it advocates the importance of maintaining consistency between supervisors and subordinates in the appraisal process, and that the effectiveness of appraisal can be influenced by employees’ perception. The weakness of the theory is that, it is difficult for employees to perceive some aspects in the same way due to the fact that human beings are different and therefore they differ in the ways they see and perceive things. It also fails to recognize the role of laws and regulations which force subordinates to comply with the supervisor’s directives. It also fails to acknowledge the role that training can provide to remove the gap.
The major limitation of the theory is that, it fails to explain the need for examining how supervisors in the public institutions assist their subordinates to accept responsibilities in appraisal. It has also failed to show the importance of evaluating the extent to which supervisors provide necessary training of the appraisal instrument to their subordinates. This is because of the fact that the aspect of performance appraisal is like the two sides of the same coin, it means that the assessor also needs to be assessed. Hence, the theory can not be adapted to the study.

2.3.10 Efficiency Theory

Creiling (2006) noted that a performance measure that contributes significantly to increase efficiency is often articulated in official documents. The efficiency of the employees’ performance appraisal process depends on how well the reports are kept. Employee efficiency is rooted in the past appraisal reports and documents. The weakness of the theory is that, it is very difficult to subject all categories of jobs to formal documentation, taking into account that there are some jobs which are performed on a daily or hourly basis, and therefore documenting all of them may result into too much paper work.

The strength of the theory is that, it shows the importance of keeping records of the appraisal related documents. It is also useful to organizations with formal appraisal instruments. Moreover, it is useful for trend use analysis and for future decision making. The position of the study therefore is that, the examination of the effectiveness of performance appraisal is directly related to the perception of this theory. This is because the evaluation is conducted using a designated form by both supervisors and subordinates in indicating efficiency in using such an instrument.

Many arguments concerning performance appraisal have been propounded by different authors mentioned above, including expectancy theory, goal setting theory, the equity theory, implementation theory, performance improvement model, system theory, cognitive theories, HR commitment approach implicit leadership theory and
the efficiency theory. However, only the efficiency theory that is more appropriate to this study was taken as the framework.

2.4 Empirical Studies on Performance Appraisal
Anderson (2002) conducted a study on supervisor and employee perceptions that have an impact on the effectiveness of performance appraisal. He collected data from different literature and put into surveys which were sent to expert for analysis of performance management. It was found that an employee’s perception of the justice in the performance appraisal process will affect the effectiveness of performance appraisal. If an employee perceives that the appraisal processes are fair, the supervisor’s effort to distribute rewards and punishments based on the outcomes of the process, and that the employee perceives that there is justice in the performance appraisal system, the performance appraisal will be more effective in achieving goals of the organization.

The study mentioned above suggests that it more comprehensive and relevant to the present study because it lays a good foundation for studying effectiveness of Performance Appraisal. However, the findings of the study conducted in European context can hardly be applied in Tanzanian context because the two contexts have different social, economic and political background. Therefore, more studies are needed.

Rao (1979) conducted study on a Performance Appraisal in public sector, the objective of the study was to discern whether the Performance Appraisal help to recognize the employees’ strength and weaknesses. A survey done on 588 officers of large public sector company in India indicated that about 98 percent of the respondents felt that the appraisal system should help them to recognize their strength and weaknesses.

A fairly high percentage of them (over 98 percent) were of the opinion that it was very difficult to have objective assessment in any form of appraisal because human factors are always involved. This survey seems to have been conducted in a company that operates under traditional appraisal system. This study focuses on an open
performance appraisal program that is based on direct engagement between the appraiser and the appraised. The above study is more comprehensive and relevant to the present study as it lays a good foundation for studying effectiveness of Performance Appraisal. However, the findings of the study cannot be applied in Tanzania because it is a long time since the study was conducted, and the study focused on India. Therefore, it is to certain degree inappropriate in Tanzanian context.

Fanuel (2004) studied the effective management of Performance Appraisal function. The purpose was to determine and examine factors hindering the effectiveness of performance appraisal function in promoting efficiency and productivity at NIC. Data were collected from 83 respondents by using interviews questionnaire and observation. The study found that performance appraisal function at NIC was poorly performed. Employees were not aware of the programme, no feedbacks were provided, and only one appraisal instrument catered the whole organization. In this case the approach did not obtain the desired objectives. Although the study identified some factors that inhibited the application of the Performance appraisal in work organization, it was limited in its methodology. The study was used quantitative approach, hence making it difficult to capture unquantifiable information.

Kularni (1981) conducted a nationwide open survey of the bank employees on various personnel issues. The objective of the study was to establish effectiveness of performance Appraisal in work working Organization. He conducted a survey of various banks and it was realized that only 14 percent of the employees were aware of the basis on which their supervisors evaluated their work in the annual confidential reports. Fifty five percent (55%) had no idea at all on the criteria used and another 31 percent had only general ideas but were not aware of the details.

About 68 percent of the studied employees felt that the employee should be interviewed about his performance and given an opportunity to provide inputs for his performance assessment. The Study is not comprehensive enough and it is also irrelevant to the present study because it was conducted in financial institutions that
have different operations. Public institutions in Tanzania are mainly based on service provision while the banks are for the profit maximization.

Chambo (2008) conducted a study on Management of Performance Appraisal Programme in Tanzania. The purpose was to assess how performance appraisal programme was managed in Kwimba District. The data were collected from 89 respondents both management and non managerial personnel. Questionnaire, observation interview and documentary were employed for data collection. The results demonstrated that OPRAS was poorly performed. Some of the employees were not aware of the programme, feedback regarding the performance was never provided and that only one performance appraisal instrument catered for the whole council. Chambo advised that, the Government was supposed to employ more Human Resource Management professionals in the public service. The findings described the importance of feedback in the appraisal process which is in this study was developed as specific objective.

The study was limited to only 10 employees in Kwimba district council. The study also used quantitative approach. The study differs from the current study because it used quantitative approach method in data analysis while this dissertation is mainly qualitative. Moreover, the study was done in local government; therefore, the findings cannot be generalized to central government because each type of government has a different kind of administration. Also, the study was too narrow approach as it used only few employees at the Kwimba district council. Furthermore, qualitative studies about the public organizations are therefore lacking and the present study will fill this gap.

Mallingo (2007) studied the Practice of Performance Evaluation of the Employee; Success and Failure. The study aimed at finding out whether the employee’s performance appraisals essentially answered questions surrounding appraisal of employees. The questions asked if we needed the employee’s performance appraisals at all, how it should be carried out and more appropriate time to carry it out. Mallingo (ibid) argues that human resource is the first factor for the success of
any organization and that the quality of human resource depends very much on among others, how it is evaluated. He further reveals that most of the Performance appraisals fail because we appraisers do not know what to evaluate, what criteria to use and the procedures to ensure the objectivity of the process. Another concern is determining the objectives, targets, criteria and indicators of performance against which evaluation has to be attached.

Mallingo (ibid) concluded by arguing that, it is from analysis of the results that agent can be interpreted. Both evaluator and employees have to be trained and that there must be an agreement between agent and evaluator on what to evaluate and how to evaluate.

The study focused on limited appraisal instruments and was restricted to the evaluators and employees characteristics as source of potential and actual bias in the appraisal rating. However, the study used quantitative approach and did not address issues concerning the effectiveness of performance appraisal. The findings presented in this research are therefore intended to fill this gap.

Longneck (1997) studied the effectiveness of performance Appraisal in the USA. The purpose of the study was to investigate the factors affecting Performance Appraisal. He highlighted that there are three most common reasons for failure of appraisal systems, namely unclear performance criteria or ineffective rating instruments (83%), poor working conditions with bosses (79%), and lack of appraisal information on the managers’ actual performance (75%). Other problems were a lack of ongoing performance feedback (67%) and lack of focus on management development/improvement (50%). Smaller numbers identified problems with the processes such as lack of appraisal skills (33%) and lack of structure in the review process (29%).

Ultimately, Longneck (ibid) found that the appraisal systems were treated as administrative exercise, were ineffective and did little to improve performances of employees in future. Although the findings are sound and relatives to the objectives of our study, the findings can not be taken as conclusive because the study was done...
in a developed country which differ economically, socially, politically and culturally with Tanzania. This shows a gap that this research is intending to bridge.

Itika (2007) explored the mismatch between the expectations of employee recruitment and performance appraisal in Tanzania. This analysis was informed by three theoretical frameworks, namely behavior, institutional and capital theories. It has provided an overview of various experiences of African countries on managing employees’ expectations for improved performance via recruitment and Performance Appraisal system. The findings oppose the argument that OPRAS is a tool for appraising performance.

It was realized that OPRAS fails to match employee’s expectation and therefore proposes an alternative model to serve the purpose. The study found that 70% of employees feel that they are ignored, and other 30% do not think appraisals are useful. These findings relevant to the study because they reveal the mismatch factors that pose challenge on the application of OPRAS. However, the study has a gap because it was done in an organization with different background from the one in this study. These findings are in line with results by Stonich (1984) on the nature of enterprises, in which each industry engaged varies; its organizational type, business policy, and internal environment are also usually different.

Rotich (2001) conducted a study to investigate the factors hindering the effectiveness of performance appraisal in Kenyata National Hospital. The findings showed that the practices of performance appraisal were neither transparent nor participatory. That is, performance appraisal was secretive and no feedback was given to the appraisee’s and in some cases personal biases were reflected in executing the function. Furthermore, the study revealed that only 20% of the employees participated in the setting and discussing the targets and criteria of evaluation concerned. This study shows some gaps because these findings are based on the traditional trait based performance appraisal program whose administration was not the same as the one that the present study intended to investigate. This study intended to investigate
factors that affect the effectiveness of performance in the current open interaction setting.

Fink et al., (1998) conducted a research on training as a performance appraisal improvement strategy. The study was conducted in USA using a sample of 149 managers who worked in 22 different US manufacturing and service organizations. The study was about the top ten rater skills identified as necessary to effectively conduct formal performance appraisals, and why organizations fail to conduct effective rater training with their managers. The study sample had managers with 8.5 and 6.6 years working experience.

These managers were responsible for direct reporting of duties for which the performance appraisal was undertaken. Two open ended questions were asked, to see whether managers needed to conduct formal performance appraisal, and to understand why organizations fail to train managers properly so as to conduct effective employees’ performance appraisals.

The results revealed that, managers needed knowledge of the organizations rating forms and procedures because 53% of the researched managers knew proper use of rating forms and procedures related to rating system. Ability of managers to clarify and communicate performance expectations was rated 47% by the respondents. This suggests that these managers need to be trained in order to achieve the goal. Moreover, their job descriptions also need to be reviewed, clarify responsibilities, set goals, and they should have performance planning skills. In addition, it was revealed that, there was a need for managers to have coaching skills and this was the opinion of 36% of the respondents. On effective written and oral communication skills the rate was 31% by the respondents.

The study further reveals that the reason why organizations fail to properly train managers to conduct effective performance appraisal was based on the assumption that managers knew how to conduct appraisals, this reason was rated 39%. The second reason was that organizations do not want to train managers on how to
conduct effective appraisals, this was about 30%, over reliance on trial and error learning by the organization was rated 29%, the organization unwillingness to spend money in some of the programs was rated 26%, lack of formal training programs on appraisal was rated 22%, organizations believing they lacked enough skilled trainers within them was rated 19%, and the weakness of HR Department in taking a leading role in pushing for appraisal training, this was rated 17%.

The above results can hardly be generalized to the developing world environment. The study about training as performance appraisal strategy was conducted ten years ago, which allows for another study to be carried out on the same area. Another niche is that the study used too small sample size, so the data are unlikely to be representative of the wide socio-economic, political and cultural settings. Thus, the researcher wishes to conduct a study on the effectiveness of performance appraisal systems in public organization in Tanzania with a relatively large sample size.

2.4 Synthesis of the Study Gaps
The literature review shows the importance of performance review, essentials of an effective performance appraisal system and factors affecting effectiveness of performance appraisal. However, most writers have identified the importance and the right process for employee evaluation.

The gap was revealed during the review of performance appraisal in studies conducted by Anderson (2002), Rao (1979), Kularni (1981), Longnecker (1997), and Fink et al. (1998); these studies were conducted in developed countries. Studies carried by Fanuel (2004), Chambo (2008), and Itika (2007) were conducted in Tanzanian work organizations.

The duration between one studies and another was another gap revealed during the literature review. Studies conducted by Rao (1979), Kularni (1981), Longnecker (1997), and Fink et al. (1998) were conducted more than ten years ago, this make it possible for the same study to be conducted in the same area.

Since this study is about the effectiveness of performance appraisal systems in public institutions, other studies, for example by Anderson (2002), Rao (1979), Fanuel

2.5 Steps in Implementing OPRAS
According to Bernadin et al. (2005), the performance appraisal process should begin before the employee's performance is appraised. In an effective performance appraisal system, employees know what is expected of them and against what standards they will be judged. The following is an outline of performance appraisal steps, including those leading up to the actual appraisal:

Define the job and performance standards: The job should be well defined so that the employee knows what tasks are critical. Standards of acceptable performance also should be determined for each task, for example quantity produced, quality of work, and timeliness of task completion. Standards should be the same for all employees in that particular job.

Plan for performance: In this stage, the supervisor and employee develop a plan for the rating period that guides the subordinate's work. During planning, the employee must understand the key tasks of the job, the results and conduct required in the job, and the standards of performance.

Monitor performance: Both the employee and the employer should be actively involved in monitoring the employee's performance during the rating period.
Throughout the rating, the supervisor should provide feedback to the employee, reinforcing good performance and correcting poor performance. The employee should be encouraged to discuss both performance successes and problems throughout the rating period.

Appraise performance and conduct performance interview: The supervisor completes a performance appraisal form and conducts a performance appraisal interview with each employee. Employees should be told how well they are doing, why they are doing well or poorly, and what they can do to improve or maintain their performance.

Reward performance: During this final stage, good performance often is reinforced with a reward. The reward system should be capable of differentiating among various levels of employee performance, for example the highest performers would get the greatest reward and the lowest performers would get the smallest reward or no reward at all.

According to United Republic of Tanzania, President’s Office - Public Service Management, 2006 the following are the steps to be considered in the process of OPRAS:
2.6 Open Performance Review and Appraisal System

According to Bana and Ngware (2006), the Government introduced the use of Open Performance Review and Appraisal System (OPRAS) in July 2004, through Establishment Circular No. 2 of 2004. OPRAS replaced the Confidential Performance Appraisal System which was characterized by absence of feedback and poor help in the identification of the training needs of the employees. These changes in appraising performance of Public employees are in line with Public Service Management and Employment Policy (PSMEP) of 1998 and the Public Service Act No. 8 of 2002, which both emphasizes on institutionalization of result oriented management and meritocratic principles in the Public Service.

Introduction of OPRAS is a key part of the Government's commitment to improve performance and service delivery to the public. It is a key accountability instrument for individual employees that emphasize the importance of participation, ownership and transparency through involving employees in objectives setting, implementing, monitoring and performance reviewing process. This ensures continuous

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**Figure 2.1: Steps in OPRAS**

- **STEP 1:** Prepare/Review organizational annual planning
- **STEP 2:** Designing objectives based on the organizational planning:
  - (a) Organizational objectives
  - (b) Departmental/Sectional Objectives
  - (d) Individual objectives
- **STEP 3:** Formal acceptance of the performance agreements with the supervisor: then signing of Perform. Agreement
- **STEP 4:** Implementation and monitoring of the agreements
- **STEP 5:** Reviews of the performance:
  - (i) Mid-year review (Dec.)
  - (ii) Annual review (June)
- **STEP 6:** Feedback

communication between supervisors and employees, and understanding on the linkage between organizational objectives and individual Objectives.

Like the private sector, public sector organisations around the world face pressure to improve service quality, lower their costs, become more accountable, customer focused and responsive to stakeholders’ needs. Appraisals are conducted for two major reasons, namely evaluation and feedback. When used for evaluation, the appraisal provides input for decisions on promotions, transfers, demotions, terminations, and compensation (salary increases). When used for feedback purposes, the appraisal focuses on the development of the individuals, including the identification of coaching and training needs. The job analysis process determines standards of performance which are clearly communicated to the employees and used as the basis of evaluation in the performance appraisal process (Bana & Ngware, 2006)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to a systematic way applied to solve the research problem (Kothari, 2004). This can be achieved by employing appropriate research methodology. This chapter presents the methodology applied in carrying out this research study. The chapter is organized under the following sections: Introduction part, research design, location of the study, study population, sampling techniques, sample size, data collection methods and data analysis.

3.2 Research Design

Research design is considered as a plan of action for collecting data, organizing and analyzing it with objective of combining the relevance of research with economy in procedures (Kothari, 2002). This research used a descriptive non-experimental design. A descriptive design was adopted based on the fact that it makes sufficient provision for protection against bias while maximizing reliability. Research design facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible, and yielding maximum information with minimal expenditure of effort, time and money.

The study design was a case study which was exploratory in nature. The researcher also used descriptive study because actual factors affecting the effective implementation of the performance appraisal system in NSSF work settings were not known. The objective of selecting the case study method was to maximize what could be learned within the limited time and resources. This approach enabled the development of a detailed and intensive knowledge about the factors that affects the effective implementation of the performance appraisal system at NSSF. Saunders et al. (2000) argues that, case studies could be very worthwhile way of exploring existing theory. Since there is a very limited theory of performance appraisal effectiveness, this study therefore, was not testing a theory rather it explored what
was available. In other words the approach involved collection of data in order to understand better the nature of the problem.

3.3 Location of the Study
The study was carried out at the National Social Security Fund in Tanga region. National Social Security Fund is the public services organization implementing OPRAS which is one of employees’ appraisal systems. The selection of Tanga office was based on easy access of data and information.

3.4 Population of the Study
Population refers to the complete set of cases or group of members (Saunders, Lewis and Thornhill, 2007). A population can be very large or small, depending upon the size of the group of persons or objects from which the researcher plans to make inference. Thus, a population refers to people that the researcher has in mind from which information (data) can be obtained.

In this study, the population was the public servants at the National Social Security Fund in Tanga branch offices. Social Security Fund offices in Tanga had a population of around 88 employees. Therefore, the targeted population for this study was 88 people from all the departments. They included 12 Head of departments, 50 non managerial employees and 26 managerial officers. The NSSF management was selected because they had some information on appraising employees. they also evaluate employees in their departments/sections. Non- managerial employees were included because they were being evaluated and they directly affect the OPRAS.

3.5 Sample size
The sample size in this study consisted of 76 employees from National Social Security Fund in Tanga regional offices, including 12 Heads of Departments, 40 officers, and 24 non-officers as shown in table 3.1 below
Table 3.1 Sample Size Distribution

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Department (Managerial cadre)</td>
<td>12</td>
</tr>
<tr>
<td>Officers (Non-managerial cadre)</td>
<td>40</td>
</tr>
<tr>
<td>Non-officers (Non-managerial cadre)</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>76</strong></td>
</tr>
</tbody>
</table>

3.6 Sampling Procedure
According to Saunders et al. (2007), there are two types of sampling procedures, Probability sampling or Random sampling and Non probability sampling, Probability sampling is a sampling technique in which the probability of getting any particular sample may be calculated (Saunders et al, 2007). Non probability sampling is the one in which any generalizations obtained from sample must be filtered through one's knowledge of the topic being studied (Kothari, 2004). The researcher used a Judgmental non probability sampling because the technique is based on self decision of who is appropriate for the study. Since NSSF offices in Tanga had only 88 employees, the study decided to select all employees as the study sample size. But 12 respondents returned unsuitable questionnaires with errors which made the sample size to be reduced up to 76 respondents.

3.7 Data Collection Methods and Tools
Data refers to facts, opinions and statistics that have been collected together and recorded for reference or for analysis (Saunders et al., 2007). Sometimes data constitute entire population interested to or sample from some population. There are two sources of data, namely primary and secondary data. Primary data are collected using interviews, questionnaires or through observations (Saunders et al, 2007). Secondary data are the information that are collected sometime earlier for specific objective or project. These data exist in various forms, some of which include organizational reports, newspapers, books, and government and social security fund publications.
3.7.1 Types of Data

3.7.1.1 Primary Data
The researcher gathered information from 76 respondents that were selected from all departments in the NSSF Tanga regional offices. The main target was the Heads of departments and other selected employees in all departments, such as human resource and administration, accounting and finance. Primary data were collected in the field through the use of face-to-face structured interview, structured questionnaires and observation.

3.7.1.2 Secondary Data
These data were obtained from various sources such as Internet search for information that are readily available in the Websites, Library search for literatures found in books from different authors, research papers, professional journals and articles which are related to the study. Other information was obtained from Tanga NSSF office’s reports and files which were relevant to the study. According to Saunders et al. (2007), documents are bridges for obtaining rich data from the research. In this regard, documents were the key sources of information and a research would be methodologically deficient without documentary review.

3.7.2 Questionnaire
Kothari (2002) defines a questionnaire as the list of questions that respondents answer. Well-designed questionnaire with open and close-ended questions were formulated and distributed to respondents.

The choice of using questionnaire in data collection was given greater priority because of its advantages over the other methods. This method was efficient and it had the ability to capture more information from the source. The questionnaire was designed in a simple English language to avoid ambiguities and it is appended in the appendices page. The questionnaire contained both structured and unstructured questions. Structured or close-end questions gave the respondents a limited number of answers from which to choose. Open or unstructured questions allowed the respondents to add information that would not be obtained through other methods.
3.7.3 Interviews
Interview entails a face to face conversation between interviewer and interviewee that aims at gathering certain information. The researcher interviewed Heads of departments. The interview allowed the interviewee to give more information and clarification whenever the need arose. This enabled the researcher to capture wide data about the ways the management of OPRAS was carried out, its success, failure and future plans of the organization.

Interview involved the presentation of oral verbal stimuli and reply in terms of oral verbal responses. Discussions and face-to-face interview were conducted with the Head of departments. This was done intentionally because the Head of departments preferred interview to questionnaires. The interview was personally administered in order to make sure that the interviewees provide the required information. The anonymity and privacy of research was respected and personal information relating to participants was also kept confidential and secured.

The researcher tallied scores and tabulated all the responses against the provided interview questions. Moreover, the interview questions were structured in such a way that the interviewer would not deviate from the topic during the interview process. Additionally, the interviewer attempted to be as objective as possible and avoided any comment that could bias the interviewer opinions.

3.7.4 Documentary review
The study also obtained data in written form, which included both published and unpublished information. The researcher used secondary data from the internal records of NSSF in order to make inferences about the factors affecting the effective implementation of the performance appraisal system in public institutions.

In this study, the documents which were used included annual reports from each department, employers’ register on personal information, and strategic planning document. strategic planning document includes, on the organization mission, vision, objectives of organization, organization’s performance appraisal forms and
performance appraisal guidelines and documented labor relation disputes arising in the previous performance appraisals. The rationale for using this technique was to get the background information of the study.

3.7.5 Observation
The observation method was also used in data collection process. The employees in all departments were observed while doing their work. This helped the researcher to validate information that was obtained through questionnaires and interviews. Through observation, the researcher was able to see how performance appraisal was carried out in NSSF Tanga regional office.

3.8 Reliability and Validity of Data
3.8.1 Reliability
According to Kothari (2004), the reliability of measuring instrument is defined as the ability of the instrument to measure what is supposed to measure. A measuring instrument is reliable if it provides consistent results (Kothari, 2004). For this case the information collected from different sources were guided by the researcher when drawing up the conclusion of the study. To ensure the reliability of data, the researcher used test-retest method in which the same questions were posed twice on the same day to the respondents and the results compared.

3.8.2 Validity
According to Saunders et al. (2007), validity implies what one wants to obtain and what one is supposed to measure. If one is able to get what was intended of the study, then the validity of information will have been attained. For validation purposes, the researcher used content validity for which the questions were based only on the specific research objectives of this study.

3.9 Data Cleaning
The study analyzed a total of 88 questionnaires which were distributed to the respondents. Each returned questionnaire was inspected and corrected for the purpose of detecting error as well as cleaning data before being coded in the computer. During inspection 12 questionnaires had some errors and were instantly
removed from the study. Therefore, only 76 questionnaires were free from errors. The inspections and corrections were done in two ways; first, it was done in the field and second during the process of coding the data. In the field, the data were inspected to detect the most obstructive omissions and inaccuracies in the data. To clear data, data review exercise was conducted in order to get accurate data.

3.10 Data Management
According to Kothari (2004), data management is an important step towards finding solutions of a problem under study. It is a systematic process involving working with data, organizing, sorting, coding, numbering and dividing them into small manageable portions (Saunders et al., 2007). In this case, data were further synthesized in order to discover what was important and what has been learned so far so as to decide what to report.

Therefore, during data management, the first step was to transcribe data and in this case, content analysis technique was used. According to Stake (1995), content analysis technique is one which is used to manage and analyze data in a systematic manner in order to ensure that all variables under study are covered. In this study, data management began with individual responses and then the responses from different respondents were purposively sorted and grouped to make them concord with research objectives and questions. The data sorted, grouped, and coded were then compared to identify related parts. In so doing, a large amount of organized data was reduced into small manageable and analytical portions. These portions were used because analyzing large amount of data is difficult and time consuming. Thus, it is advised that when large amount of data is collected, it should be reduced before analysis (Stake, 1995).

3.11 Data Analysis
In this study, the data were analyzed qualitatively and quantitatively in generating and gathering information for the study. Content analysis was employed in analyzing qualitative data. The researcher used this method because it helped to analyze the text in the form of writing or picture. Quantitative data analysis was employed with the help of Software Package for statistical and Social Science (SPSS) to ensure no
transcription errors occurred. The results from this analysis were presented in form of tables of frequencies, percentages and cross tabulation distribution to compare different variables with the relevant literature.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the findings of this study. The data were analyzed from the questionnaires and interview techniques were applied in this study. The findings are presented both qualitative and quantitative in order to create accurate knowledge and initiating efforts to know the Effectiveness of Performance Appraisal Systems in Public Institutions. The chapter further analyses and discusses the findings according to the research objectives which were knowledge of employees on OPRAS.

4.2 Profile of the Respondents

4.2.1 Level of Education of the Respondents

In assessing the factors affecting the effective implementation of performance appraisal system in NSSF, it is important to know the level of education of the employees. Table 4.1 below shows that only 1.3% of the employees in NSSF had Phd. This implies that effective performance appraisal may be affected by low level of education, hence performing poorly because some employees have lower level of education.

The results in table 4.1 below show also that 13.2% of the respondents had masters level of education. This means that effective performance appraisal can be achieved smoothly by working with employees with master degree. Table 4.1 below also indicates that 64.5% of the respondents had first degree. This shows that NSSF in Tanga branch office had many employees whose education level was first degree. This implies also that higher education level can influence positively the performance appraisal implementation.
Table 4.1 Education of the Respondents

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD</td>
<td>1</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Masters</td>
<td>10</td>
<td>13.2</td>
<td>13.2</td>
<td>14.5</td>
</tr>
<tr>
<td>First Degree</td>
<td>49</td>
<td>64.5</td>
<td>64.5</td>
<td>78.9</td>
</tr>
<tr>
<td>Advanced Diploma</td>
<td>9</td>
<td>11.8</td>
<td>11.8</td>
<td>90.8</td>
</tr>
<tr>
<td>Certificate and Ordinary Diploma</td>
<td>5</td>
<td>6.6</td>
<td>6.6</td>
<td>97.4</td>
</tr>
<tr>
<td>STD VII</td>
<td>2</td>
<td>2.6</td>
<td>2.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2013

From table 4.1 above indicates that, 11.8% of the respondents had advanced diploma. This means that effective performance appraisal can be affected with this relatively lower level of education. It also implies that education at diploma level can lead to a poor performance appraisal. It also indicates that 6.6% of the respondents were certificate and ordinary diploma holders. This implies that this could be another factor which might hinder effective implementation of performance appraisal system at NSSF in Tanga branch. The results further shows that 2.6% of the employees were Standard seven levers. This comparatively lower education level could affect the effective performance appraisal system to poor implementations of performance appraisal process in NSSF.

**4.2.2 Work Experience of Respondents**

Working experience was another factor assessed by the study in order to examine the effectiveness of implementation of performance appraisal system at NSSF. From table 4.2 below, 18.4% of the respondents had less than four years work experience. This narrow experience might affect the effective implementation of performance appraisal system.
Table 4.2 Experience of the Respondents

<table>
<thead>
<tr>
<th>Source: Field Data, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 1 - 3 yrs</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>4 - 6 yrs</td>
</tr>
<tr>
<td>29</td>
</tr>
<tr>
<td>7 - 10 yrs</td>
</tr>
<tr>
<td>23</td>
</tr>
<tr>
<td>11 yrs and above</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>76</td>
</tr>
</tbody>
</table>

From the table 4.2 above, 38.2% of the respondents showed that their experience was less than seven years but more than four years of experience. This implies that these employees could influence the effective performance appraisal system because more experienced employees know better their individual and organization objectives and the standards of performance. It also indicates that 30.3% of the respondents had work experience of seven to ten years and 13.2% of the respondents had 11 and more years of working with NSSF. This implies that effective performance appraisal could be implemented smoothly by these employees with wider previous work experience.

4.3 Knowledge of Employees on OPRAS

The knowledge of the employees on OPRAS was the first objective of the study. From the table 4.3 below, 39.5% of the respondents reported that they did not have knowledge on OPRAS. This implies that effective implementation of performance appraisal system in NSSF was stalled by this group of employees. In order to ensure effective implementation of performance appraisal system, supervisors and managers of the institutions or organizations must know how to conduct performance appraisals. In addition, processes and philosophies at companies differ, so training and education is critical. Training should take place regularly to provide refreshers and updates on any changes to the process or the evaluation forms (Steven, 2012).

According to Steven (2012), training is not limited to promoting efficient employee performance. It is the most effective tool for sound management and effective performance appraisal system. It can be used to speed up production, improve the
quality of products and services, and tremendously decrease delivery times to customers. For instance, the capabilities of modern technology are useless unless employees are familiar with them. In inexpert hands, it can disrupt the smooth flow of work instead of making it efficient (Steven, 2012). Therefore, lack of knowledge influences poor implementation of performance appraisal system in any organization.

Table 4.3 Knowledge of Employees on OPRAS

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>39.5</td>
<td>39.5</td>
<td>39.5</td>
</tr>
<tr>
<td>No</td>
<td>46</td>
<td>60.5</td>
<td>60.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data, 2013

Results from Table 4.3 above show that 39.5% of the respondents confirmed that NSSF employees were aware of the Open Performance Appraisal Process. Rotich (2001) in his study, on factors that hinder the performance appraisal effectiveness established that, knowledge and participation or involvement plays a major role on the effectiveness of the process. This part plays the role that can be leveled in to knowledge of the stakeholders on the implementation, conduction and process of performance appraisal by the appraised.

The results on the employees understanding of Open Performance Process therefore had this kind of indication. In addition, most of them acknowledged the importance of this practice because it improves the performance of the organization. This is supported by McGregor (1965) theory which states that performance appraisal enables the employee to arrive at clear statement of responsibility of his/her position as s/he is actually in practice.

Table 4.3 above indicated that 60.5% of the respondents showed that they had no knowledge of OPRAS. This implies that effective implementation of performance appraisal in NSSF was hobbled because more than a half of the employees did not
have the knowledge of OPRAS. This argument also emphasizes the need for training employees before embarking on effective implementation of performance appraisal system.

According to Anderson (2002), lack of Understanding of the performance implementations or being unfamiliar with the process may exhibit reluctance to participate. The process may be confusing or intimidating. To overcome this problem the employer may explain the performance evaluation process to the whole staff, including the reasons and benefits of the process (Anderson, 2002).

Furthermore, employees’ lack of knowledge on OPRAS causes them experience a certain level of anxiety in anticipation in their performance appraisal. Employees who are not part of the dominant culture may be even more apprehensive (Anderson, 2002). Their anxiety can stem from one or more of the following factors: Fear of Repercussions: understanding that they are not in a position of power, diverse employees may experience fear when being evaluated.

They may see it as a formalized reprimand and fear losing their jobs. “Fear for unfair evaluation” The employee may feel that it is not possible to be fairly evaluated by someone who may have little understanding or empathy for the employee’s problems. For this case, sitting next to the person being evaluated at a table or in chairs rather than across a desk shows empathy for the employee who may appear anxious.

Lack of Understanding of the Process: Employees who are unfamiliar or donot understand the process may exhibit reluctance to participate. The forms may be confusing or intimidating. To overcome this, employer may explain the performance evaluation process to the whole staff, including the reasons and benefits (Anderson, 2002).

Although performance appraisal is being carried out in the Institution, it was found that most of employees (60.5%) graded it as it is being done poorly. This is
supported by the fact that employees perceived it as a managerial tool used for controlling them. That the process is too subjective and it depends on the supervisor’s judgment that brings outcomes which are centrally to employees expectations.

This is because, managerial approach to performance appraisal is regarded as unwarranted, unworkable and unacceptable, particularly in the knowledge based organization, such as colleges because top down approach to research and teaching restricts creativity and self development. Therefore, the finding implies that, employees are not pleased with the way performance practice is carried out at the Institution. Rankin and Klein (1988) said effective performance appraisal needs a clear performance goal; qualified levels of performance, personal rewards should be tied to organizational performance and implementing a plan together.

Since the majority of employees said that they had little knowledge about how OPRAS was conducted in NSSF at Tanga branch. It implies that training about OPRAS was not provided, it is extremely alarming that many employees lack understanding on the process. Consequently, the success of this appraisal system can be counted as a result of the training and improved knowledge on the OPRAS. This is in line with the key findings of Fink and Longnecker (1998) who showed that training on the performance appraisal was a strategy for the improvement of performance appraisal in a given organizational setting. This is also an indication that the practice was acceptable in the Fund. Insisting on its importance, DeNiSi (1996) in defining performance appraisal stated that, in the system of performance appraisal, the supervisor is required to develop instruments and procedures to be used in evaluating employee. This is also in line with Ngirwa (2005) who observed that it the process applied by managers working with their teams in accordance with the circumstances in which they operate. As such, it involves managers and those with whom they manage acting as partners but within a framework that sets out how they can best work together. In emphasizing the importance of Performance Appraisal it is suggested that the employee is required to attend formal performance
review/assessment annually or perennially or be appraised more frequently in order to get feedback.

According to Ngirwa (2005), Performance appraisal is an expert function. All employees have to be adequately trained to perform their duty as evaluators. If both managers and supervisors were trained to understand and administer the program, then they would be able to manage the performance appraisal function effectively. This is because 35.5 percent of people without formal training on OPRAS is big enough to affect the implementation of effectiveness of the performance appraisal.

A major aspect of developing an effective performance system is training for those individuals involved as raters. This training should start with a focus on providing the manager with a systematic approach to the practice of effective people management (Goff and Longenecker, 1990). This training need to focus on the process of managing, motivating and evaluating employee performance: performance appraisal is only a part of this overall process and it is important that managers see it within its wider context and not as a simple “quick fix” solution.

Training should begin at those levels of management that will be involved in administering the program and providing training for lower levels of supervision. Once these senior managers have “bought into” the system, skills training are needed for junior managers and supervisors. This specific training should include at least the following: supervision skills; coaching and counseling; conflict resolution; setting performance standards; linking the system to pay (assuming this is the aim of the appraisal system), and providing employee feedback (Even, 1991).

Once an individual rater has been through with the necessary training, periodic refresher courses would be required to help the rater maintain necessary skills in performance assessment. Raters involved in the appraisal process should also be evaluated on how they conduct performance appraisals. This will help them to make sure that evaluations are performed in a similar and consistent manner throughout the organization.
Since we are asking employees to contribute to the process by being involved in the setting of personal objectives and obviously in the review process, some training is required for all employees. The training should include how to set objectives, how to keep accurate records, and how to communicate all aspects of performance. Agreement on the training and development plan formulated between the appraiser and the appraised is of paramount if the appraise is to be committed and motivated to achieving the objectives.

The study indicates that employees lacked understanding of the OPRAS practices. In this case, the effectiveness of Performance Appraisal process is never complete if it is not successfully implemented. This is not a good indicator to the organization because OPRAS is very important in today’s public organization as far as performance improvement is concerned. This argument is supported by Chambo (2008), he argues that low understanding of OPRAS among employees, lack of feedback after appraisal exercise, low level of participation in formulating OPRAS objective, hinder the effective implementation of OPRAS.

4.4 Employees Involvement in Appraisal Process
Regarding this section, respondents were asked some questions about their involvement in Performance Appraisal Process. Employees were asked to give their opinions whether they were involved in conducting Performance Appraisal with their supervisor.

In the table 4.4 below, 28.9% of the respondents argued that employees were involved in performance appraisal process, specifically in setting organizations’ objectives. According to Frimat (2003), the organization must give serious consideration to the type of performance management system to ensure that employees are involved in setting objectives so as to be best suited to the workplace. The performance management system the company utilizes must be congruent with the company philosophy, mission and values. In defining the company philosophy, mission and values, the organization must involve all employees. Before constructing a performance appraisal that the company believes will work, it should first consider
the fundamental steps in designing a performance management system. These steps
include, developing job descriptions and job specifications, identifying performance
standards, and formulating the types of rewards and recognition you offer for good
performance (Cummings and Worley 2005).

Table 4.4 Employees involvement in Appraisal Process

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>To set Performance Objectives</td>
<td>22</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
</tr>
<tr>
<td>Planning for Objective Achievement</td>
<td>19</td>
<td>25.0</td>
<td>25.0</td>
<td>53.9</td>
</tr>
<tr>
<td>Communicating problems and Success</td>
<td>14</td>
<td>18.4</td>
<td>18.4</td>
<td>72.4</td>
</tr>
<tr>
<td>Feedback</td>
<td>11</td>
<td>14.5</td>
<td>14.5</td>
<td>86.8</td>
</tr>
<tr>
<td>Rewarding</td>
<td>10</td>
<td>13.2</td>
<td>13.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher’s Field Data, 2013

From the Table 4.4 above, 25.0% of the respondents indicated that employees were
involved in performance appraisal system in planning their objectives. This suggests
that employees in this institution had opportunity to plan for their performance
standards. This result is similar to that reported by Van de Walle et al (2007) who
pointed out that good performance standards is reflected on everyone’s participatig
in defining the amount of work, and effort or employee tasks necessary to reach a
predetermined level of performance. For example, if a person have a sales
representative whose work is evaluated by the number of sales made each quarter,
one could establish a performance standard based on the sales revenue she generates
(Van de Walle et al, 2007).

On the basis of the above findings, it implies that good participation of employees in
the formulation of objectives have positive impact on the application of OPRAS as
supported by Locke, et al (1981, 1990), he found that goal setting is an important
element in employee motivation, increases persistence, and encourage employees to
find new and better ways to work, which is an important element for effective
application for Performance Appraisal. OPRAS requires all public servants to develop their personal objectives based on strategic planning process and the organization’s respective service delivery targets. URT (1999) policy describes the means of developing the individual performance plan where the supervisor and subordinate have to agree on performance objectives, performance targets, performance criteria and required resources in order to achieve the set targets and objectives.

Another important aspect emphasized by many scholars is the staff involvement in setting objectives and criteria for Appraisal. Rennecker and Steel (1989), Foster (2000), and Rotich (2001) supported the involvement of the employees in setting their performance objectives as the key for the organization to ensure that employees are properly utilized. This means that managers should involve subordinates so that the whole process of formal performance appraisal becomes participatory. Arthur et al. (1995) found that attitudes to appraisal and the quality of any feedback generated are key constraints upon the possible contribution of management development to organization effectiveness.

From the table 4.4 above 18.4% of the respondents claimed that employees were involved in communicating performance problems and success. This argument implies that employees were freely communicating with their supervisors about problems and success in the performance appraisal system. McLean (2006) argued that communicating the performance appraisal process, not only to new managers but on an ongoing basis, can help remind all supervisors that the process exists, what it is, how it works and where to get advice and assistance if needed. In addition, business leaders and human resources staff should make sure managers and supervisors understand why performance appraisal is important to employees, managers and the organization.

McLean (2006) argues that communication is a critical element for the organisation's performance management system and the performance appraisal specifically. During new hire orientation for instance, It should be explained to new employees how their
performance will be evaluated. It is important to explain the system and the appraisal process. Employees can better determine how to self-evaluate their performance if they understand the performance standards on which their performance appraisals are based. Importantly, your supervisors and managers must be trained to administer a performance appraisal that is not dreaded by both the manager and the employee. Many employees approach the performance appraisal meeting with such trepidation that the ordeal becomes the least-liked part of working. This situation should not be allowed to happen. The entire staff should be kept informed about their company's expectations and how they can exceed those expectations (Van de Walle et al., 2007).

T4.4 above shows that 14.5% of the respondents said that the performance feedback was provided. This indicates that some employees got enough feedback after they were evaluated; it is also evident that the process was well organized and it was conducted in a transparent environment as it should. Soltani (2005) elaborated conflicting theory and practice of performance appraisal as contributing to ineffectiveness of the performance. In his work, he was indicated that lack of a feedback system is a bottleneck to the performance appraisal success.

Although formal and ongoing feedback mechanism was reported as an important aspect for the development of OPRAS practices at NSSF, it was observed that formal feedback mechanism was not well provided since only 18.4% of the respondents said that feedback was provided. This is contrary to Public Service Management and Employment Policy (1999 and 2008) that require all public servants to be given feedback at regular intervals, not less than six months on their performance against the objectives and should be supported to improve any shortcomings.

Following these circumstances, Gupta (2000) disclosed importance of feedback as step in modern appraisal process. He commented that, if feedbacks are not provided to the employees, the whole process will be useless. This argument is supported by Longenecker (1997), Fanuel (2004) and Chambo (2008) who revealed that lack of ongoing performance feedback is one cause of ineffective performance appraisal.
Therefore, it is a misuse of time for NSSF to carry out performance appraisal for their employees if they do not give them the feedback or if the feedback is partially given to few employees. Literatures show that for feedback to have the most value, it needs to be given in close proximity to the event. Ongoing feedback can be informal and should occur as part of the daily work routine. Therefore, feedback should be given with a positive attitude as this can have effect on the employees’ future performance. This indeed brings the perceptions that, although NSSF has done much on the training and elaborating the practices, the lack of enough feedback constraints the successes.

From the table 4.4 above, 13.2% of the respondents claimed that the employees were involved in performance appraisal system because they were rewarded as soon as they performed better. This argument is similar to the findings by Kane et al, (1998) who notes that most employees want to know what the rewards are for different levels of performance.

The employers should look at the company's compensation structure and select the type of rewards they believe to be equitable for each level of performance. If the company rewards low-performing employees at all, they should receive a minimum increase or bonus in exchange for the work performed during the appraisal period. High performers are generally rewarded with a salary increase and perhaps a bonus, this motivates employees to continue providing top performance, and bestows rewards and recognition due for excellent performance, aptitude and initiative (Kane et al, 1998).

Both managers and employees believe that performance appraisals are more effective when they are linked to pay or some other tangible rewards, such as promotions. According to Kotter and Heskett (1992), pay for performance (P4P) programs are growing in popularity because they improve overall company performance and help the business retain the best, most productive employees. This may take the form of a merit increase in an employee's base pay, a bonus for meeting a deadline or
successfully completing a project. In some instances, pay for performance may be tied to the company or work unit reaching a specific goal, such as revenue level.

Only few respondents (13.2%) in table 4.4 above argued that they were involved in rewarding process as part of effective performance appraisal system. This implies that NSSF has in place staff incentive and motivation policy which is not well implemented. Motivation policy or rewarding system is important in work organization in order to improve productivity. DeNiSi (1996) insisted that management should not only just count on cultivating strong interpersonal relationships with employees. The nature of these relationships can change greatly, for example, during times of stress. Instead, the employers should use reliable and comprehensive systems in the workplace to help motivate employees. This can be done for example, through establishing compensation systems, employee performance systems, organizational policies and procedures. Also, establishing various systems and structures helps ensure clear understanding and equitable treatment of employees and therefore increasing productivity.

4.5 Conformance of Appraisal Process to the Performance Policy
Conformance of appraisal process to the performance policy was the third objective of the study. Under this section, the study sought to capture the opinions and views on whether the practice of Performance Appraisal at the National Social Security Fund conforms to the Performance policies. Information for this section was obtained from all respondents using questionnaire. Two major concern in this section were to know whether performance appraisal targets in improving employees’ performance, and the accuracy and fairness of performance appraisal practices.
Table 4.5 Appraising Conformance with Performance Policies

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>53</td>
<td>69.7</td>
<td>69.7</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>23</td>
<td>30.3</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>76</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data, 2013

From the table 4.5 above, 69.7% of the respondents agreed that performance appraisal system in NSSF conform to the performance policies. This implies that Performance appraisal and institutional policies aim at improving the organizational performance. The performance management instruments merely ensure that the key objectives and functions of the organization are achieved.

The findings indicate that the accuracy and fairness of the process was well known by the employees because (69.7 said it was accurate and fair, compared to 30.3% who thought that the process was neither accurate nor fair. This implies that NSSF has adopted the performance appraisal policy. The implementation of performance policy ensures the adoption of OPRAS as introduced by the government of Tanzania in 2004.

According to Bana and Ngware (2006), the Government introduced the use of Open Performance Review and Appraisal System (OPRAS) in July 2004, through Establishment Circular No.2 of 2004. OPRAS replaced the Confidential Performance Appraisal System which was characterized by absence of feedback and poor help in the identification of the training needs of the employees. These changes in appraising performance of Public employees are in line with Public Service Management and Employment Policy (PSMEP) of 1998 and the Public Service Act No. 8 of 2002, which both emphasizes on institutionalization of result oriented management and meritocratic principles in the Public Service.

Introduction of OPRAS is a key part of the Government's commitment to improve performance and service delivery to the public. It is a key accountability instrument.
for individual employees that emphasize the importance of participation, ownership and transparency through involving employees in objectives setting, implementing, monitoring and performance reviewing process. This ensures continuous communication between supervisors and employees, and understanding on the linkage between organizational objectives and individual Objectives.

From the table 4.5 above, 30.3% of the respondents claimed that NSSF implementation on effective performance appraisal system did not conform to performance policy. This implies that even though OPRAS was implemented by NSSF, it as not effectively and efficiently done. This argument is more elaborated by Bana and Ngware, (2006) who observed that performance policies as indicated in OPRAS, give characteristics and qualities of Public service employees to be evaluated under "attributes of good performance" aspect. The attributes of good performance aim at motivating and instilling positive work behaviours while discouraging actions that come into conflict with established rules of good conduct and values of the public service. Among the notable values are integrity, commitment, discipline, ability, teamwork and effectiveness in establishing good relationship among fellow employees within public service and outside organizations. Therefore, poor follow up or lack of conformance to performance policies may lead to ineffectiveness performance appraisal system.

According to Denning (2001), Performance appraisal policies reinforce a caste system in many organizations. There is usually a big gap between middle management and upper management as far as performance rewards is concerned. Such programs, where compensation is tied to appraisals, tend to reinforce established "caste systems". In other words, the company's program is very successful for upper management, but depending on the manager, it varies for the 'regular' employee population. Performance appraisal programs are not consistently used across the organization. These findings are supported by Denning (2001) who points out that, lack of implementation of performance policies relates to the point regarding managers not taking the process seriously. Often, if compensation is supposed to be linked to appraisal results, there are no actual distinctions financially
among the levels of performance. Performance appraisals often amount to little more than one more round of annual form filling. If the there are no conformance of performance appraisal to performance policies practices then the performance appraisal process will be the source of anxiety for supervisors and subordinates alike (Denning, 2001).

The above discussions concerning conformance of Performance Appraisal practices to the policy are also supported by the findings from the management. The researcher wanted to know whether there was a relation between employee motivations and the performance of an organization. The respondents agreed that employees’ motivation has significant relation to the performance of an organization. This indicates that employees need to be motivated for them to perform better towards the achievement of the organization goals. This is supported by Ngirwa (2005) in his work on Human Resources for health. He argues that, a motivated and qualified workforce is crucial in increasing the productivity and quality of public services in order to contribute to achieving organization service targets.

Performance policies insist on Priority programmes which is a stake in skilled and motivated workforce, as they are implemented primarily by an organization’s facility’s existing service. Motivation in the work context is defined as an individual's degree of willingness to exert and maintain an effort towards organizational goals. However, the challenges for managers are how to create this kind of motivation. Researches have shown that workers and their managers often perceive motivation differently. In addition, little is known about the motivational factors that are important for public workers in resource-poor settings.

The findings show that subordinates are aware of the organization’s incentives and motivation schemes. Some respondents had opinion that motivation/incentives need to be assigned appropriate weight for the public sector to deliver intended outcome.

The questions regarding motivation/ incentives were included in the study because there is a close relationship between Performance of an employee and motivation.
Once a person at work is in a good and conducive working environment, provided with material and non material incentives, it is expected that employees’ performance will be better and therefore the organization realizes its goals. As Ryan (2009) insisted, there is a great link between incentives and motivation towards efficient performance of work organizations. Every organization has goals that are to be attained in a specific period. Likewise, employees do join an organization with their expectations to be realised. The great task with management is to seek how to match the two. Goal congruence will lead to high organizational efficiency and productivity.

Incentives and motivation when considered boost up the working morale. Also, Anderson (2002) says the management will never fully optimize their organization’s performance without an incentive scheme, but just having one does not, in itself, guarantee improved performance. The design of a really successful incentive scheme is an ongoing process. Not an event. The success of an employee incentive program design in one organization is not a predictor of its success in another organization. An organization should not “transplant” other peoples’ scheme designs. Nothing fails like success! Hanging on to design features or performance measures just because they brought success in the past, does not increase the chances of success now. On the contrary, it could kill the employee incentive program.

Furthermore, the management who were satisfied that Performance Appraisal practices conformed to the policy believed that the success was because of their high level of education, proper supervision, and their dedication to the work. They added that it was also due to the dissemination of incentives to the employees and involvement in preparing the training needs assessment. It is clear that satisfaction of managers to employee performance is a good sign for the achievement of organization intended goal.

This is supported by Fink et al (1998) that Performance management as the systematic process of planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance is the best way to improve
employees performance. Therefore, Performance Appraisal practices conform to the policy when employees rewarding system, goal setting, communication, and feedback policies are implemented smoothly by the public institutions.
CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction
This chapter presents a summary of the findings, recommendations and conclusions drawn from the study. The summary of the findings are presented according to the research objectives. Moreover, the Chapter provides the recommendations for action and recommendation for further study.

5.2 Summary of the Findings
The summary of the findings of this paper are presented according to the research objectives, namely knowledge of employees on OPRAS, employees involvement in appraisal Process, and conformance of appraisal process to the performance policy. The following are the summary of the findings:

5.2.1 Knowledge of Employees on OPRAS
To determine the knowledge of employees on OPRAS was the first objective of the study. The study discovered that most employees in NSSF were lacking the OPRAS knowledge. The study showed that 60.5% of the respondents were completely unaware about the on going open performance review appraisal system. This implies that supervisors and managers in many public institutions need training on conducting performance appraisals.

In addition, training should also take place regularly and provide updates to subordinate on any changes in the process or the evaluation forms. Training about OPRAS is not limited to promoting efficient employee performance. It is rather the most effective for tool of sound management. It can be used to speed up production, improve the quality of products and services, and tremendously decrease delivery times to customers. Training enables employees to know how to achieve individual
objectives which at the end of the year OPRAS needs to know whether or not it has been done effectively and efficiently.

### 5.2.2 Employees Involvement in Appraisal Process

The study assessed employees’ involvement in appraising process. It has been observed that the employees were involved in the performance appraisal process. Most of the respondents showed that they participated in OPRAS performance appraisal processes, such as identification of the organization and individual objectives (28.9%), planning for achieving the objectives (25.0%), communicating the process (18.4%), feedback was reported by 14.5% of the respondents and the remaining 13.2% of respondents said that they were involved in rewarding process.

The findings above suggest that good participation of employees in the formulation of objectives have a positive impact on the application of OPRAS; this is supported by Locke et al (1990) who observes that goal setting is an important element in employee motivation, increase persistence, and encourages employees to find new and better ways to work. This is therefore an important element for effective application for Performance Appraisal. OPRAS requires all public servants to develop their personal objectives based on strategic planning process and the organization’s respective service delivery targets. URT (1999) policy describes the means for developing the individual performance plan where the supervisor and subordinate have to agree on performance objectives, performance targets, performance criteria and required resources in order to achieve the set targets and objectives.

### 5.2.3 Conformance of Appraisal Process to the Performance Policy

The study discovered that performance appraisal process in NSSF conforms to the performance policies. Table 4.5 on page……above shows 69.7% of the respondents claimed that NSSF performance appraisal process conformed to the OPRAS policy. In this case, Performance Appraisal practices in NSSF conformed to the policy in the
areas of employees rewarding system, goal setting, communication, and feedback policies.

5.3 Recommendations
The results indicate that at NSSF OPRAS was not applied effectively as a system for evaluating employees’ performance, and that the benefits for using the instrument are yet to be realised by the employees. This was mainly because the supervisors, managers and other subordinate employee’s subordinates lacked knowledge on OPRAS. Formal performance appraisals still pose a big challenge for the Institution and the government at large. In the light of this conclusion, the study recommends the following:

5.3.1 Government
First, there is a need for true decentralization of the performance appraisal systems/instruments. OPRAS forms are designed in similar fashion for all public organizations. It is more appropriate for every organization to be given an opportunity to design its own system which fits into a particular organization’s environment to enable them to evaluate all categories of employees. It is important also for the government to modify the existing law which sanctions employees’ performance appraisal. The law lack penalties for those who fail to implement OPRAS effectively.

Second, the authority responsible for the public service in central government division should revisit the laws which are now in force to assess their effect on the employees’ performance evaluation exercise. Public service Act No. 8 of 2002 and its regulation of 2003 require that performance of the tasks which have been done by the management to be assessed by the institution through its management meetings. All matters related to employees should be submitted to the management for discussion and decision. These include decisions on employment, promotion, discipline, and training (Management and Employment Policy 1999 and 2008). This system causes management to concentrate more on quarterly reports to fulfill the institution’s requirement, but the credibility of the established committees in addressing employees’ matters is questionable.
5.3.2 NSSF Management
There is a need to improve communication between management and other employees. The institution should collectively communicate the value of performance appraisal and development to the subordinates. OPRAS has a lot to do with communication in all levels of the institution, and without this the institution can hardly succeed. There is need for changing form a closed culture to a more open one which allows employees in particular section/department to be informed about what has been planned and what is being done to enable them to participate.

The institution also needs to make the appraisal of employees a key aspect in deciding on the issues which are related to the trainings and development of employees. The current system requires the interested employees in further training to send their requests to the management for decision. The employees request is considered depending on availability of resources and the number of applications. This system is not appropriate in supporting the organization’s objectives.

Employees’ performance evaluation needs to be treated as the most important task in the job descriptions for all the Heads of departments. This will stimulate the commitment of heads of departments to initiate appraisal for their employees. The existing job descriptions for the Heads of departments do not mention employees’ performance as among the important aspects.

5.3.3 Areas for further Research
Given the findings of this study, there is a need for conducting further studies in public institutions regarding Performance Appraisal in the following areas:

i) Similar or related research studies should be conducted in other public organizations countrywide for comparative purposes and for enhancing collective efforts in making the practice known and acceptable. The research whose findings are presented in this dissertation was confined only to the NSSF Office in Tanga Region.
ii) The challenges of employees’ performance appraisal in public organizations in Tanzania, its nature, and inapplicability to certain job groups.

iii) The role of Human Resources Department in the effective application of employees’ performance appraisal in public institutions in Tanzania.

5.4 Conclusion

Poor employees’ knowledge on OPRAS is regarded as the main obstacle to the effectiveness Performance Appraisal. It is also very difficult to measure performance of employees in an organization where such individual performance is not well rated and documented. Moreover, the management has the ultimate responsibility of creating favourable conditions for employees, including provision of resources, communicating performance plans to employees, and the use of performance appraisal to make decisions about employees.

It is commonly agreed that performance appraisal is crucial in addressing the institutional needs as well as staff member needs, abilities, motivation and expectations. Thus, the performance appraisal event should be a team work, frequently and timely carried out for mutual understanding and acceptance. Although, almost, all leaders at the NSSF had knowledge on OPRAS and the majority of subordinates had heard about OPRAS, the open performance appraisal system had been introduced in without clear implementation strategies. This short coming is reflected on the majority of leaders not conducting or partially conducting OPRAS with their subordinates.

Furthermore, in performing their duties, managers must have both appropriate skills and knowledge. A supervisor should operate as a judge and a helper if the use of any single instrument for appraising employees is to succeed. Also, the management should strongly consider employees performance appraisal as a tool that can help to improve organizational performance. This can be done by conducting the needs assessment to evaluate the current status of the organization through interviews and
on problems in the appraisal process. This information can be used to make appraisal as an organizational priority, allocate time to the appraisal process, and willingness of the organization to spend money for training.

To increase the accountability and rewards for effective employee performance, managers should be held accountable for failing to conducting effective performance appraisals. Conducting effective appraisals must be a key component in a manager’s job description. It should also be part of what all managers are held accountable for by their superiors in their formal appraisal. For effective evaluations, managers should involve subordinates in the process, for example by giving them enough time for preparation before the appraisal meetings. Accountability for effective performance appraisals should start at the top of the organization and work its way through the managerial ranks. HR department should demonstrate effective initiation and overall supervision. Without this key component, the appraisal process will not be taken seriously by the rest of employees.

In conclusion, within the context presented in this study, it is evident that implementing any performance appraisal system is a complex proposition that requires developing sound appraisal procedures and motivated and skilled supervisors. Management of the performance appraisal function in NSSF has been affected. Good performance and job satisfaction are increased when evaluation is based on behavioral, result oriented criteria, when careers and performance issues are discussed, and when the employee has an opportunity to participate in the evaluation process. Finally, the excuses for not conducting effective appraisal system properly are not warranted in modern t public organizations; therefore, the government should develop the skills needed. Moreover the government should allow its organizations to design appraisal systems that fit their specific organization’s environment. In addition, participation of all players in designing the appraisal system is significant for achieving the desired objective of evaluating the performance of employees in public work organization.
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APPENDICES

Appendix 1: Questionnaires

This questionnaire is designed to investigate “Factors affecting the effective implementation of performance appraisal system in public institutions in Tanzania: Case study of National Social Security Fund (NSSF)”

The researcher kindly reminds the respondents (NSSF employees and management) that the response given by them will be used only as an input for the research work. In addition the researcher would like to be grateful to the respondents for the sacrifices they paid in completing this questionnaire.

Note:

No need of writing your name

PART 1: DEMOGRAPHIC INFORMATION

1. Age:
   a) 20-28
   b) 29-36
   c) 37-44
   d) 45-52
   e) 53 and above

2. Sex:
   a) Male
   b) Female

3. Level of Education:
   a) PhD
   b) Masters
   c) Postgraduate
   d) First degree
   e) Advanced Diploma
   f) Diploma
4. Working Experience:
   a) Below 1 year
   b) 1-3 years
   c) 4-6 years
   d) 7-10 years
   e) 11 and above

PART 2: THE KNOWLEDGE REGARDING OPRAS AMONG EMPLOYEES AT THE NSSF

5. Are you aware of OPRAS?
   a) Yes
   b) No
   c) Not sure

What is the level of your awareness?

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6. Do you understand Performance Appraisal Practices?
   a) Yes
   b) No
   c) Not sure

If yes, what is it? If no, why?

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7. Are you aware of the importance of OPRAS?
   a) Yes
   b) No
c) Not sure
If yes, what is it? If no, why?
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8. How do you grade the OPRAS practices in your organization?
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----------------------------------------------------------------------------------------
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9. Is the Performance Appraisal system carried out in your organization?
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----------------------------------------------------------------------------------------

10. Have you received any training regarding OPRAS?
    a) Yes
    b) No
    c) Not sure
If yes, what is it? If no, why?
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11. In your opinion what is a major aspect of developing an effective performance system?

12. Why is training necessary for individual raters?

13. Do you happen to get Performance feedback after evaluation?
    a) Yes
    b) No
    c) Not sure
If yes, what is it? If no, why?
14. From your experience of adopting OPRAS by your organization, please rate the extent of successful implementation of the OPRAS

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PART 3: EMPLOYEE’s INVOLVEMENT IN PERFORMANCE APPRAISAL PRACTISES

15. Have you ever been involved in conducting Performance Appraisal with your Supervisor?
   a) Yes
   b) No
   c) Not sure
If yes, what is it? If no, why?

16. Do you get sufficient notice to prepare for Performance Appraisal meeting?
   a) Yes
   b) No
   c) Not sure
If yes, what is it? If no, why?
17. Do you participate in setting objectives and criteria for which you have been appraised?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
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18. Does your supervisor involve you in discussion of Performance Appraisal results?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   …
PART 4: CONFORMITY OF PERFORMANCE APPRAISAL PRACTISES AT NSSF TO THE PERFORMANCE POLICIES

19. Do you think that Performance system at NSSF targets in improving employees’ performance?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………

20. On the overall assessment of the Performance Appraisal at NSSF, do you think it is accurate and fair?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………

21. Do you think that staff/employee motivation has a great relation to the performance of your organization?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………

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22. Does your organization has in place a staff incentive and motivation policy?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................

23. Do you think that employees are aware of the organization’s incentives and motivation schemes?’
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   .................................................................................................................................
   .................................................................................................................................
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   .....  

24. To what extent are you satisfied/ dissatisfied with the level of your staff performance?
   a) Yes
   b) No
   c) Not sure
   If yes, what is it? If no, why?
   .................................................................................................................................
   .................................................................................................................................
   .................................................................................................................................
   .....
Appendix 2: Interview Guide

1. Is there any importance of OPRAS practice in your institution?
2. Are there any difficulties in OPRAS practices carried out in your organization?
3. Do OPRAS practices improve the quality, productivity, motivation and add value in your institution?
4. Do you insure all employees participate in setting objectives and criteria for appraisal?
5. Do you cooperate with your subordinates in OPRAS discussions?
6. Do OPRAS system targets in improving employees’ performance in your organization?
7. Does OPRAS overall assessment produce accurate and fair results?
8. Is there in place a staff incentive and motivation policy in your organization?
9. Are your subordinates aware of the organization’s incentives and motivation schemes?
10. Are you satisfied with the level of your staff performance?
Appendix 3 SPSS Tables and Graphs

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Frequency Table

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### Performance Appraisal Practices Conform with the Performance Policies

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Education of the Respondents

- Phd: 60
- Masters: 50
- First Degree: 40
- Certificate and Diploma: 30
- STD VII: 20

Experience of the Respondents

- 1-3 yrs: 40
- 4-6 yrs: 30
- 7-10 yrs: 20
- 11 yrs and above: 10
Knowledge of the Respondents about OPRAS

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Employees Involvement in Performance Appraisal Practices

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Employees Involvement in Performance Appraisal Practices
Performance Appraisal Practices Conform with the Performance Policies

Performance Appraisal Practices Conform with the Performance Policies

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