EVALUATING EMPLOYEES PERFORMANCE APPRAISAL
METHODS AND USE OF THE APPRAISAL RESULTS IN BOTH
PUBLIC AND PRIVATE ORGANIZATION
EVALUATING EMPLOYEES PERFORMANCE APPRAISAL METHODS AND USE OF THE APPRAISAL RESULTS IN BOTH PUBLIC AND PRIVATE ORGANIZATION

By
Esta Chugulu

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Human Resource Management (MSc-HRM) of Mzumbe University.

2014
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a thesis entitled *Evaluating Employees Performance Appraisal Methods and Use of the Appraisal Results in Both Public and Private Organizations*, in partial fulfillment of the requirements for award of the degree of Master of Science in Human Resource Management (MSc-HRM) of Mzumbe University

___________________________
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First and foremost, I sincerely thank and praise God for enabling me to complete the degree of Masters of Science in Human Resource Management (MSc-HRM) of Mzumbe University. I wish to acknowledge the advice, comments, assistance and encouragement I received from various people.

I am highly indebted to Dr. Flora Kessy who assisted and guided me throughout the research. I gratefully thank Mzumbe University which enrolled me to pursue this Masters Programme.

My heartfelt thanks are also directed to my beloved parents who assisted me materially and morally without forgetting my friends; to me you were more than friends with full moral support.
DEDICATION

This dissertation is dedicated to the most caring and understanding people: my parents Prof and Mrs Samwel Chugulu, my relatives Agatha, Joseph and Alphonce. You mean a lot in my life because of the unconditional love and joy they bring to my heart.
### LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACR</td>
<td>Annual Confidentiality Report</td>
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<td>BARS</td>
<td>Behavioural Anchored Rating Scale</td>
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<tr>
<td>CSRP</td>
<td>Civil Services Reform Programme</td>
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<td>MBO</td>
<td>Management by Objectives</td>
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<td>OPRAS</td>
<td>Open Performance Review and Appraisal System</td>
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<td>PA</td>
<td>Performance Appraisal</td>
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<tr>
<td>PAS</td>
<td>Performance Appraisal Systems</td>
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<td>PSRP</td>
<td>Public Services Reform Programme</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>TANESCO</td>
<td>Tanzania Electric Supply Company</td>
</tr>
</tbody>
</table>
ABSTRACT

The study aims at evaluating performance appraisal methods and use of results at both public (TANESCO) and private (Symbion) organizations. The objectives of the study is to compare performance appraisal methods in both public and private organizations, to determine suitability and performance of various types of performance appraisal methods, to determine employers and employees' level of satisfaction regarding the said appraisal methods, and to explore ways to harmonize the use of various types of performance appraisal methods. The study used interview and survey to collect data from a sample of 50 respondents from TANESCO and 50 respondents from Symbion Power.

The study revealed that the performance appraisal results have benefits in a number of ways including informing the employees' development plans, for instance, through identification of necessary training requirements, giving enough opportunities to employees by recognizing their talent and giving them more responsibilities, and identifying poor performing employees and put them under a performance improvement plan so that they can be effectively guided and groomed to become good performers. It is also instrumental in identifying any other reasons for non-performance of an employee, like non-availability of tools to perform their job or other external factors and remove those obstacles so that employees are in a position to perform their job well. The absence of performance management has contributed to the high rate of business failures in the public and private sector.

The study recommends that the public and private organizations should make sure that performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Effective performance management system requires time and resources and management is supposed to act upon the outcomes of the performance management process.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION .................................................................</td>
</tr>
<tr>
<td>DECLARATION AND COPYRIGHT ...............................................</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS .............................................................</td>
</tr>
<tr>
<td>DEDICATION ........................................................................</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS .......................................................</td>
</tr>
<tr>
<td>ABSTRACT ..............................................................................</td>
</tr>
<tr>
<td>TABLE OF CONTENTS .............................................................</td>
</tr>
<tr>
<td>LIST OF TABLES .....................................................................</td>
</tr>
<tr>
<td>LIST OF FIGURES ...................................................................</td>
</tr>
</tbody>
</table>

## CHAPTER ONE .......................................................................... 1
### INTRODUCTION ..................................................................... 1
  1.1 Background ........................................................................ 1
  1.2 Statement of the Problem .................................................... 2
  1.3 Objectives of the Study ....................................................... 3
  1.3.1 Main Objective .............................................................. 3
  1.3.2 Specific Objectives ........................................................ 3
  1.4 Research Questions ............................................................ 4
  1.5 Scope of the Study .............................................................. 4
  1.6 Significance of the Study .................................................... 4
  1.7 Structure of the Dissertation ................................................. 5

## CHAPTER TWO .......................................................................... 7
### LITERATURE REVIEW ............................................................. 7
  2.1 Introduction ........................................................................ 7
  2.2 Definition of Key Terms ....................................................... 7
  2.2.1 Performance Appraisal .................................................... 7
  2.2.2 Performance Management ............................................... 7
  2.2.3 Performance Appraisal Log ............................................. 8
  2.3 Performance Appraisal in Tanzania ....................................... 9
  2.4 Components of the Performance Appraisal System .................. 11
  2.5 Approaches of Performance Management ......................... 13
  2.5.1 Traditional Approach .................................................... 13
  2.5.2 Modern Approach ......................................................... 15
  2.6 The Role of the Feedback on Performance Appraisal .............. 16
  2.7 Review of Relevant Theories ............................................... 17
  2.7.1 Equity Theory ............................................................... 17
  2.7.2 Goal-setting Theory ....................................................... 18
  2.7.3 Expectancy Theory ....................................................... 18
  2.7.4 Motivational Theory ...................................................... 18
  2.8 Performance Appraisal ....................................................... 19
  2.9 Conceptual Framework ....................................................... 21
APPENDICES .................................................................................................................. 66

Appendix 1: Questionnaire .......................................................................................... 66
Appendix 2: Focus-group Discussion/Interview Questions Checklist .................. 72
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1:</td>
<td>Sample Size Distribution</td>
<td>25</td>
</tr>
<tr>
<td>Table 4.1:</td>
<td>Age of Respondents</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.2:</td>
<td>Time Worked with the Organization</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.3:</td>
<td>Highest Education Level</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.4:</td>
<td>Performance Appraisal Criteria Officers Often Use</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.5:</td>
<td>Perceptions on the Officers who Conduct Performance Appraisal</td>
<td>40</td>
</tr>
<tr>
<td>Table 4.6:</td>
<td>What Happens after the Appraisal Exercise is completed</td>
<td>42</td>
</tr>
<tr>
<td>Table 4.7:</td>
<td>Level of Objectivity of the Performance Appraisal Process</td>
<td>42</td>
</tr>
<tr>
<td>Table 4.8:</td>
<td>Fairness of Performance Appraisal Report and Methods</td>
<td>44</td>
</tr>
<tr>
<td>Table 4.9:</td>
<td>Usefulness of the Performance Appraisal Records to the Organization</td>
<td>48</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Pages

Figure 2.1: Components of Performance Appraisal Stepwise .......................... 13
Figure 2.2: Conceptual Framework on Effect of Performance Appraisal to the Performance of an Organization .......................................................... 22
CHAPTER ONE

INTRODUCTION

1.1 Background

It is a practiced norm for firms, both public and private to appraise their employees’ job performance and the resultant progressive potential for both personal and organization’s development. Through performance appraisal, managers are able to analyse work performance of employees in relation to their job descriptions and organization's set goals and objectives. As Faizal (2005:119) quoted in Hezekiah (2011) states, this process benefits both the employees and organization:

“The employees get recognition, career guidance and feedback for their performance and the organizations get qualified, committed and disciplined employee”.

According to Frank and Lewis (2004) and Lewis and Frank (2002), private sector gives out more incentive than public sectors when utilizing performance appraisal results on comparable jobs. Burgess and Ratto (2003) argue that money is not the only motivating factor for performance of public servants. They argue that the public servants are motivated by other benefits and incentives such as high access to education and training and high stability and security of their employment than private sector workers. This is also confirmed in a study conducted on public sector workers of Italy (Borzaga and Tortia, 2006). The study found out those monetary rewards, pay-for performance, or bonuses are less influential on motivating public sector workers than private sector employees.

It has been a custom of all organizations in Tanzania to perform employees’ performance evaluation. In the past, managers and higher echelon of the organization were the sole owners of the process. This process was called closed annual confidential report system which aimed at just evaluating the employees’ performance without their participation in the process. This process was characterized by poor feedback and inferior identification of training needs making it impossible to promote performance and accountability of workers (Nigera,
According to Gupta (2006) and Nigera (2004), it is important that the employees know what is expected of them in terms of goals and objectives and how to evaluate themselves in order to increase both ownership of responsibilities, milestones reached and, problems and challenges they encounter in the course of executing their duties.

The public sector in Tanzania adopted the open system and coined it Open Performance Review and Appraisal System (OPRAS) (Masawe, 2009). This system aims at increasing open evaluation hence reduce conflicts at work place while at the same time increase productivity. Most of the private organizations in Tanzania have not adopted it.

1.2 Statement of the Problem
At the moment, in Tanzania, various organizations apply different methods of performance appraisal. Due to use of different standards, methods perform differently and due to that the whole exercise lacks conformity across sectors. This complicates comparing past performance of individuals when they are recruited by new employers. It becomes hard to predict future performance measurement while traditional performance measurement perceived to be inappropriate (Radnor and Gure, 2004).

Notwithstanding the habitual practice of annual appraising employees’ performance, in most cases, results are not systematically utilized to address both employees’ career development and organization growth. This frustrates employees by limiting their professional growth and increase in their income (growth in one’s career normally translates in increase in one’s income). Frustrating workforce always results into stunted productivity which consequently curbs organization’s growth. In a country as poor as Tanzania, sectors performance and growth are of paramount economic importance. For employees to potentially contribute to the growth of the sectors and themselves, they must be objectively monitored and evaluated. Do they think their top-down performance evaluation method works better than the public
sector’s open system? What does the public sector think? Objectively, which system is better? Which sector utilizes better the performance evaluation results?

Is there any way to improve on the current practices to bring about a more effective and efficient performance evaluation method that may be streamlined across sectors to reduce the cost of reference and monitoring performance of workers, especially when they change employers? Moreover, both sectors public and private should use different methods of performance appraisal which are suitable to the organizations management and the use of results which they get from the appraisal. This study is aiming at evaluating existing practices of performance appraisal in both public and private organizations and informing both the employers and employees of the ways to best reap from the performance appraisal exercises.

1.3 Objectives of the Study

1.3.1 Main Objective
The main objective of this study is to evaluate employees’ performance appraisal method and use of the appraisal results in both public and private organizations.

1.3.2 Specific Objectives
In order to address the main objective, this study will strive to achieve the following specific objectives:

(i.) To compare performance appraisal methods in both public and private organizations.

(ii.) To determine suitability and performance of various types of performance appraisal methods.

(iii.) To determine employers and employees' level of satisfaction regarding the said appraisal methods.

(iv.) To explore ways to harmonize the use of various types of performance appraisal methods
1.4  Research Questions

The following questions will direct this research in addressing the set objectives:

(i.) What are significant features in performance appraisal methods applied by public and private organizations?

(ii.) How are the appraisal methods relate to job descriptions of the employees and organizations’ policies and goals?

(iii.) How are appraisal methods executed? Are they participatory or top-down?

(iv.) How are the results of appraisals used? Is there any feedback to employees after the appraisal exercise? Do current appraisals make reference to preceding year appraisal results?

(v.) How do appraisals’ results used to gauge and improve employees’ satisfaction and performance?

(vi.) What are challenges and lessons of operating the public and private sectors’ performance appraisal systems?

(vii.) Are there any ways to improve both systems? Any possibility of merging the systems? What should be done to merge the systems and provide a more effective and robust performance appraisal system

1.5  Scope of the Study

The area of study is focused on TANESCO (public organization) and Symbion Power (private organization) located in Dar es Salaam. The study aims on evaluating employee’s performance appraisal methods and the use of results on both sectors. TANESCO and Symbion Power are dealing with supplying of electricity’s operating more than ten years in Tanzania now is covered all over the Tanzania.

1.6  Significance of the Study

Performance appraisal is important for gauging the progress of both employees and employers.

(i.) Milestones reached are examined

(ii.) Challenges encountered are evaluated

(iii.) Problems faced are analysed

(iv.) High performances are rewarded
To indentify training and development needs that should be implemented, and

Opportunities for improvements are recognized and acknowledged.

Future plans of the organization are then revisited to take into account the performance evaluation results and plan accordingly for the future. Each component of organization’s goals and objectives is supposed to be addressed in the performance appraisal in order to achieve an objective examination of the position of the firm (Chen et al., 2009).

Furthermore, improvement of tangible employees’ and employers’ feedback and inclusion of the performance appraisal results to motivate employers and improve productivity is one of the main objectives of appraisal exercise (Halachmi, 2011).

This study will provide the current state of play regarding the appraisal exercise in both public and private sectors. It will provide an objective examination of the performance of both types of appraisal sectors while trying to gauge the cost borne by both employees and employers as a result of the appraisal exercises. It will unearth ways to design an appraisal exercise that can be streamlined in both sectors aiming at consistent examination of employees’ performance to improve productivity and employees satisfaction across both sectors.

1.7 Structure of the Dissertation

For ease understanding of the dissertation is organized in chapters, titles and sub titles. it has five chapters each focusing on a specific context. Chapter one comprises of overview research problems, objectives of the study, research question, significance of the study and scope of the study.

Chapter two is literature review which implies theoretical and empiric reviews of the subject matter while tapering off onto a conceptual framework that drives the study. The third chapter is research methodology which provides in depth info on how this study is organized and how was the data collected, analysed and reported.
The fourth chapter is the presentation and discussion of the finding; this reveals the study by discussion what was found in the field. The last chapter which is chapter five gives the summary of the finding, conclusion on relation with the conceptual framework and recommendation on the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
Fundamental theories, concepts and philosophies on the subject of performance appraisal and utilization of results of the appraisal exercises are briefly discussed in this section. Variables that constitute different methods of appraisal are discussed here as they form the brickwork of the main appraisal exercises and will highly inform the evaluation exercise that is aimed by this study on the different appraisal methods that are used by public and private organizations in Tanzania.

2.2 Definition of Key Terms

2.2.1 Performance Appraisal
Performance appraisal or performance review is an opportunity for individual employees and those concerned with their performance, typically line managers, to engage in a dialogue about their performance and development, as well as the support required from the manager. OR Performance appraisals usually review past actions and behavior and so provide an opportunity to reflect on past performance. But to be successful they should also be used as a basis for making development and improvement plans and reaching agreement about what should be done in the future (Armstrong, 2009).

2.2.2 Performance Management
Performance management is forward looking process primarily concerned with developing people and systems in which they work to deliver sustained high performance. It is not just about looking backwards and improving indifferent or poor performance in short term (Armstrong, 2009).
Nature of Performance Management
Performance management involves a continuing dialogue between managers and the people they manage. The dialogue is based on goal achievement, performance analysis, and constructive feedback and leads to performance and personal development plans.

Performance as behaviour
From the perspective of employees, what job performance consists of is essentially behaviours. It is what workers do day in and day out on the job. Ask a worker what they do in their jobs and they will describe their activities on various tasks from this perspective. Performance consists of behaviour and how well those behaviours are executed is critical performance criterion.

Performance as outcome
From the perspective of managers, performance on the job often consists of its outcome. It is the goals or actions achieved, not the activities, that are important. How many sales were made? How much waste was reduced? What was the amount of sales? How many were sold? These address performance output. Behaviour and outcomes are recommend and most common types of performance criteria in organizations. However, personality traits were at one time a common basis for evaluating performance in organizations, and you may still encounter them as performance criteria (Robert, 2008).

Personality traits such as leadership, integrity, loyalty, energy, and so forth are their very nature ambiguous focusing on behaviours would in essence, emphasize the rules and regulation regarding how a job or role should be carried out.

2.2.3 Performance Appraisal Log
The performance appraisal log is a record that the manager keeps for each employee and is a record of performance "events." The maintenance of a performance log serves a number of purposes. The manager can record successes or performance that requires improvement. When it comes time to complete the appraisal, the manager has a historical record of events and will not have to rely on recent memory. In
addition, this documentation can be used to support performance decisions or ratings. But it also can be used as a reminder for the manager–if the log has no recordings for a period of time, perhaps it is time to check in. If an employee does exceptionally well, or meets deadlines consistently, the log can be used as a reminder to provide recognition for a job well done. In addition, if a manager notices an area of deficiency, the log can serve as a reminder and a record of circumstances.

The performance log can also act as a reminder for coaching i.e.: record of upcoming tasks, manager can make note to discuss with the employee to ensure he/she is prepared for the individual for a task ahead, and then follow up discussion can promote learning and continuous improvement. This log should be created using the same principles of performance management and should be objective, based on observable, job-related behaviors, including successes, achievements and, if applicable, any documentation related to disciplinary actions taken (Krausert, 2009).

2.3 Performance Appraisal in Tanzania
Performance appraisal is a systematic way of assessing employee’s performance in relation to the individual set goals. In recent years, performance appraisal has become one of the important requirements for a successful business and human resource policies. Most of the big organisations use performance appraisal to monitor, measure and adjust aspects of employees and their performance in order to make appropriate decisions (Manoharan et al., 2009). It is a means of getting better results from employees and measuring performance with agreed goals and competence required. Through performance appraisal; managers will be able to identify the missing skills within the organisation and choose the proper employees to be trained on different areas according to their job requirements. By effectively utilizing skilled employees, organisation may achieve successful results and develop a highly productive work force (Harrington, 2003).

While performance appraisal systems in private sector were introduced by investors from developed countries, Tanzania government has its own appraisal system for its civil servants and has now and then, been undertaking some reforms with the aim of
bringing effectiveness and efficiency in public services. The reforms aim to restructure the public sector according to the changes in the world and improve their performance (Faizal, 2005). Poor performance and corruption in the Tanzania public sector limits the introduction of effective performance appraisal system as a means of eradicating poverty and sustain economic growth (World Bank, 2008).

Along with the performance appraisal system as a means to improving performance of the public sector, other public sector performance management reforms include Civil Services Reform Programme (CSRP) which took party from 1991-1999 (Lukumai, 2006) followed by the Public Services Reform Programme (PSRP) which was implemented in phases with the first phase taking place from 2000 – 2007 aimed to introduce the Performance management System (URT, 2005). It was implemented under the Public Services Management and Employment Policy of 1999 and legalized by the Public Service act No.8 of 2002 these two facilitated the institutionalization of performance management system in Tanzania (Bana and Shitindi, 2009).

More and more, organizations are linking performance to compensation. This link, however, cannot effectively be established without the existence of sound performance management processes that are seen as fair and equitable. Clear documentation of progress against performance expectations also allows proper recognition for a job well done. This can be provided a number of ways, i.e.: formal recognition events, informal public recognition or privately delivered feedback. It is important also to note the benefits of a consistent process across the organization. A consistent process creates a sense of fairness and significantly increases job satisfaction. This is even more critical if compensation is linked to performance. Employees need to know that if an individual in one department is identified as a top performer and compensated accordingly, then an employee performing at the same level in another department will receive similar rewards.

Since independency, Tanzania has been putting much effort in fighting against three enemies of development namely poverty, diseases and ignorance. The public sector
was used as a main tool to fight against these enemies but it was inefficient and ineffective and furthermore, misappropriated public resources. In 1990’s the government realized that it would take too long for the public sector to eradicate the economic growth enemies hence realized a need of some reforms among which performance appraisal was selected (Word Bank, 2008). Performance appraisal system in Tanzania was geared to improve the efficiency and effectiveness of service delivery in the public sector by insuring the value for money as it is the target for most of the implemented administrative reforms (URT, 2010).

Performance Appraisal (PA) is believed to have brought some improvement in the performance both public and private organizations because of the following reasons (Marsden et al., 2007).

(i.) Performance Appraisal System (PAS) is a way of an organization to assess the individual employees whether they meet their individual goals and perform their tasks for the success of the organization.

(ii.) Since everyone is different in their own ways, PAS is necessary to account for the different contributions of individuals and provide a chance for management to deal with each employee accordingly.

(iii.) PAS is the most used and common tool of performance management as; it defends organization actions against employees because employees will be assessed against the set goals which will be clearly known to employees hence reduce bias in evaluation and decision making.

2.4 Components of the Performance Appraisal System

Performance appraisal can only be applicable if the proper method is used and the management team has the required skills to apply it properly. Some organisations tend to adopt performance appraisal methods and techniques from other organisations without taking into consideration their management ability to apply them. De Waal (2007) argued that poor management practices, bureaucratic inefficiencies and low productivity levels in many organizations create pressure for managers to adopt and implement performance appraisal strategies.
For a performance appraisal to be successful, it has to go through a series of steps in order to track well the employees input to his/her output at agreed time (Figure 2.1). Such components of performance appraisal include:

(i.) Define expectations (set goals): Individuals with the help of their managers or supervisors put down in a special form what they are expecting to achieve in relation to the organization’s goals.

(ii.) Recording performance: This is the recording of employee’s effort in achieving his/her goals. This is continuous process basing on day to day activities for the whole appraising period.

(iii.) Measure and evaluate: The recorded employee’s performance is compared to the individual goals set. This process is done at the end of the appraising period.

(iv.) Feedback: This step is very important to both employees and the organisation. Through this process, employees will be able to know the level of their performances and achievements. Equally important, the management will get to know the performances of their employees and other instruments such as policies, rules and regulations and it will be in a better position to decide on the proper remedial measures to improve the performance and growth of the organization.
2.5 Approaches of Performance Management

2.5.1 Traditional Approach

This approach was mainly based in the past performance of employees in relation to their goals. It was used as a method of determining rewards and punishments and didn’t take into consideration other important aspects that contribute to the performance of an employee such as training and developments (Rudman, 2003).

In today's world, traditional performance appraisal has been seen to be insufficient as rating employees only is not enough to make an organization perform, rather other important aspects like identifying the missing knowledge and resources in an organization are also very important. Performance appraisal traditional approaches include Rating Scale method, Easy Appraisal method, Ranking method, Paired comparison, Critical incidents methods, confidential report system and Checklist method.

(i.) Rating Scale Method

In this method, management decides on the scales to be used example 1 to 5, 1 to 10 etc depending on the evaluated aspect. Employees will be evaluated
by managers and supervisors through observation and they’ll be given numbers which will be added and who scores more will be treated as a best performer.

(ii.) Easy Appraisal Method
The easy appraisal method is a qualitative which requires appraisers who are the superiors to write down a description of the performance of an employee with evidences to support the information. They are needed to express weak and strong points of employee’s behavior and work effort.

(iii.) Ranking Method
In this method, employee is assessed by being compared to similar employees and not to any standard measures. This method is mostly used in making decisions about employee of the month/year, who gets promotion etc.

(iv.) Paired Comparison
This method is similar to ranking method but the evaluation in paired method is done by comparing each employee with others in the same group one at a time.

(v.) Critical Incidents Methods
In this method, managers are required to record all the critical incidents of each employee at the work place throughout the appraising period. The recorded incidents will be used in the evaluation at the end.

(vi.) Confidential Report System
This system allows managers to observe their employees’ behavior and performance on their daily duties for a certain period of time. Thereafter prepares confidential reports which will be forwarded to the top management for making decisions against responsible employees.
(vii.) **Checklist Method**

In this method, management prepares a simple form which describes a list of objectives and behavior depending on the culture and objectives of an organization. Then appraisers will be checking whether employee possess such behavior or not and put a mark.

2.5.2 **Modern Approach**

This approach is more open and modernized compared to the traditional one, it provide a room of discussion between the manager and individual (Hezekiah, 2011). The approach includes methods like Assessment Centre method, Human Resource Accounting Method, Behavioral anchored rating scale (BARS), Appraisal through management by objectives (MBO), The 360 degree appraisal which includes Self-appraisal, Appraisal by superiors, Appraisal by subordinates, Peer appraisal and Potential appraisal.

(i.) **Assessment Centre method**

Under this method, employees are assessed by a number of assessors in all the things managers think they are important for the success of a particular job. Things like team work, interaction with other employees are assessed. Both observation and written test may be used in the assessment process.

(ii.) **Human Resource Accounting Method**

This method is more used in the assessment of senior employees. Under this method performance of employees is evaluated in terms of cost. All the cost incurred in recruiting and training, employee’s compensation and other cost expenses related to an individual are calculated and compared to the employee’s contribution at the end of appraising period and the difference will reflect employee’s performance.

(iii.) **Behavioural Anchored Rating Scale (BARS)**

This method combines graphic rating scale and critical incident method. Critical areas and effective behaviour to achieve the results are determined, and then the actual job behaviour is evaluated against the pre-determined behaviour.
(iv.)  **Management by Objectives (MBO)**
In this method, both manager and employee sit together to set employee’s goals depending on what is expected from the employee in relation to the organization’s objectives. Manager will provide guidance to the employee on how to reach them. Actual performance will be compared to the goals set at the end of appraising period.

(v.)  **The 360 degree appraisal**
This is more transparent and participative performance appraisal method. It considers the concept of self appraisal, subordinates appraisal and appraisal by customers and structured questionnaires and forms are the source of data collection. It is called 360 degrees because it involve employee is evaluate him/herself, people below him, above him and alongside him.

2.6  **The Role of the Feedback on Performance Appraisal**
One of the most important conditions is to provide clear, performance-based feedback to employees highlighted the crucial role of appraisal feedback in the performance appraisal process. Feedback keeps both its members behaviour directed toward desired goals and stimulates and maintains high levels of effort. From the individual’s point of view, feedback satisfies a need for information about the extent to which personal goals are met, as well as a need for social comparison information about one’s relative performance. Feedback potentially can influence future performance. Third, it is believed to play a significant role in the development of job and organizational attitudes.

Performance feedback should include information on how to improve performance, along with information about what areas of performance need improvement. The frequency of feedback is also important. The rating scales should focus on results as much as on processes. Thus, feedback is not only important to individuals but also to organizations because of its potential influence on employee performance and a variety of attitudes and behaviours of interest to organizations. In summary, the central role of feedback to the appraisal process and the importance of examining rates satisfaction with appraisal feedback are widely acknowledged.
2.7 Review of Relevant Theories

2.7.1 Equity Theory

The equity theory, developed by John Stacey Adams, says that satisfaction is based on a person's perception of fairness. Applying this theory when conducting a company's performance appraisals involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most motivated to continue performing well on the job (Herman, 2009).

In the 1960s, John Stacey Adams, a behavioural psychologist, developed the equity theory. This theory describes the relationship between the perception of fairness and worker motivation. People typically value fair treatment. Successful entrepreneurs recognize this and structure their small-business workplace to reward people according to their contributions. They also recognize that people have needs. Other theories help explain how to understand these needs. Psychologist Abraham Maslow’s need-hierarchy theory, developed in the 1940s, states five levels of personal needs: physiological, safety, belonging, esteem and self-actualization. Business school professor Victor Vroom developed the expectancy theory in the 1960s, demonstrating that motivated employees produce more. Behaviorist B. F. Skinner also worked in the 1960s to understand how reinforcement works. He concluded that negative reinforcement leads to negative outcomes. Effective small-business managers can apply these observations to managing performance by motivating their employees through positive reinforcement and appraising them fairly on at least an annual basis (Herman, 2009).

According to equity theory, an employee's perception of the fairness of his work's input and outcome influences his motivation. Effective performance management systems enable a small-business manager to clarify job responsibilities and expectations, develop an employee's capabilities, and align an employee's behavior to the company's strategic goals and values. An employee typically feels satisfied with the outcome of his effort, including his pay, when the compensation matches what he
feels he puts into the job. If an employee perceives that others get more for doing less, he typically becomes less motivated to work hard. Managers create a productive work environment by communicating job requirements clearly and establishing fair and consistent performance objectives for all employees (Herman, 2009).

2.7.2 Goal-setting Theory
The goal-setting theory had been proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Salaman et al., 2005).

2.7.3 Expectancy Theory
Expectancy theory had been proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al., 2005).

2.7.4 Motivational Theory
The underlying conceptual foundations for performance management lie in motivation theory and, in particular, goal-setting theory and expectancy theory. Goal-setting theory (Locke and Latham, 1984) suggests that not only does the assignment of specific goals result in enhanced performance but that, assuming goal acceptance, increasing the challenge or difficulty of goals leads to increased motivation and increases in performance (Mitchell et al, 2000). Expectancy theory hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals (Vroom, 1964).
Clark (1998) suggests that both goal-setting and expectancy theory are founded on the premise that human beings think in a rational, calculative and individualistic way. Indeed, he argues that performance management is based on an extremely rationalistic, directive view of the organization, which assumes not only that strategy can be clearly articulated but also that the outcomes of HR processes can be framed in a way that makes clear their links to the organization’s strategic objectives. He further argues that the approach assumes causal links between different parts of the process that can be readily identified and enable underperformance in one or more aspects of the process to be managed to ensure optimum functioning of the wider PMS. However, such assumptions not only ignore the debate about the nature of strategy and its formulation (Mintzberg, 1994), but also fail to recognize the context in which a PMS operates. The social processes and power systems within which organizations operate together with the broader organizational and country-cultural context are important mediating factors in the operation and success of any system (Clark, 1998).

2.8 Performance Appraisal

Firms engage in the performance-evaluation process for numerous reasons. Managers may conduct appraisals to affect employee behavior through the feedback process, or to justify some sort of human resource management action (termination, transfer, promotion, etc.). However, many other benefits may also accrue from the information yielded by the appraisal. These benefits include increases in knowledge regarding the effectiveness of selection and placement programs, training and development needs, budgeting; human resource planning, and reward decisions.

Several notable researchers and academicians have researched this subject matter. This section pays homage to their work. Though summarily, a synthesis and analysis of their central arguments that address this study’s hypothetical variables to be researched is done in order to distinguish what work has already been done and the gap that this study aims at covering.
The proper use of performance appraisal is believed to be a major source of the organization’s performance in both private and public sectors. Before selecting an appraisal method to be used, organisations are required to take into consideration skills and abilities of their management teams and skills required for the proper application of the selected method. According to De Waal (2007), poor management practices, bureaucratic inefficiencies and low productivity levels in many organisations create pressure for managers to adopt and implement strategies.

Open Performance Appraisal and Review System (OPRAS) were introduced to Tanzania in 2004 (CAPAM, 2009). The adoption of OPRAS by all ministries, departments and agencies was made mandatory and the requirement is embodied in the Public Service Legislation (CAPAM, 2009) and about 2,500 public servants were trained on the use of OPRAS from the year 2004 to 2008. The system was introduced to replace the closed annual confidential report system which was characterised by the lack of feedback to and from the employee’s hence poor performance and identification of training needs (Nigera, 2004). OPRAS aligns the objectives of the individual public officer with that of the department or unit to the objectives of the organisation.

Karyeija (2010) argued that goal setting is an important element in performance appraisal and it stimulate employees effort, gives them focus and encourage them to find new and better ways to work. According to Gupta (2006), continuous communication between the appraiser and the appraise is very important in the whole process of performance appraisal. It is important that the individuals know what is expected of them and how to go about attain the expected results. This is only possible through communication in which there is flow of information and most important agreement upon the expected goal standards.

There has been an argument from previous authors about proper ways of introducing and implementing performance appraisal in Tanzania. Talbot, (2008) argued that the informal values and norms oppose the formal values and requirements of PAS, this implies that the introduction of PAS included the exact content as that of the western
countries without any consideration on the ramification due to differences in culture, economy and political between Tanzania and those western countries. According to Kuhlmann (2010), having only good ideas of the performance appraisal is not enough, good ideas must be followed up by system improvements and sound practices to make them work.

While most of the past studies show the emphasis on the open performance appraisal which is adopted by public sector to be the best performance appraisal method, some of the private organisations still apply the top down approach and as well believe it to give them better results. According to Bhatti (2012), top down performance appraisal is not efficient due to its singular perspective. Since evaluation relies only on managers, they might bring personal interests towards employees and cause criticism.

Waxin and Bateman (2009) argued that in the presence of fair and impartial managers, the top-down appraisal provides the best assessment of an employees work relatives to his job. While the open performance appraisal is open to supervisors, managers and sometimes key client commitments, top down performance appraisal seems to relay on managers who believed to have appropriate understanding of the communication and motivation intentions of evaluations.

2.9 Conceptual Framework

Any organisation that undertakes performance appraisal believe it to be one of the major contributors to the performance of an organisation and not otherwise. Some findings from the past studies discussed above revealed the contribution of performance appraisal (both open and top-down) in public and public sectors. Properly applied performance appraisal is seen to be a motivator to the employees at work place because employees feel to be valued through recognition of their effort and as well clearly understanding what is expected of them from the organisation and how to improve their performance.
It is also through performance appraisal that management will be able to identify proper incentives for different employees within the organisation, managers can make appropriate decision on issues like what pay increase will be satisfactory, what retirement package will be motivating enough, who needs to be trained, kind of training suitable for different employees according to their duties, who to keep and who to layoff as well as what resources and work environment needs to be improved to improve employee’s performance. All these things have direct and indirect contribution to the performance on an organisation.

Generally, performance appraisal has a very big impact to the performance of an organization. Organizations will only benefit from the use of performance appraisal if it is properly carried out and decisions basing on it are made correctly (Figure 2.2).

**Figure 2.2: Conceptual Framework on Effect of Performance Appraisal to the Performance of an Organization**

Source: Adapted from Farnham (2010).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 The Study Area
This study was conducted in one of public organization which is TANESCO which is in Ubungo and one of the private organizations which is Symbion power which is in survey, which is found in Dar es Salaam region. The reason for selecting these two areas includes; being most accessible area and cost reduction in terms of transport. This study will make case study of organizations, public and private, that are found in Dar es Salaam (where the researcher reside) due to ease of access and the fact that the budget is not enough to access organizations that are not headquartered in Dar. Furthermore, while questionnaires and questions checklists were sent by mail and email follow up is easy when target organizations can be visited physically.

3.2 Study Design
The research was a case study, which aimed in evaluation of employee’s performance appraisal method and the use of results in both public and private organizations. The case study was TANESCO and Symbion power. Reasoning for choosing the organizations as case studies because there are matured and large organizations and from that I can easily access data for the study. Advantages of Case study design are fairly exhaustive method which enabled the researcher to study deeply and thoroughly different aspects of phenomenon. Moreover it flexible in data collections methods and saves both time and cost.

This study was a cross sectional study because is not repetitive in nature as it was carried once at a particular point in time. The data was collected once at the specified period of time to answer the intended research questions.

Descriptive study is to portray accurate profile of persons, events or situation (Robson, 2002). This study was a descriptive study this is because through this study the researcher compared performance appraisal methods in both public and private
organizations. The researcher determined suitability and performance of various types of performance appraisal methods and determined employers and employees' level of satisfaction regarding the said appraisal methods in both private and public organizations.

Kind of data used was both qualitative and quantitative data. The benefits of the qualitative approach are that the information is richer and has deeper insight into the phenomenon under the study. Under qualitative data collection method the researcher used focus group discussion, in-depth interview and questioners. Moreover the researcher gets the existing data from the institution where the study is conducted.

3.3 Study Population
Population is the totality of objects under investigation (Adam and Kamuzora, 2008). Population of this study was employees and managers of both companies which is TANESCO the public organization and Symbion power which is a private organization. From these organizations the researcher chose number of employees and managers to be used as the sample size where data was collected. From TANESCO where there are 310 employees the researcher had a sample size of 50 respondents and from Symbion Power where there are 163 employees the researcher had a sample size of 50 respondents.

3.4 Sample and Sampling Techniques

3.4.1 The Sample Size
In this study the sample size of the study population was 100 respondents, 50 from each private and public organization as shown in Table 3.1. The study considered two organizations to have detailed understanding of evaluation of performance appraisal method and the use of the results.
Table 3.1: Sample Size Distribution

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Expected Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees of TANESCO</td>
<td>46</td>
</tr>
<tr>
<td>Employees of Symbion</td>
<td>46</td>
</tr>
<tr>
<td>Management personnel of TANESCO</td>
<td>4</td>
</tr>
<tr>
<td>Management personnel of Symbion</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4.2 Sampling Techniques

One public organization (TANESCO) and one private organization (Symbion Power) are purposively selected for data collection. Random sampling was used to select general employees (apart from higher manager) within those organizations. Higher echelon was purposely selected to include the management personnel that are responsible for performance appraisal and use of the appraisal results.

There are many advantages of carrying out purposive sampling in this study. The people who the researcher selected for the sampling have been selected with a particular purpose already in mind and those people who are unsuitable for the sampling study or who do not fit the bill have already been eliminated, so only the most suitable candidates remain. As the most appropriate people for the study was selected, this process becomes a lot less time consuming. With fewer time constraints and a more accurate subject, the costs for carrying out the sampling project are greatly reduced. The results of purposeful sampling are usually expected to be more accurate than those achieved with an alternative form of sampling. If you are looking for a very rare or much sought after group of people for a particular research study, using purposive sampling may usually be the only way you can track them down. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable you to answer your research questions.

3.5 Data Collection Methods

In order to objectively collect relevant information, qualitative and quantitative data collection methods will be used. Both primary and secondary data were collected.
Primary data was collected through questionnaires, focus-group discussions, in-depth interviews and informal discussions. Both managers and employees from target organizations were consulted.

In order to remove bias, instead of sending the questionnaires to relevant human resource department of a target organization to be randomly distributed to employees, researcher visited the target organization and distributed the questionnaires and then go back to collect the dully filled ones. Questionnaires were initially sent to organizations for data collection exercise in order to fine-tune it so that it is effective in collecting objective information.

Questionnaires were sent to employees who will not participate in discussions and interviews in order to compliment and possibly correct information that was already collected. In case the discussion and/or interviews was not be held, the respective respondent were asked to duly answer questions from the short list and send them to the researcher. Appendix 1 presents the questionnaire used for the study.

Focus-group discussions and in-depth interviews, the researcher visited the target organizations for self-introduction and setting up appointments for the discussions and interviews. A maximum of two focus-group discussions (one for management and the other for general employees) and two interviews (as deemed necessary) per organization is planned to ensure that all organization are consulted timely and enough data is collected. Appendix 2 provides the interview guide to be used for Focus Group Discussions and In-depth Interviews. From the focus group discussion and in-depth interview data that will be collected are methods and purpose of the performance appraisal used by the organizations, when did performance appraisal develop and does it relate to the job description, organization policy and goals. The usefulness of the performance appraisal result and feedback, are the results used? Challenges facing the organization when undertaking the performance appraisal. Lastly what outcomes do you give your employees after the appraisal?
Furthermore, organizations documents such as reports, directives, policies, and laws were referred to in order to complement information that will be collected from above methods. Accompanying literature (books, journals, newspapers, websites etc.) was also accessed. These constituted the secondary data collected for this study. From the secondary data the researcher learnt different methods of performance appraisal and the purpose for the employee’s performance appraisal in the organization? What do they offer to the employee’s in relation to the contribution to organization? From the companies report do they have training bases on the performance appraisal? Moreover the use of results of the performance appraisal conducted in the organizations

3.6 Data Analysis Methods
Data analysis is the process of gathering, sorting, organizing, and structuring data (Magigi, 2013). In this context, data were carefully checked to ensure accuracy for proper recording and presentation. Both qualitative and quantitative data were analysed; for qualitative data entailed logical interpretation and explanations on the data collected, whereby narration was taken to supplement quantitative data. Likely, analysis of quantitative data obtained from the field was presented by showing percentage and frequency through frequency tables and figures, and this is after the compilation, coding and processing of numerical data that was facilitated by the use of Statistical Package for Social Sciences (SPSS).

3.7 Limitations of the Study
Limitations are influences that the researcher cannot control. They are the shortcomings, conditions or influences that cannot be controlled by the researcher. Limitations are matters and occurrences that cannot be controlled by the researcher’s control. They limit the extensity to which a study can go, and sometimes affect the end result and conclusions that can be drawn. The limitation of the study was time management, lack of enough money to conduct the research and limitation of getting enough data to be collected. Moreover in data collection period there are limitations which the researcher faced that is inability to answer research questions accurately this is when the respondents failed to answer the question well.
Also the respondents gave false answers and do not have much cooperation with the researcher. Other limitation is when the respondents do not want to give any information unless you pay them. The researcher addressed the methodological challenges by collecting the data well using the chosen data collection and analysis method so as to get the best result of the study.
CHAPTER FOUR

PRESENTATION AND DISCUSSION OF THE FINDINGS

4.1 Introduction
This chapter presents the findings from evaluation of employee performance appraisal methods and the use of the results in private and public sector. The study carried out the following objectives: (i) to compare performance appraisal methods in both public and private organizations, (ii) to determine suitability and performance of various types of performance appraisal methods, (iii) to determine employers and employees' level of satisfaction regarding the said appraisal methods and (iv) to explore ways to harmonize the use of various types of performance appraisal methods. The organizations involved in study were TANESCO for public sector and Symbion for private sector. TANESCO was established in 1964, and started its operations on the same year. TANESCO is located at Ubungo and Symbion power is located at survey area in Dar es Salaam.

4.2 Demographic Characteristics of Respondents

4.2.1 Age of Respondents
The study revealed that most members who participated on the study from TANESCO are between the age of 45 and above which is equal to 50% ,20% between the age of 25-29 years,14% are age between 40-44 years,12% are age between30-34 years and 4% are 30-34 years. While Symbion power 30% is 45 and above years, 26% are 40-44 years, 18% are age between 25-29 years, 14% leis on 35-39 years and lastly 4% from330-34 years. This means most members who are employed on both sectors range from 45 and above years and they seem to be the most active members in the sectors as indicated in Table 4.1.
Table 4.1: Age of Respondents

<table>
<thead>
<tr>
<th>Years</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-24 years</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>25-29 years</td>
<td>10</td>
<td>20%</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>30-34 years</td>
<td>6</td>
<td>12%</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>35-39 years</td>
<td>2</td>
<td>4%</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>40-44 years</td>
<td>7</td>
<td>14%</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>45 and above years</td>
<td>25</td>
<td>50%</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.2.2 Time Worked with the Organization

The study revealed that 60% have worked for TANESCO for 10 years and above, 18% have worked for 4-6 years, 16% have worked 7-9 years, and 6% for 1-3 years. While Symbion 32% have worked 4-6 years, 26% have worked 1-3 years, 18% have worked for 10 years and above, and 6% have worked for 7-9 years as indicated on Table 4.2.

Table 4.2: Time Worked with the Organization

<table>
<thead>
<tr>
<th>Years</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 years</td>
<td>3</td>
<td>6%</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>4-6 years</td>
<td>9</td>
<td>18%</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>7-9 years</td>
<td>8</td>
<td>16%</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>10 and above years</td>
<td>30</td>
<td>60%</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.2.3 Highest Education Level

The study revealed the highest level of education at TANESCO is bachelor degree 60%, master's degree 18%, others which specifically were diploma and other short courses 18%, lastly is secondary school 4%. Also on Symbion power highest level of education is bachelor's degree 70%, others which are diploma, advanced diploma certificates lies on 20% and lastly masters 10%. so at both sectors the highest level of education is bachelor degree as indicated on Table 4.3.
Table 4.3: Highest Education Level

<table>
<thead>
<tr>
<th>Education</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary school</td>
<td>2</td>
<td>4%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>30</td>
<td>60%</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>9</td>
<td>18%</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Others</td>
<td>9</td>
<td>18%</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source:** Field Survey (2014).

4.3 Reasons for Conducting Performance Appraisal

The study revealed that conducting Performance appraisal or reviews encourage you to formally set objectives for your employees and monitor how well your employees are doing. These meetings are a two-way opportunity to give and receive feedback about their job, find out what’s working, what isn’t, and look for solutions to any problems. It is also an opportunity to take a strategic look at the role of each employee and discuss ways to expand your business or run it more effectively. Respondents (95%) agreed with this and were equally the opinion of who said that De Waal (2007) Feedback is very important to both employees and the organisation. Through this process, employees will be able to know the level of their performances and achievements. Equally important, the management will get to know the performances of their employees and other instruments such as policies, rules and regulations and it will be in a better position to decide on the proper remedial measures to improve the performance and growth of the organization.

**Respondent 4 from Symbion Power said that:**

“*Some people believe that the only reason we do performance appraisal is for compensation purposes, to justify Sally’s (code name) 3% increase. Of course we use performance appraisal to make good decisions about compensation if you believe in pay-for-performance, you have to have some way to evaluate that performance.*”

According to equity theory, an employee's perception of the fairness of his work's input and outcome influences his motivation. Effective performance management systems enable a small-business manager to clarify job responsibilities and expectations, develop an employee's capabilities, and align an employee's behavior to
the company's strategic goals and values. An employee typically feels satisfied with the outcome of his effort, including his pay, when the compensation matches what he feels he puts into the job. If an employee perceives that others get more for doing less, he typically becomes less motivated to work hard. Managers create a productive work environment by communicating job requirements clearly and establishing fair and consistent performance objectives for all employees (Herman, 2009).

Respondent 4 from Symbion Power continued to say that other reasons for doing performance appraisal. If it’s done right, performance appraisals tell us who’s a good candidate for promotion and who’s properly placed in their current job (and who’s in over his head…). They tell us where we need to intensify our development efforts. And the truth is performance appraisal tells us who the people are who’d be better off working somewhere else. The standards and expectations of some companies are just too high for some people to meet and performance appraisal identifies who those misplaced folks are.

The study revealed that employee job performance and quality of work help to predict and achieving organizational success. Performance appraisals are excellent tools for measuring employee capabilities, skills and aptitude. One of the reasons human capital is a company's most valuable asset is that employee skills and talent are vital to success. Evaluating the skills and talent employees bring to the workplace assists managers and employees in identifying the employee's professional goals. When employee goals are parallel to the company's goals, the performance appraisal ensures both the employee and the company are on the right track to achieving their goals. The respondents have agree with Marsden et al.(2007) System (PAS) is a Performance Appraisal way of an organization to assess the individual employees whether they meet their individual goals and perform their tasks for the success of the organization

More over the study revealed Performance appraisals are conducted for staff motivation, attitude and behavior development, communicating organizational aims and fostering positive relationships between management and staff. Performance
appraisals provide a formal, recorded, regular review of an individual's performance, and a plan for future development. In short, performance and job appraisals are vital for managing the performance of people and organizations.

The study revealed that performance appraisals are an effective tool for informing employees about the quality of their work and for identifying areas of their performance which may require improvement. If poorly handled, the performance appraisals can create a negative and intimidating experience for the employee, but can be constructive and positive if handled well. But also supervisor 10 from TANESCO said:

“Effective performance appraisals can lead to high performance, and therefore increased productivity. Where an employee’s performance does not improve, the performance appraisal process can also be utilised as evidence in any subsequent defence to an unfair dismissal claim.”

Other respondents from SymbionPower commented that they follow up the employee’s progress against the objectives that were set within a reasonable period of time. Provide employees with regular updates on their performance, but not in a way that is overbearing and leads to the employee feeling stressed, and becoming unproductive. Keep records of the discussion and any decisions that were made.

Thus, managers need to be available and check in with their employees on a regular basis to give feedback and/or coaching as necessary. They should be made aware of any obstacles that may keep their employees from achieving these established goals. If there are obstacles, the manager and employee can create a plan to overcome them, such as reviewing the skill development or training necessary to be successful or evaluate the current available resources to identify whether additional resources are required. Performance monitoring, feedback and coaching creates a separate feedback loop within the larger loop which should take place more than an annual review, allowing for changes as necessary.
4.4 Comparison of Performance Appraisal Systems in Public and Private Organization

The study revealed that both organizations TANESCO and Symbion Power there are something in common which both company have or share. This is revealed on the types of performance appraisal methods, performance appraisal criteria, the use of participatory approaches, setting of the targets and notice on performance appraisal. The types of performance appraisal methods which both organization (public and private) used are Checklists, Rating Scale Method, and Confidential Report System.

More the study revealed the use of Rating Scales on both sectors. Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. The Advantages are Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. The disadvantage is rater’s biases. Majority of respondents (90%) agreed with this and was equally the opinion of Rudman (2003) who said Rating Scale Method, in this method, management decides on the scales to be used example 1 to 5, 1 to 10 etc depending on the evaluated aspect. Employees will be evaluated by managers and supervisors through observation and they’ll be given numbers which will be added and who scores more will be treated as a best performer.

Respondents from TANESCO and Symbion Power commented on the use of Checklist, under this method checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. The Advantages are ease of administration, limited training required, and standardization. Their also disadvantages which are raters biases, use of improper weighs by HR, does not allow rater to give relative ratings. Checklist, in this method management prepares a simple form which describes a list of objectives and behavior depending on the culture and objectives of an organization. Then appraisers will be checking whether employee possess such behavior or not and put a mark (Rudman, 2003).
Supervisor 2 from TANESCO said that:

The use of Confidential Records: Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessed is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

Confidential Report System, This system allows managers to observe their employees’ behavior and performance on their daily duties for a certain period of time. There after prepares confidential reports which will be forwarded to the top management for making decisions against responsible employees (Rudman, 2003).

4.4.1 Types of Performance Appraisal

Checklist method was one of the major performance appraisal method used by the sampled organizations.

Respondent 2 from Symbion power noted:

"Because everyone gets evaluated according to the same scale and criteria, using checklists in employee evaluations helps managers avoid discrimination. With written evaluations, managers have more freedom to overemphasize and overlook strengths and weaknesses. Checklist formats force reviewers to evaluate employees on a skill-by-skill basis and to think critically about areas of employee performance that otherwise might have been left unconsidered. The checklist framework removes some of the emotional bias that goes into performance reviews."

The study also revealed that 360-Degree method is also used. It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader
perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback. This was equally the opinion of Hezekiah (2011) the 360 degree appraisal, this is more transparent and participative performance appraisal method. It considers the concept of self appraisal, subordinates appraisal and appraisal by customers and structured questionnaires and forms are the source of data collection. It is called 360 degrees because it involve employee is evaluate him/herself, people below him, above him and alongside him.

A fairer approach to performance appraisal is behaviorally anchored rating scales (BARSs), which are designed to identify job-related activities and responsibilities and to describe the more effective and less effective behaviors that lead to success in specific jobs. The rater observes a worker and then records his or her behavior on BARS. The system is similar to checklist methods in that statements are essentially checked off as true or false. BARSs differ, however, in that they use combinations of job-related statements that allow the assessor to differentiate between behavior, performance, and results. Therefore, BARSs can be more effectively utilized in the goal-setting process. The advantage of BARSs is that they are extremely jobbed specific, easy to administer, and eliminate most biases. Nevertheless, they can be difficult and expensive to develop and maintain (Krausert, 2009).

4.4.2 Performance Appraisal Criteria

It is usually quite difficult to decide the criteria for evaluating performance. Initiative, appearance, tact or organizational skills of the employee are very difficult to assess. While deciding the performance criteria, it is important to simultaneously decide how well people should perform. The aim of the appraisal system is to make informed, accurate and fact-based judgments, although some of these judgments may not be quantifiable. The study revealed that performance appraisals that ask managers to rate employees on subjective criteria such as "customer service skills" or "leadership ability" lack specific outcomes that can be tied to measurable results. The
best performance appraisals provide the ability for both managers and employees to judge performance based on measurable outcomes that are objective; level of sales, safety records and evaluations from customers are all measurable ways of providing insight into an employee's performance. The respondents agree with Robert. C (2008) Performance as outcome from the perspective of managers, performance on job often consists of it outcome, it is the goals or actions achieved, not the activities, that are important. How many sales were made? How much was waste reduced? What was the amount of sales? How many were sold? These address performance output. Behavior and outcomes are recommend and most common types of performance criteria in organizations. However, personality traits were at one time a common basis for evaluating performance in organization and you may still encounter them as performance criteria.

The study revealed that their different criteria which are used on performance appraisal.

(i) **Attitude:** attitude towards learning new things, flexibility towards change, whether person is eager to learn new things, attitude towards other colleagues and seniors, attitude towards working under pressure, towards accepting errors and working on errors, towards others’ work, how much importance does one gives to others’ work.

(ii) **Discipline:** Participation in loose talks, unnecessary gatherings, commenting on others. Disrespectful, discourteous behaviour/ attitude towards others reliability: Non- delaying of the work due to early departures or unplanned leaves, helping/assisting others in their work, taking all responsibilities seriously and whole heartedly, and maintaining regular, updated communication, working beyond what is expected, and inspiring others. Maintaining conducive work environment and remaining free from biases.
(iii) Leaves: total no. of leave taken in appraisal period, month wise leaves status, casual, sick, earned leaves status, total no. of approved leaves (month wise), no. of unapproved leaves (month wise).

(iv) Late comings: total number of late comings (month wise), critical late comings whether late comings are regular or rare. Early departures/ short leaves: total early departures/ short leaves in appraisal period, and every month orduration of short leaves.

For performance reviews to be effective, employees have to understand the criteria used for evaluation before the review meeting. When employees are on the same page as their managers, people can focus their work efforts to show skills and traits that the employer values. Checklists break behaviours into skill-related categories. For example, in a section about initiative, managers might rate items such as "Stays late to complete work when necessary," and "Suggests new project ideas." Because employees see these performance criteria specifically outlined, they know what their managers are looking for (Robert, 2008).

**Respondent 8 from Symbion Power said:**
Their plenty of criteria used on performance appraisal methods example

**Quality of Work:** Produces accurate, thorough, and reliable results/service.

**Productivity:** Work is organized and prioritized appropriately.

**Planning:** Actively creates a plan of action to accomplish goals.

**Teamwork:** Demonstrate a high level of cooperation with team members ineffectively problem solves as part of the team.

**Respondent 8 from TANESCO added:**

*Problem Analysis and Decision Making:* seeks appropriate input when uncommon situations arise. Effectively analyzes a problem and can develop a sound plan of action considering all significant factors and stakeholders. Actively reflects upon completion and incorporates "lessons learned" into future processes. **Job Knowledge** which **Main tains knowledge and skills required for successfully carrying out job responsibilities,** maintains knowledge of general profession trends, which leads to good performance and meeting the goals.
4.4.3 Performance Appraisal Criteria Officers Often Use

The study revealed TANESCO the appraisal officers use mostly the knowledge of the job as 37 people (74%) said but also (26%) 13 people commented on punctuality and attendance. While at SymbionPower 24 people (48%) commented on punctuality and attendance, 21 people (42%) commented on knowledge of the job and other (10%) 5 people commented on evaluation of learning and adapting ability as indicated in Table 4.4. Both public and private sectors should consider all factors when doing the performance appraisal so as to get accurate results which are fair and useful to both employees and organization.

<table>
<thead>
<tr>
<th>Performance appraisal criteria</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job action plan</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Job execution</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Knowledge of the job</td>
<td>37</td>
<td>74%</td>
<td>21</td>
<td>42%</td>
</tr>
<tr>
<td>Evaluation of learning and adapting ability</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Punctuality and attendance</td>
<td>13</td>
<td>26%</td>
<td>24</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.4.4 The Use of Participatory Approaches

Information was also sought on whether the appraisal process is participatory, that is, both employees and management are involved in the processes. From the findings of the study which was done in TANESCO it showed that most of the employees are involved during the appraisal exercise is the establishing performance standards. More than 30 respondents from TANESCO said the appraisal officers are establishing performance standards this is in terms of performance and reaching of targets, this implies on performance standards that should be worked for at the particular time and if we meet the targets kept in our jobs at the particular time. While the responses from Symbion power were not so different from the ones from TANESCO, as the said mostly of our management concentrates on establishing of the performance standards to share with their employees and also measuring of the
actual performance by asking other employees in the organization and the customer of the company.

4.4.5 Perceptions on the Officers who Conduct Performance Appraisal

The study revealed that 74% from TANESCO assess the officers who conduct performance appraisal as knowledgeable 20% assess the officers as very knowledgeable and the other 6% as not very knowledgeable. While from Symbion they assess the officers as knowledgeable 78%, 20% assess them as very knowledgeable and 2% assess as not very knowledgeable as indicated on Table 4.5. This shows that the officers are doing the performance appraisal well and also have been trained and offer training to the employees to understand what is it and how it works, moreover the use the results well.

Table 4.5: Perceptions on the Officers who Conduct Performance Appraisal

<table>
<thead>
<tr>
<th>Scale</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very knowledgeable</td>
<td>10</td>
<td>20%</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Knowledgeable</td>
<td>37</td>
<td>74%</td>
<td>39</td>
<td>78%</td>
</tr>
<tr>
<td>Not very knowledgeable</td>
<td>3</td>
<td>6%</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Not knowledgeable</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.4.6 Setting the Targets

The finding shows that from the both sectors the management are the one who set targets for the employees and after their employees are informed what are their targets and work hard to reach targets. More are informed what will be done when the reach targets or do not meet targets kept by the management. Bacal (1999) adds that: In setting objectives or targets, the first place to look of ideas and inspiration is the organization mission statement or vision and values stamen. Reviewing these objects will suggest areas in which objectives can be set that further the company’s overall missions.
Respondent 15 from TANESCO said:

"The management is the one who set targets for the employees and us as employees we are not involved in target setting but we are informed by the management what are the targets to be accomplished at a particular time."

Another respondent 16 from Symbion power said:

"The management is the one who set the targets for each department and we get the information from our heads of department and from there we plan what to do so as to reach the targets kept and to accomplish the work on time."

4.4.7 Notice of Performance Appraisal System

Respondents were asked whether any notice is given before performance appraisals are conducted and what is the timing of the notice given. The study revealed that respondents from TANESCO said that their given notice of the performance appraisal system that it will be conducted but when it comes to time there is no fixed time of the notice before the performance appraisal takes place. Same thing occurs to the respondents of Symbion power that there is no fixed time of notice before the performance appraisal is conducted.

On the point of view is that the management should perform his job well and follow all procedures kept so as to do the performance appraisal issue well and get accurate results which be useful to both employees and the organization. Moreover the manager should be trained on what to do so as to be competent on the appraisal methods and employees should be trained as well on the usefulness.

Also the finding from both TANESCO and Symbion showed that the performance appraisal takes place once per year and where it is necessary to do so. Data from TANESCO shows 49% says once per year and 1% where it is necessary to do so while from Symbion power 50% says once per year.
4.4.8 What Happens after the Appraisal Exercise is completed

The study revealed that when the appraisal exercise is completed from TANESCO training is offered 56% commented, 40% commented that there are given feedback and the other 2% commented on salary increase and promotion. While at Symbion power 40% commented on training, 38% commented on feedback, 20% commented on promotion and the other 2% commented on punishment as indicated on Table 4.6.

Table 4.6: What Happens after the Appraisal Exercise is completed

<table>
<thead>
<tr>
<th>Use of results</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback</td>
<td>20</td>
<td>40%</td>
<td>19</td>
<td>38%</td>
</tr>
<tr>
<td>Punishment</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Training</td>
<td>28</td>
<td>56%</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>Salary increase</td>
<td>1</td>
<td>2%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Promotion</td>
<td>1</td>
<td>2%</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.5 The Relationship between Performance Appraisal and Employees' Performance

Performance appraisal is important for organizations and employees. The best performance appraisals create a link between individual employee expectations and how the employee’s work contributes to the larger organization’s success. They clarify expectations that the supervisor has for the employee and help the employee prioritize his duties. Ideally, performance appraisals open the lines of communication between supervisors and employees (Harrington, 2003). The study revealed that there is relationship between PAS and employee performance because it is through the performance appraisal system you can assess the performance of the employee, either he has perform well or not. Moreover performance appraisal has link with assess employee’s performance and develop their competence, enhance performance and distribute rewards.

Supervisor 9 from TANESCO said that “there are many possible emotional consequences; if performance appraisal is blotched; you can expect a decrease in
employee engagement, trust, employer brand strength, teamwork, and innovation contribution. Employee referrals from disgruntled employees will probably also drop. So this can lead to hard work or poor performance but we usually train them that when performance is bad then to see what the gap so as to perform training”. Supervisor 9 from Symbion said “the performance appraisal system affects the employee either positive or negative. The employee after the performance appraisal may receive bonus another rewards or gets a promotion and this will motivates him or her as you know when you do something well its well to be recognised but on other case another worker can be punished or step down from the position to lower position due to poor performance this can affect his or her work and leads to more poor performance this is because also on terms of salary has dropped”.

On the point of view is that both organization employees can be affected on performance appraisal system on their works but it recommended that the managers should offer training to their employees on performance appraisal methods and make sure that every employee gets to understand it well as on term of Symbion power the supervisor said that they invited an expert from outside so as to provide training an every employee to be aware of performance appraisal.

4.5.1 Level of Objectivity of the Performance Appraisal Process
The study revealed that TANESCO employees rate their institution objective on the performance appraisal process for 64% and the other 26% rated the process as quite objective, 10% rated the process as very objective (Table 4.7). While from Symbion power the employees rated the performance appraisal process in the institution as quite objective 88% and the other 6% as objective. This revealed that the employees understand well performance appraisal process and get feedback of it and the results are useful to them. Moreover the performance appraisal method is conducted well.
Table 4.7: Level of Objectivity of the Performance Appraisal Process

<table>
<thead>
<tr>
<th>Scale</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not objective at all</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Not very objective</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Objective</td>
<td>32</td>
<td>64%</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Quite objective</td>
<td>13</td>
<td>26%</td>
<td>44</td>
<td>88%</td>
</tr>
<tr>
<td>Very objective</td>
<td>5</td>
<td>10%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.5.2 Fairness of Performance Appraisal Report and Methods

The study revealed that Information was sought on whether employees receive fair performance report and methods. Respondents from TANESCO 50% said that they do receive fair performance results and methods. While the respondents from SymbionPower said they do receive fair results 94%. But from both sectors 6% said they don’t receive fair appraisal report as indicated on Table 4.8. On point of view, the 6% should be removed by offering training to understand well the process and all to cover the gap which makes them feel that they didn’t receive a fair report.

Table 4.8: Fairness of Performance Appraisal Report and Methods

<table>
<thead>
<tr>
<th>Fairness</th>
<th>TANESCO</th>
<th>Percent</th>
<th>Symbion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>50</td>
<td>100%</td>
<td>47</td>
<td>94%</td>
</tr>
<tr>
<td>NO</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.6 General Uses of Performance Appraisal Results

The study revealed that Performance appraisal is a process by which organizations evaluate employee performance based on preset standards. The main purpose of appraisals is to help managers effectively staff companies and use human resources, and, ultimately to improve productivity. When conducted properly appraisals serve that purpose by: showing employees how to improve their performance, setting goals for employees, and helping managers to assess subordinates’ effectiveness and
take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations. Through performance appraisal; managers will be able to identify the missing skills within the organisation and choose the proper employees to be trained on different areas according to their job requirements. By effectively utilizing skilled employees, organisation may achieve successful results and develop a highly productive work force (Harrington, 2003).

Moreover the study revealed that Chief benefits that can accrue to the entire organization from the appraisal process include: improved communication, which results in more cooperation and better decision making; greater staff motivation; and a more informed and productive workforce, which leads to a greater organizational focus on comprehensive goals. Specifically, the performance appraisal process allows the organization to achieve a more productive division of labour, develop training and education programs, eliminate bias and irrelevant data from evaluations and decisions, and design effective compensation and reward systems.

Performance Appraisal is a means of getting better results from employees and measuring performance with agreed goals and competence required. According to Gupta (2006), continuous communication between the appraiser and the appraise is very important in the whole process of performance appraisal. It is important that the individuals know what is expected of them and how to go about attain the expected results. This is only possible through communication in which there is flow of information and most important agreement upon the expected goal standards.

Respondent 6 from TANESCO said:

"From the employee's perspective, performance appraisal informs them about what is required of them in order to do their jobs, it tells them how well they have achieved those objectives and helps them take corrective action to improve their performance, and, finally, it may reward them for meeting the required standards."
Respondent 16 from SymbionPower said:

"Perhaps the most significant benefit of performance appraisals is the opportunities they provide supervisors and subordinates to have one-on-one discussions of important work issues and identify performance gaps. During appraisals, subordinates and supervisors can focus on work activities and goals, identify and correct existing problems, and encourage better future performance."

According to Herman (2009), performance appraisals identify performance gaps. As such, they provide an excellent opportunity for a supervisor and subordinate to recognize and agree upon individual training and development needs. Moreover, performance appraisal discussion may identify the presence or absence of work skills. Further, the need for training can be made more relevant if attaining the requisite job skills is clearly linked to performance outcomes. Consolidated appraisal data can also help form a picture of the overall organizational training requirements.

The equity theory, developed by John Stacey Adams, says that satisfaction is based on a person's perception of fairness. Applying this theory when conducting a company's performance appraisals involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most motivated to continue performing well on the job (Herman, 2009). The study revealed that both sectors use the theory of equity because when the employees are appraised and the performance is good then rewards and compensation are offered. This also motivates employees to work more hard and reach the targeted goals. So on both organizations an equity theory is applied.

Supervisors 19 and 20 from TANESCO and SymbionPower said that “the performance appraisal results gives them promotion ,make them recognise their career development ,gets training also can be transferred to a better position in the organization. So its work well and it should be maintained”. The underlying conceptual foundations for performance management lie in motivation theory and, in
particular, goal-setting theory and expectancy theory. Goal-setting theory (Locke and Latham, 1984) suggests that not only does the assignment of specific goals result in enhanced performance but that, assuming goal acceptance, increasing the challenge or difficulty of goals leads to increased motivation and increases in performance (Mitchell et al., 2000). Expectancy theory hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals (Vroom, 1964).

The study revealed further that performance appraisal results are used for various purposes e.g. finding out whether an employee requires additional training and development. Deficiencies in performance may be due to inadequate knowledge or skills. Performance appraisal helps a manager to find out whether he needs additional training for improving his current job performance. Similarly, if the performance appraisal results show that he can perform well in a higher position, then he is given training for the higher level position. Most of the big organisations use performance appraisal to monitor, measure and adjust aspects of employees and their performance in order to make appropriate decisions (Manoharan et al., 2009). It is a means of getting better results from employees and measuring performance with agreed goals and competence required. Through performance appraisal; managers will be able to identify the missing skills within the organisation and choose the proper employees to be trained on different areas according to their job requirements. By effectively utilizing skilled employees, organisation may achieve successful results and develop a highly productive work force (Harrington, 2003).

Also personnel planning also benefits from the data collected from performance appraisals. Human resource can review the appraisals to determine the strengths and weaknesses of the company's current complement of workers that will help her determine whether the company needs additional workers or workers with different skills. Review of performance appraisals can also help confirm that the company's method of selecting employees is working well when it's time to add to the workforce.
Supervisor 17 from TANESCO said “Performance appraisal is a means of validating both internal (promotions and transfers) and external (hiring new employees from outside) sources. Organisations spend of time and money for recruiting and selecting employees. Various tools used in the selection process are application blanks, interviews, psychological tests, etc. These tools are used to predict the candidate's performance on the job. A proper performance appraisal finds out the validity of the various selection tools and so the company can follow suitable steps for selecting employees in future”.

Usefulness of the Performance Appraisal Records to the Organization
The study revealed that from TANESCO performance appraisal records are useful to the organization in terms of determining employee training needs 60%, 30% said giving performance feedback and 15% commented on identifying employee strengths and weakness. SymbionPower 54% commented on determining employee training needs, 26% said administering wages and salaries and 20% commented on giving performance feedback as indicated on Table 4.9. This showed that both sector the performance appraisal records are useful to both employees and organization.

<table>
<thead>
<tr>
<th>Usefulness</th>
<th>TANESCO</th>
<th>Symbion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administering wages and salaries</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Giving performance feedback</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Identifying employee strengths and weaknesses</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Determining employee training needs</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey (2014).

4.7 Challenges of Undertaking Performance Appraisal
The study revealed that of all the things that challenge managers, trying to get the best performance from each employee, every day, is probably the toughest challenge to tackle. Annual performance appraisals typically don’t seem to bring about any
lasting and desired behavior changes. Effective Performance Management training course provides a faster, easier and more effective approach to managing daily employee performance. Performance management is about planning performance, diagnosing the causes of problems, communicating frequently, reinforcing good behavior and creating a work environment where employees can improve and succeed.

Effective performance appraisal doesn't just happen and organizations shouldn't assume that managers know how to conduct them effectively, even if they have many years of experience as managers. In fact, since the process can differ from organization to organization, it is important that training is provided to introduce managers to the philosophy of performance appraisal at the organization, including a review of the forms, the rating system and how the data gathered is used. Training should take place regularly as a refresher both for new and veteran managers (Harrington, 2003).

The study revealed that there are common mistakes in performance appraisal system. These include:

**Determining the evaluation criteria:** Identification of the appraisal criteria is one of the biggest problems faced by the top management. The performance data to be considered for evaluation should be carefully selected. For the purpose of evaluation, the criteria selected should be in quantifiable or measurable terms.

**Lack of competence:** Top management should choose the raters or the evaluators carefully. They should have the required expertise and the knowledge to decide the criteria accurately. They should have the experience and the necessary training to carry out the appraisal process objectively.

**Resistance:** The appraisal process may face resistance from the employees and the trade unions for the fear of negative ratings. Therefore, the employees should be communicated and clearly explained the purpose as well the process of appraisal.
The standards should be clearly communicated and every employee should be made aware that what exactly is expected from him or her.

One anonymous from TANESCO said

“Lack of effectiveness; many accept that the goals of the process are to recognize results, provide feedback to address weaknesses, determine training needs, and to identify poor performers. Unfortunately, rarely do process owners ever measure their processes’ contribution to attaining any of these goals. Instead, the most common measure relating to performance appraisal is the percentage completed”.

The study revealed too many organizations, getting a merit raise, bonus, or promotion is completely disconnected from an employee’s performance appraisal scores. When there is a weak link, employees and managers are not likely to take the process seriously. And also most performance appraisal systems focus on weak performers. There is significantly less focus on top performers and thus there is no system to capture their best practices and then to share them with others”.

Respondent 25 from TANESCO said “Managers are not trained, in most organizations; managers are not trained on how to assess and give honest feedback. If the process includes a career development component, it is even more likely that managers will not know how to enhance the career path of their employees and managers, especially those who don’t consult employee files and data, have a tendency to evaluate based primarily on events that occurred during the last few months (rather than over the entire year).” Supervisors have little, if any, training on how to properly assess employees’ performance (Imundo, 1980). A weakness of many performance appraisal programs is that managers and supervisors are not adequately trained for the appraisal task and provide little meaningful feedback to subordinates (Bohlander et al., 2001). Because they lack precise standards for appraising subordinates’ performance and have not developed the necessary observational and feedback skills, their appraisals often become nondirective and meaningless.
Supervisor 21 from TANESCO said it’s a time-consuming process, most of the forms are incredibly long and time-consuming. As a result, some managers routinely recycle last year’s evaluations. If HR is required to sit in on the sessions, the amount of wasted time increases significantly.

4.8 Factors for Improving Performance Appraisal Systems

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, human resources staff should make sure managers and supervisors understand why performance appraisal is important to employees, managers and the organization. Respondents agree with Gupta (2006), continuous communication between the appraiser and the appraisee is very important in the whole process of performance appraisal. It is important that the individuals know what is expected of them and how to go about attaining the expected results. This is only possible through communication in which there is flow of information and most important agreement upon the expected goal standards.

Respondent 27 from TANESCO said evaluation of Results, while performance appraisal generally focuses on one individual, looking at the aggregated results of performance appraisals can tell a company a lot about the general level of performance of its staff, areas where there may be training or development needs and trends within and between departments.

Supervisor 9 from TANESCO said that follow-up and performance improvement. The greatest effect on performance appraisal effectiveness is how the business uses the results. Employees both individually and across the organization should use the appraisal system as a tool to improve performance.

More over the study revealed that allocate time to have an informal monthly or bi-monthly chat with each employee to give you the opportunity to discuss what is going well, what needs improving, how they feel about their job, and how you feel
about how they do their job. This sort of ongoing feedback plays an important part in maintaining good morale and helps you address any issues as they arise, rather than waiting months to broach the subject. The respondents agree with Robert, (2008) that the use the performance appraisal document periodically, at least quarterly, throughout the year to assess employee progress. The performance appraisal document is a useful discussion starter. It consolidates employee performance information in one spot. The performance appraisal document provides a running record of employee performance discussions all year. It provides a picture of the employee's accomplishments and progress throughout the year.

Supervisor 14 from SymbionPower said “effective performance feedback, most employees are very interested in knowing how well they are doing at present and how they can do better in a future. They want this information to improve their performance in order to get promotions and merit pay. Proper performance feedback can improve the employee's future performance. It also gives him satisfaction and motivation”. Provide feedback to employees regularly - not just in the annual performance appraisal. Employees like regular feedback (particularly millennial employees) and an effective manager takes time every day for employee feedback. Managers get more comfortable with feedback, better at giving feedback, and they nip problems before they become big (Robert, 2008).

On the point of view performance appraisal is an important process for any organization, large or small. The effectiveness of a company’s performance appraisal efforts will depend on a number of factors, including how well documented and communicated the process is, training for managers and supervisors, the evaluation and analysis of results and ongoing improvement efforts.

4.9 Perceptions on Harmonization of Performance Appraisal Systems
Respondents from TANESCO said there is no need of having similar performance appraisal methods thought out all sectors (public and private) because there are different performance appraisal systems and the company have the opportunity to see which methods are the best to be implemented. Respondents from SymbionPower
said that there is no need to have similar performance system on both sectors- public and private, because their different performance appraisal system and each organization have an opportunity to choose and also have its goals, targets kept and want to accomplish them. So it will be best both sector to have any appraisal system and make sure all people employees and managers are aware and familiar of what is going on.

Overarching similarity of performance appraisals is that they help an organization both private and public and its members become more effective. Performance appraisals do this by providing a sound basis for many employee-related administrative decisions and by making important contributions to employee and organizational development. Performance appraisals help companies identify good performers and poor performers. A company can use performance appraisals to determine who should be rewarded with raises and promotions, which employees need more training and who should be terminated.

4.10 Suitability and Performance Appraisal Methods
The study revealed that the suitability and performance of performance appraisal methods is that lead improvement in employee organizational efficiency and productivity, setup an environment of trust and partnership, help to clarify employees goals and objectives, may reveal new areas for improvement or training from employees perspective and may highlight areas of achievement or deficiency the manage had not considered, Provided direct feedback to employees, involves more collaboration and teamwork are involved which helps to promote comprehensive and objective review of total work performance, involves less subjectivity when more people participate in reviews, provide more opportunities for communication between employees and members of the organization, Also it helps to build organization culture that support performance review process.

Moreover it revealed also under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation.
Advantages are economy, ease of administration, limited training required, and standardization. Disadvantages are rater’s biases, use of improper weights by HR, does not allow rater to give relative ratings promotion. According to Rudman (2003) in this method, management prepares a simple form which describes a list of objectives and behavior depending on the culture and objectives of an organization. Then appraisers will be checking whether employee possess such behavior or not and put a mark.

TANESCO supervisor said Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The suitability of this is that the system is highly secretive and confidential. Feedback to the assesses is given only in case of an adverse entry. Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

The study revealed the suitability and performance of the approach is focused on certain critical behaviours of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents. Advantages are valuations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces biases based on the past, chances of subordinate improvement are high. Also their shortcoming are Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment. The respondent agree with Rudman (2003) that this method, managers are required to record all the critical incidents of each employee at the work place throughout the appraising period. The recorded incidents will be used in the evaluation at the end.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings
The study revealed that TANESCO and Symbion Power employees agreed that the effective use of the performance appraisal results has many positive outcomes to both the organization and the employees. Their three main functional areas of performance appraisal results: administrative, informative, and motivational. Appraisals result serve an administrative role by facilitating an orderly means of determining salary increases and other rewards, and by delegating authority and responsibility to the most capable individuals. The informative function is fulfilled when the appraisal system supplies data to managers and appraises about individual strengths and weaknesses. Finally, the motivational role entails creating a learning experience that motivates workers to improve their performance. When effectively used, performance appraisals help employees and managers establish goals for the period before the next appraisal.

Also get a better understanding of their workers' needs and expectations. Managers are able to use the information to assist their subordinates in planning long-term and short-term goals and career objectives, and to tailor their job responsibilities to make fuller use of their skills. Importantly, the appraisal process helps managers to make informed decisions about promotions and assignments based on applicable facts.

The study revealed that the performance appraisal methods have some shorting coming or disadvantages which may lead to inaccurate results of the performance appraisal. These disadvantages include the fact that they are: highly susceptible to all forms of bias; often neglect key job-related information and include unnecessary data; provide limited opportunities for effective feedback; and fail to set standards for future success. More their challenges which face the performance appraisal system on both TANESCO and Symbion power which are lack of training for both managers and employees. Managers do not have enough knowledge to conduct the
performance appraisal while the employee’s does not understand the performance appraisal methods and the use of the results. Another challenge is time consuming where the appraiser can use the last year evaluation on the next appraisal as revealed on the study. The study revealed that continuous communication between the appraiser and the appraise is very important in the whole process of performance appraisal.

The effectiveness of a company’s performance appraisal efforts will depend on a number of factors, including how well documented and communicated the process is, training for managers and supervisors, the evaluation and analysis of results and ongoing improvement efforts. According to Gupta (2006), continuous communication between the appraiser and the appraise is very important in the whole process of performance appraisal. It is important that the individuals know what is expected of them and how to go about attain the expected results. This is only possible through communication in which there is flow of information and most important agreement upon the expected goal standards.

5.3 Conclusions

Today's workplace often requires employees to be independent thinkers responsible for making good decisions based on limited information. This kind of work may require training if the employee does not have these skills. Performance management is a comprehensive approach for planning and sustaining improvements in the performance of employees and teams, so as to meet standards. In the public sector, annual budgets and annual performance evaluations are used in managing performance-outcomes and behaviour. These two deal with the past and not futuristic. The absence of Performance management has contributed to the high rate of business failures in the public and private sector. The adoption of performance management will make public business effective, efficient and sustainable.

The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-
operation, judgment, versatility and health. Assessment should be confined to past as well as potential performance.

Both companies are trying their level best to implement the performance appraisal system and also by doing so they invite experts who are more familiar to the issues so as to educate their employees. Moreover the establishment of an effective performance management system requires time and resources and therefore, the support of the board, the executive director and other senior managers. When developing a new performance management process, an organization can strike up a committee made up of employees, managers and board members to increase buy-in, understanding and support for the process. By doing so we make sure that the employees job description, organization policy and goals are related so as to measure the performance well. This shows that on both public and private sectors the organization performance appraisal system relates to employees job description, organization goals. Also have the board of managers employees who sit together and discuss what to do.

The suitability of performance appraisal methods is that lead improvement in employee organizational efficiency and productivity, setup an environment of trust and partnership, help to clarify employees goals and objectives, may reveal new areas for improvement or training from employees perspective and may highlight areas of achievement or deficiency the manage had not considered, Provided direct feedback to employees, involves more collaboration and teamwork are involved which helps to promote comprehensive and objective review of total work performance, involves less subjectivity when more people participate in reviews, provide more opportunities for communication between employees and members of the organization, Also it helps to build organization culture that support performance review process. Moreover some of the challenges facing the organizations both TANESCO and Symbion Power are lack of competence, identification of the appraisal criteria and resistance of employees.
5.4 Recommendations

Today's work environment requires employees to be skilled in performing complex tasks in an efficient, cost-effective, and safe manner. Training (a performance improvement tool) is needed when employees are not performing up to a certain standard or at an expected level of performance. The difference between the actual level of job performance and the expected level of job performance indicates a need for training. The identification of training needs is the first step in a uniform method of instructional design.

Management is supposed to act upon the outcomes of the performance management process is also necessary to ensure that good performance is recognized, inadequate performance results in the necessary support and/or training to improve performance and consistently poor performance results in a change of responsibilities or termination, as appropriate.

Whether you are introducing a new performance management system or if you are modifying an existing process, it is critical that you communicate the purpose and the steps in the performance management process to employees before it is implemented. Also remember to review your new performance management system after the first year and make adjustments as necessary.

The data collected from the appraisals can be used to evaluate the effectiveness of the company's training and development programs can compare appraisals of employees taken before and after completion of development programs to see if there is marked improvement.

Personnel planning also benefits from the data collected from performance appraisals can review the appraisals to determine the strengths and weaknesses of the company's current complement of workers that will help her determine whether the company needs additional workers or workers with different skills. Review of performance appraisals can also help confirm that the company's method of selecting employees is working well when it's time to add to the workforce.
Layoff decisions: Performance appraisal is a good way of taking layoff decisions. Employees may be asked to layoff, if the need arises. The weakest performers are the first to be laid off. If there is no performance appraisal, then there are chances that the best men in the department may be laid off.

Although appraisals usually take place at set yearly or twice-yearly intervals (possibly more regularly for the first year of employment for new employees), you should not wait for these meetings to give your employees feedback. If an employee is getting regular constructive feedback, they will have no reason to fear a performance appraisal. But if they’re wondering whether the work they’re doing meets your approval, they might approach the meeting with a defensive attitude rather than one of looking for ways they and the business can work better.

Succession plans are a key element in human resources management and executive leadership strategy. Employees who possess expertise, leadership capabilities and the desire for promotional opportunities are often tapped for more responsible roles within the company. Performance appraisals document and monitor employee goals and professional development in preparation for higher-level positions. In part, succession planning depends on the most accurate appraisal of employee contributions and successes. Performance appraisal methods such as management by objectives are known for tracking parallels between employee goals and organizational goals.

Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done. The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans.
Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

Training is needed: A successful training needs analysis will identify those who need training and what kind of training is needed. It is counter-productive to offer training to individuals who do not need it or to offer the wrong kind of training. A Training Needs Analysis helps to put the training resources to good use.

Managers can start by implementing the suggestions in these performance appraisal FAQs (frequently asked questions). They can end up with the required performance appraisal document but make the performance appraisal process useful by their approach.

Finally, performance appraisals can be used to help document decisions that may lead to lawsuits. For example, a well-documented personnel file, including a sound performance appraisal, will help the company defeat claims of discrimination arising out of the termination of an employee who was not meeting performance standards.
REFERENCES


Appendix 1: Questionnaire

Dear Respondent,

This questionnaire has been designed to evaluate the performance of employees’ performance appraisal systems in public and private organizations in Tanzania as a partial/fulfillment of the Requirements for Award of the Degree of Master of Human Resource Management of Mzumbe University. The information you provide will help us understand how performance appraisal systems are working. I request you to respond to the questions frankly and honestly. This research is conducted for academic purposes and you are assured of confidentiality and anonymity of the information you provide.

Please provide answers to the following questions:

Demographic Characteristics of Respondents

1. Gender:
   (i.) Male (   )
   (ii.) Female (   )

2. Age:
   (i.) 20-24 (   )
   (ii.) 25-29 (   )
   (iii.) 30-34 (   )
   (iv.) 35-39 (   )
   (v.) 40-44 (   )
   (vi.) 45 and above (   )

3. How long have you been working in the current organization?


66
4. Less than one year
   (i.) 1-3yrs (    )
   (ii.) 4-6yrs (    )
   (iii.) 7-9yrs (    )
   (iv.) 10 years and above (    )

5. Highest education level:
   (i.) Secondary School (    )
   (ii.) Bachelor's Degree (    )
   (iii.) Masters Degree (    )
   (iv.) Others (Please specify) ________________________________

Main reasons for conducting performance appraisals (PA)

6. Which of the following is/are among the main reasons for conducting performance appraisals at your organization? (Please tick as many as are relevant)
   (i.) Correcting the deficiencies of work (    )
   (ii.) Giving feedback (    )
   (iii.) Employee motivation (    )
   (iv.) Promotion (    )
   (v.) Salary administration (    )
   (vi.) Training and development (    )
   (vii.) Others (Please specify) ________________________________

Performance Appraisal processes and procedures

7. Are you given any notice before performance appraisals are conducted?
   (i.) Yes (    )
   (ii.) No (    )
8. If your answer to question (7) is yes, what is the timing of the notice given to you before the Performance Appraisal takes place?
   (i.) One month ( )
   (ii.) Two months ( )
   (iii.) Three months ( )
   (iv.) No fixed period ( )

9. Which of the following performance appraisal criteria do appraisal officers often use? (Please tick as many as are relevant)
   (i.) Job action planning ( )
   (ii.) Job execution ( )
   (iii.) Knowledge of the job ( )
   (iv.) Evaluation of learning and adapting ability ( )
   (v.) Punctuality and attendance ( )
   (vi.) Others (Please specify) _________________________

10. How often are you appraised per year?
    (i.) Once every quarter ( )
    (ii.) Twice a quarter ( )
    (iii.) Three times a year ( )
    (iv.) Once a year ( )
    (v.) As and when it is necessary to do so ( )

11. Which of the following participatory appraisal processes do appraisal officers mostly involve employees in during the appraisal exercise?
    (i.) Establishing performance standards ( )
    (ii.) Communicating standards and expectations ( )
    (iii.) Measuring the actual performance ( )
    (iv.) Comparing with standards Discussing results ( )
Decision Making

12. How do you assess the officers who conduct Performance Appraisal in your organization?
   (i.) Very knowledgeable
   (ii.) Knowledgeable
   (iii.) Not very knowledgeable
   (iv.) Not knowledgeable

13. Who sets the targets for the employees?

14. Are employees or teachers involved in the target setting?
   (i.) Yes
   (ii.) No

15. How is the appraisal done in your institution?
   (i.) Appraiser uses a rating scale to appraise
   (ii.) Appraiser writes employee performance in essay form
   (iii.) Appraiser records exceptional behavior of employee at work
   (iv.) Others (Please specify) ________________________________

16. Who does the appraisal?

17. What happens after the appraisal exercise is completed?
   (i.) Feedback
   (ii.) Punishment
   (iii.) Training
   (iv.) Salary increase
   (v.) Promotion
18. What career developmental activities were identified at the last evaluation discussion? Were these plans completed? On time?

________________________________________________________________________

________________________________________________________________________

Problems associated with Performance Appraisal

19. What is the main difficulty associated with performance appraisal processes being followed at your organization?
   (i.) Low commitment
   (ii.) Low management accountability
   (iii.) Performance Appraisal not directly linked to promotion and reward

20. On a scale of 1 to 5 (with 5 being Very objective and 1 being Not objective at all), how do you rate the level of objectivity of the performance appraisal process in your institution?
   (i.) 1-Not objective at all
   (ii.) 2-Not very objective
   (iii.) 3-Objective
   (iv.) 4-Quite objective
   (v.) 5-Very objective

21. Do you receive a fair performance appraisal report?
   (i.) Yes
   (ii.) No

Effect of Performance Appraisal on employee performance

22. How does performance appraisal affect your commitment to work?
   (i.) Makes me work harder than expected
   (ii.) Makes me work at my normal pace
   (iii.) Makes me work below expectation due to how it is conducted
   (iv.) Others (Please specify)
23. With the following ranked from 1 to 6 in order of preference (6 being the most preferred and 1 being the least preferred), which of these factors below can best help improve performance appraisals at your organization?

(i.) Positive attitude to work
(ii.) Motivation
(iii.) Further training in their area of work
(iv.) Improved conditions of work
(v.) Clear definition of duties
(vi.) Strict supervision

Uses of Participatory Appraisal records

24. In your opinion, how are performance appraisal records useful to your organization? (Please tick as many as are relevant)

(i.) Administering wages and salaries
(ii.) Giving performance feedback
(iii.) Identifying employee strengths and weaknesses
(iv.) Determining employee training needs

25. What recommendation would you give for an effective implementation of performance appraisals?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Appendix 2: Focus-group Discussion/Interview Questions Checklist

Dear respondent,

This checklist has been designed to evaluate the performance of employees’ performance appraisal systems in public and private organizations in Tanzania as a partial/fulfillment of the Requirements for Award of the Degree of Master of Human Resource Management of Mzumbe University. The information you provide will help us understand how performance appraisal systems are working. I request you to respond to the questions frankly and honestly. This research is conducted for academic purposes and you are assured of confidentiality and anonymity of the information you provide.

Please provide answers to the following questions:

1. How long have you been working in this organization?
2. What other organizations have you worked with?
3. When was this organization’s performance appraisal system developed?
4. Were you involved in the development of the performance appraisal system of this organization?
5. How does your organization’s performance appraisal system relate to employees’ job description and organization’s policy and goals?
6. What is your opinion on the fairness of the performance appraisal system used at your organization?
7. Are you trained and/or oriented to implement the performance appraisal? If yes how was it beneficial to you?
8. How often do you appraise employees and why do appraise them in the particular time?
9. Why do you conduct performance appraisal?
10. How does the performance appraisal system affect your employees’ commitment to work?
11. What does your organization do to staff whose performances fall below expectations?
12. What does your organization do to staff whose performances are above expectations?
13. What are the general uses of performance appraisal results?
14. How does current performance appraisal relate to last time another appraisal was taken on similar employee?
15. What are challenges of undertaking performance appraisal system?
16. What factors can best help improve performance appraisal at your organization?
17. Do you know any other performance appraisal systems apart from the one used by your organization? If yes why don’t you practice them?
18. How do they compare to your appraisal system?
19. Do you think there is a need to have similar appraisal system throughout all sectors – public and private? Why do you think so?
20. If answer to question 19 is YES, what factors should be included in this overarching performance appraisal system?