The American University in Cairo
School of Global Affairs and Public Policy

THE RELATIONSHIP BETWEEN PERFORMANCE EVALUATION SYSTEMS AND MOTIVATION
A CASE STUDY FROM THREE NGOs IN EGYPT

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By

Heba Magdy Abdel Monem Aloush

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I would like to avail this opportunity to express my gratitude debt to those who have greatly contributed to complete my degree. First, I would like to express my sincere gratitude to Dr. Shahjahan Bhuiyan who inspired me throughout my study at the AUC and helped me to choose my specialization in the Human Resources Management (HRM) and then supported me with the knowledge and motivation to write this piece of research. Second, I would like to thank my husband who encouraged me all the way long. Third, a great appreciation goes to the three participating NGOs, CARE International, Save the Children, and Misr el Kheir (MEK), who allowed me to explore their organizations and supported me with all the needed information and resources.
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Supervised by Professor Shahjahan Bhuiyan

ABSTRACT

The main objective of this research is to measure the relationship between Performance Evaluation System (PES) in the NGO sector in Egypt and the employees’ motivational level. Additionally, the research will explore the employees’ perceptions of the PES in the NGO sector in Egypt. The study was conducted over three NGOs; CARE International, Save the Children, and the Misr El Kheir. Both qualitative and quantitative methods have been used to answer the main research question and to evaluate the PES in the three organizations in addition to the evaluation of the motivators and the PES challenges from the employees’ perspectives. The study uses questionnaires and semi-structured interviews as data collection tools. A total of 133 respondents participated in the questionnaire and 12 employees were interviewed to comment on various aspects of the PES process. The study adopted Herzberg motivational theory and Maslow hierarchy of needs theory to examine the relationship between PES and motivation.

The research came up with a number of findings. The most prominent one is the importance of the intrinsic factors in motivating the employees as well as the importance of activating a rewarding system that is related to the PES outcomes. Also, it was noted there are prerequisites for effective PES which if exist, the PES will be more effective. For example the multi rater technique is one of those prerequisite that can increase the objectivity of the PES process.
Employees have different challenges with the PES implementation like lacking knowledge of the evaluation system, struggling with the ambiguity of the rating scale or the evaluation form itself.

**Keywords:** PES, Motivation, Challenges, Motivators and 360 degree appraisal
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<td>HRM</td>
<td>Human Resources Management</td>
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<tr>
<td>PES</td>
<td>Performance Evaluation System</td>
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<tr>
<td>SHRM</td>
<td>Strategic Human Resources Management</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>AMO</td>
<td>Ability, Motivation and Opportunity Theory</td>
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<td>ERG</td>
<td>Existence, Relatedness and Growth Theory</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Research Problem

Human Resource Management (HRM) includes a number of activities starting from recruitment and selection, compensation and benefits, training and development ending with performance management. All of these activities are being performed in light of clear rules and policies with the overall objective of developing the human resources and increasing the employer’s success (Safdar, 2011). Amos and Ristow (2004) found that performance management could be effective only if there are clear strategic objectives for the organizations. This integrated HR strategy represents a network of human resource processes, geared towards the achievement of business goals and introduces links of performance to sourcing, staffing, development, rewards, recognition, and employee relations.

Joan Pynes (2009) argues that the Strategic Human Resources Management (SHRM) is gradually becoming an integral part of management in the nonprofit sector and its application became a sine qua non. Performance Evaluation is one of the most important tools in the SHRM. Needless to mention that it is a complicated process and is commonly used in the public, private and NGO sectors. HRM practice is usually designed to assess the employees’ performance in light of the employers’ strategic goals, vision and work standards. Traditionally, performance evaluation was firstly introduced in the private sector then it moved to be an essential part of the human resources (HR) departments in public and NGO sectors. In the last 50 years companies have given a greater attention to the Performance Evaluation System (PES) as one of the most important factors that lead to better employee management (Lee, 1985; Eberhardt and Pooyan, 1988; & Ferris et al., 2008).
The PESs has main five objectives which are; control, continuity, formality, information and motivation. Companies also consider (PES) as a tool of Monitoring and Evaluation (M&E) ‘where performance is measured, performance improves’ (McConkie, 1979: 33) this as well has a positive impact on increasing the motivational level of the employees. Thus, PES is considered an effective tool as it leads to win-win results for both the employer and the employee.

The constraints towards achieving this successful partnership are the effectiveness and the efficiency of the used performance evaluation tool in any entity. Currently, stakeholders in public and non-profit organizations place a greater attention towards accountability, which is represented through performance management. Accordingly, many organizations have started to reevaluate their performance evaluation system as employees are the most important resources and assets.

Motivation is the desire that urges people to act or react. Rainey (2003) believes that the definition of motivation is too simple, however, the measurement of such a behavior or the reasons that led to its increase or decrease is very complex. This study further notes that “motivation is an umbrella concept that serves as an overarching theme for research on a variety of related topics, including organizational identification and commitment, leadership practices, job involvement and characteristics of work goals”’. Theories on Motivation had been discussed in many published studies; it is categorized into two main factors; extrinsic and intrinsic. Extrinsic motivation is a result of the indirect satisfaction that the individual reaches to. Financial rewards, job stability and working environment are some examples of extrinsic motivators while the intrinsic motivators are associated with the higher needs of the human level such as Job satisfaction, ethics, self-actualization and accomplishment. (Pynes, 2009, p.218)

Boxall and Purcell (2003) have developed one of the HRM most important theories; theory of performance, AMO theory. The theory indicates that (P) Performance should be driven by three main factors which are Ability (A), Motivation (M) and Opportunity (O) to take part in management. It was found that employees perform more effectively when they are equipped with the needed skills and abilities (the know-how) and they excel when they are motivated and given an opportunity to share their expressions and contribute in the management of their organizations.
The most famous theories that tackle motivation are Maslow hierarchy of needs (1954), Existence, Relatedness and Growth (ERG) theory which is a development of Maslow’s theory and the legendary Motivator Hygiene Theory by Frederick Herzberg (1964, 1968) who concluded that people are categorized into two groups; the first is referred to as hygiene while the second are motivators. Batt (2002) argues that employees’ behavior in their organizations play an important role in boosting the organizations and the employee’s performance organizational, he also highlighted that the organization’s structure should be linked to the Performance Management (PM) strategy.

After considering most of the motivation theories, it was found that Herzberg's Motivation theory and Maslow hierarchy of needs are the most relevant theories to this study. Herzberg classified motivators into Hygiene and motivators (1) hygiene factors (if inadequate these determine levels of worker dissatisfaction): supervision, interpersonal relations, work conditions, salary and job security (2) motivator factors (these determine the level of worker motivation and satisfaction): achievement, the work itself, recognition, responsibility, advancement and growth.

1.2 The Non-Governmental Organization (NGO) Sector

In a zoomed look over the NGO sector that has been introduced to Egypt in the middle of the 19th century, it was found that there is a continuous rise in the growth of this sector in Egypt. This means that great numbers of NGOs are operating in Egypt through thousands of employees. Accordingly, there was a need to organize the flow of work within those bodies through applying the HRM best practices.

Nowadays, the PES is seen as a strategic partner for HR integration with the overall vision, mission of the organization in an attempt to help in assessing the performance of the employees (Behri et al, 2008). Also, PES is considered one of the HR best tools as it helps in motivating the employee, which is positively reflected on the success of the employer. In Egypt, there is a need to assess the different PESs that are used in the NGOs, local and international, in order to have a clearer picture on the validity of the used tool and whether it is achieving its main important objective which is boosting motivation. In this regard, organizations need motivated employees
to get things done in NGOs. This study will measure the impact of PES on 3 leading NGOs in Egypt; CARE, Save the Children, and Misr El Kheir. The three NGOs are operating in various governorates in Egypt for the common goal of alleviating poverty through developmental projects.

CARE Egypt is part of CARE International, and has been serving individuals, communities and local associations in the poorest regions of Egypt since 1954. CARE began work in Egypt with a nationwide school-feeding program. Today, CARE’s work is focused primarily on Upper Egypt, where it works closely through a rights-based approach with the poor and marginalized, civil society, and government institutions to improve livelihoods on a sustainable basis. In addition to its headquarters located in Cairo, the organization has field offices operating in five governorates; Assuit, Beni Suef, El- Minya, Sohag, and Qena additionally, CARE implements projects in Giza, El obour, El Sharkeya, Alexandria, Kafir El Sheik and Damietta. CARE Egypt works on four main development areas; women’s rights, girl’s education, agriculture and natural resources, and good governance through local participatory processes. CARE Egypt is strongly committed to the mobilization of different development stakeholders, including local communities, NGOs, academic and research institutions, governmental entities, and the corporate sector.

Save the Children has been operating in Egypt since 1982, and implements programs throughout the country, including Cairo, the capital. Their mandate is to directly addresses the needs and rights of children, their families and communities, guided by the Convention on the Rights of the Child (CRC) and the Millennium Development Goals (MDGs).Supporting both communities’ and the government’s development priorities, Save the Children’s program in Egypt follows a “life-cycle approach”, addressing the needs of specific age groups in a holistic way. They combine health, protection, and education interventions for infants and young children 0-4 years old, for school-aged children 6-12, for in- and out-of-school adolescents 12-18 years. With youth and families, we work to increase employability skills, and link better prepared young people to safe jobs, thus increasing household income and reducing poverty. Save the Children’s programs target the vulnerable and marginalized - such as illiterate girls, street children, and low-income mothers, while building the capacity of partners to improve the conditions of children in need,
MEK Foundation was established in 2007 and registered as a not-for-profit organization working in the sustainable development. MEK aims at improving the living conditions of Egyptian communities through sustainable programs. MEK focuses on health, education, social solidarity, scientific research, and aspects of life (sports, arts, and culture). MEK has wide exposure all over Egypt; it has 5 branches in Cairo, 1 in Alexandria, 1 in El Mansoura and 1 in El Fayoum while it has 11 sub offices in El Fayoum, Beni Sweif, El Menia, Assuit, Sohag, Qena, Aswan, Sinai, El Mansoura, Luxor and Marsa Matrouh.

In most of the developing countries, NGOs work in a stressful environment because of the lack of resources, this is a demotivating factor for the NGO workers. In a review over the NGO sector in the low income countries, it was found that employees are highly motivated by recognition, career promotion, learning and financial rewards. Correspondingly, many studies found that there are major motivational challenges for NGO workers in the low income countries (Rainey, 2003). As Egypt is one of the low income countries in North Africa, it is worth to measure the impact of the PES on the employees’ motivational level in the NGO sector in Egypt.

1.3 Statement of the research problem

Theoretical and empirical literature had shown a relationship between the PES as one of the HRM tool and the employees’ motivation level. Some studies had tested the impact of PES on employees in the west however there is limitation in exploring the NGO sector in the Middle East in general and in Egypt in specific. In general, very few numbers of researches have been conducted to measure the effectiveness of the PES in the NGO and its relationship with the motivational level of the employees. It is believed that the PES is not as effective as expected since very important prerequisites which affect the final results are always ignored in previous research. It is important for the effective PES to include the essential prerequisites of an effective
PES such as the multi rating, self-assessment techniques, goal setting, career development plan and mid-Year review. The nonexistence of some of the PES essential prerequisites can definitely affect the rating decision and adversely impact the validity of the process (Dash et al, 2008).

Performance evaluations eliminate the gaps between the expectations of both employers and the employees. Moreover, it provides a unified and qualified management process for organizations to measure the performance of both the employees and the employer. Therefore, improving employee’s performance by using PES is a way to improve organizational performance. Therefore, in this study an attempt has been made to investigate the relationship between PES and employees’ motivational level and to what extent PES can improve the motivational level of employees.

Therefore, it is essential to conduct such a research on the NGO sector in Egypt, to better understand employees' experiences and perceptions of performance management and evaluation system so that a completed and comprehensive performance system could be built up. Moreover, it is important for employees and managers to understand that a strong PES is the key determinant of an organization's long-term success or failure. If employees are not happy or do not accept the adapted PES, they are likely to be unwilling to take an active part in the process because they do not see any value of it. As a result, the organizational performance and employees’ motivational level would decrease due to the inefficient employee performance. Consequently, this research attempts to measure the relationship between the PES and employee’s motivation using a survey on three NGOs in Egypt.

### 1.4 Research Question

The main question of this research is “what is the relationship between PES on and the motivational level of the employees in the NGO sector in Egypt.

The study will explore this through conducting a comparative study on three international NGOs in Egypt: CARE International, Save the Children, and Misr El Kheir. To further answer the main research questions, the following sub-questions are constructed:
• What are the essential prerequisites of an effective PES?
• What are the factors of motivation?
• What are the PES challenges in the NGO sector in Egypt?
• In the Egyptian NGOs & INGOs, is the adopted performance evaluation tool linked to salary increase or promotion?
• How do employees perceive PES?
• Does the PES in the NGO sector meet the employees’ expectations?
• What is the impact of the appraiser on the Employees’ motivational level?

1.5 Research Objectives

This study aims at exploring the PES in the NGO sector in Egypt and measuring whether there is a positive relationship between PES and motivation or not.

First Objective: To assess whether the evaluation system which is being used in the three selected NGOs is a competent tool or not. The determinants of the evaluation competency are the presence of the below mentioned prerequisites (Pynes, 2009):

- SMART\(^1\) Objectives
- Individual - Career Development Plan
- Frequent Performance Review
- Multi Rater Feedback
- Supervisor and Subordinate Awareness of PES
- Mutual and Clear Knowledge of Rating scale
- Employee Self-Assessment

Second Objective: To measures the relationship between PES and employees’ motivational level. Maslow and Herzberg theories on motivation constructed the model used to assess the efficiency of PES. Since motivation is one of the objectives of PES and since applying the

\(^1\) SMART stands for Specific, Measurable, Attainable, Relevant and Time Framed
Hygiene factors and motivation agents appropriately should lead to having motivated employees. This study will test the effectiveness of the PES by assessing some of the motivation factors (Hygiene and Motivation). In other words, this study will test whether the employees are motivated or not by measuring their acceptance of the working conditions, salary, personal life balance, work relationship, security, responsibility level, self-actualization, professional growth and recognition

*Third Objective:* To provide recommendation for HR practitioners and policy makers in NGOs in Egypt on the best PES model along with the highest motivators according to the Egyptian employees with the goal of enhancing the overall evaluation process and alleviating its challenges.
The research aims at examining the relationship between PES and Employees’ motivation. This research is trying to prove that when the prerequisites for effective PES exist, there is a greater probability that there will be a positive impact on employees’ motivation. Motivation factors are derived from Herzberg and Maslow theories on motivation. Herzberg believes that people get motivated and satisfied when they got appreciated and when they reach to their self-actualization. Also, Maslow had highlighted that people has main five needs; physiological, safety, belonging, esteem and self-actualization. Thus, the need for financial reward can help in achieving safety and protection.
1.7 Research Variables

This study will assess the PES quality in three NGOs along with measuring the relationship between PES and employees’ motivation level. The independent variables in this study is the effective PES prerequisites, PES challenges as they are the causes while the dependent variable is the employee motivation since it is the expected outcome of an effective PES. The dependent variable; Employee Motivation will be tested through the below sub-variables:

- Recognition and Appreciation
- Rewarding Pay/ Merit Increase
- Self Actualization/ Satisfaction
- Work Nature & conditions

1.8 Research Significance

This topic is highly important nowadays since the NGO sector is rapidly growing in Egypt and the tendency to join the NGO field is accordingly increasing within the Egyptian youth population. Personally, I am interested in exploring this topic as it is one of the core areas of my current job and it is not given the appropriate level of research in the context of NGOs in Egypt. Working as an Organizational Development Officer for reputed INGOs in Egypt has given me the exposure to see the impact of the performance evaluation tool and how employees perceive it differently.

The researcher has observed that different employees are motivated by different factors. This is why the researcher has decided to test the efficiency of this HRM tool in relation to the motivational impact that it makes over the employees. The study will examine three NGOs, their
selection added more importance to the research as it is tackling three of the most important NGOs in Egypt. The three selected NGOs are considered some of the effective NGOs in Egypt in terms of impact, vision, employees and exposure. As per the Global journal report on 2013, CARE International was ranked the 7th among the best 100 INGO in the world. Additionally, as per the NGO aid map report on 2015, Save the Children has been awarded by the Bill and Melinda Gates foundation as a globally recognized leader in born and children health for its projects in the developing countries. David, (2015) assures that MEK is one of the best operating NGO in Egypt in the areas of health, Education, Scientific research, and social solidarity. Furthermore, due to MEK’s expansion, it has now opened two offices in USA and UK so that they can provide funding for the projects in Egypt.

In sum, the culture of the PES was initially developed by the private sector which is generally created for increasing profit, while the nature of the NGO field is completely different as it is driven by non-profit. Thus, it is worth to dig in the PES used in those NGOs and to assess the differences and to what extent it’s motivational this topic would be interesting and meaningful for any organization because the performances of employees have a significant relationship to the organizational performance. Also, understanding how HRM practices influence employee performance could help organizations in setting up a better management system, and finally increase employees’ motivational level.

1.9 Conclusion

This chapter discussed the background and statement of the research problem followed by research questions, conceptual model, and study objectives. It also introduced research variables. The next chapter will discuss PES relevant theoretical and empirical literature along with the Theories of Motivation.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

Over the past decade, employers along with researchers had been considered with the formulation and the impact of the PES. It is commonly believed that performance evaluations boost motivation and lead to better results (Giangreco et al., 2010). PES is a tool that is often used to systematically evaluate employees in terms of performance; the process of the performance evaluation should guarantee equity fairness and lead to the important outcome which is motivation.

The introduction of the performance management system started by the end of 1980 due to the emergence of HRM. By that time there was an understanding to shift from the top down evaluation to the upward evaluation (Dwivedi, 2004). Performance evaluation is defined as “the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance” (Lansbury, 1988, p.52).

There has been a gradual movement to link the Performance Evaluation (PE) as one of the HRM best practices to the employees’ motivational level. However, there is other group of scholars such as Wright (2004) and Banks et al. (1985), who consider the PES as a non-vital pillar in the HRM science as they see it as a falsified tool. Evaluation of employee performance is a vital component in improving the excellence of the work and increases employees’ motivation to perform well, it is essential to provide employees with frequent performance review so they can
be aware of their strengths and areas of development. The main intentions of Performance Evaluation System are to reward the employee who achieves the organizational SMART goals and to determine which goals are not achieved yet along with providing alternative plans to achieve the non-met goals (Sahout et al., 2013).

2.2 PES Trends and Importance

Although PES is a very common tool in the SHRM, there is a debate on the effectiveness of the PES as sometimes it creates tension in the organization because employees are reluctant to go through the (PES) process (Wright, 2004): “It is widely believed that performance evaluation is prone to bias, that they do not demonstrate high levels of accuracy, and that they are not readily accepted by users” (Banks and Roberson, 1985: 128).

Banks and Roberson, (1985) believe that PES is to some extent affected by the level of subjectivity mainly in terms of behavior evaluations. However, most literature had defined five main logics behind the importance of PES and they are control, continuity, formality, information and motivation.

First Logic is **Control**: Managers consider PES as a tool to use in controlling the staff that helps both the rater and the ratee ² in setting clear achievable objectives. The PES is used now as a trend to shift from the notion of task accomplishment towards the overall goal of the organization. The PES gives a constructive support in achieving control as it calls for setting SMART objectives with a clear guidelines and time frame (Coates, 2004).

Second logic is **Continuity**: Price (2007) believed that continuity is a crucial factor because it helps in building systematic mechanism that helps in diffusing two concepts; work and an organizational culture and value their importance in the performance evaluation that’s how employees can sense that being evaluated by others is in an important part of the job. Nonetheless, having a continuous feedback on performance is a healthy tool to improve the performance.

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² Ratee is the person whose performance is evaluated; the rate is the individual who assesses the performance of others.
performance and increase motivation as it reduces the gap between the expectation of the manager and the employee (Eberhardt and Pooyan, 1988). Wright (2004) believes that if the PES is not designed smartly it will fail in achieving the goal of continuity that’s why HR practitioners need to pay more attention to the effectiveness of the used PES.

Third logic is **Formality**: the formal evaluation system guarantees fairness and justice for actors, raters and rate. There is a contrast relationship between the rater and the ratee in terms of formality. For example, the ratee formality raises the clearness of both the expectations and the objectives, whereas the rater formality declines the chance of misjudgments and extreme personal preference (Woehr, 1992). This is why Kanaan (2005) believes that the PES is highly needed in organizations which have massive number of personnel and operation as it will be the only tool to guarantee fair judgement. It is well-known that the Western culture highly trusts its systems. On the contrary, Osland et al. (2007) assure that the presence of system do not always minimize misuse or corruption.

Fourth logic is **Information**: Despite of the fact that the PES is a hectic process on the different involved parties, it has countless benefits. One of the benefits is information management and analysis. If the organizations systematically keep the outcome of PES on yearly basis this can create a transparent and effective information exchange between the organization and the employees (Baruch and Harel, 1993; Baruch, 1996). Furthermore, it will facilitate the PES comparative analysis.

Fifth logic is **motivation**: PES responds to the logic of motivation. Mullins (2007) highlighted the impact of the feedback motivator. He also added that both positive and negative feedback is useful. The positive feedback is both a form of self-actualization and recognition which drives the motivation wheels faster while the negative, the feedback is a golden opportunity as it sets guideline for career and performance development (Osland et al., 2007). The obstacle lies in the scarcity of resources, if there is no additional financial resource, this can slow down the development process of an employee (Khoury and Analoui, 2004).

2.3 PES in the Middle East (ME)
In a study conducted by Gingerco et al. (2010) examined the PES logic in the western culture and compared this to the presence of the PES in the Middle East area which has totally different characteristics. The study assumed that the five main logics behind the existence of the PES in the culture; control, continuity, formality, information and motivation cannot be the same in the eastern culture.

However, the study found that the ME is achieving the first goal of PES control. For example, the PES is used in the ME as a tool of control, in many organizations the yearly evaluation is an essential component which is aligned with control, the control of the authority (Management) over the employees. PES is of great value because organizations in the ME are more into the bureaucratic approach (Hofstede, 1991). Also, it was found that the ME culture has a greater tendency than the western culture towards collective performance, on the contrary the western culture values the individual performance more (Zaharna, 1996). Both Ali (1996) and Gingerco et al. (2010) agreed that that the level of globalization is less in the East when compared to the West. Also, the eastern culture has an emergent economy and its society is distressed and has lower business dynamics and culture.

In the context of ME, employers believe that PES is important cause it enriches the theme of continuity (Khoury and Analoui, 2004; Kanan, 2005) most of them relate this to the importance of continuous development of employees within the organization as well as the importance of increasing their satisfaction level. In addition, there is a tendency to develop the leadership and managerial skills of the employees to sustain continuity and success. While in the ME the importance of formalization is related to the esteem of the process including figurative formalities and customs (Zaharna, 1996).

In the ME, the technology of information management is less central than in the Western context. However, Khoury and Analoui (2004) has an interesting experience in using PES to respond to information, the dean of information department in a public university of Palestine has effectively used the PES as a tool of communication channel with all the employees in the University. Accordingly, this resulted in increasing the trust in the PES usages also the employees (raters and ratees) became more self-mindful of the mutual expectations. In the ME,
the limited financial resources shrink the possibility of career development especially for the low performing employees (Najeh and Kara-Zaitri, 2007)

Overall, literature on the ME had suggested some constraints on applying the PES five logics. Ozbilgin and Healy (2003) consider some of ME areas as non-stabilized in terms of economy and politics or having an excessive control from the inside authorities like Libya and Syria, Thus the internal control is not very feasible. Also, for countries that are under attack like Palestine that cannot adopt continuity, while it has a very short sighted future. Similarly, for Lebanon, Syria and Libya, it is very hard to call for PES formality in areas where unpredictable events can arise anytime as they distress societies. Syria also suffers from a monolithic system that shrinks the opportunity for information management. Finally, generally PES does not lead to motivation because it is hard to dedicate a financial resource for tangible signs of recognition like bonuses or incentives (Giangreco et al., 2010).

2.4 PES Types and Steps

There are three general approaches to performance evaluations; absolute, comparative and goal setting. Absolute method depends on evaluating the employee without consulting or listening to other raters/employees. This method is commonly used for setting development areas. Comparative method evaluates the employee in comparison to his/her colleagues of the same group/unit. This method is commonly used in evaluating employees in probation periods in the same position, level and grade. The last method is the goal setting one which is more comprehensive and complete. In this scenario, the ratee is evaluated by his rater based on pre-set objectives that were aligned with specific timeframes, resources and deliverables (Deming, 1986).

Batt (2002) believes that there are four primary steps that should be followed in the performance evaluation process. The first step is to create the job description of every function in the organization; the job description is the guideline that outlines the employee’s responsibilities of the job. The second step is setting the needed competencies of the job and determining the performance indicators and this could be measured through various tools such as raking scales,
360 degree evaluation, productivity measurement and Management by Objectives (MBO). The third step is to compare the actual employee performance against the set - objectives and standards of the job. The final step is evaluating the performance based on a pre-defined rating scale.

2.5 PES Challenges

Rao (2004) illustrated that an effective PES should highlight the key performance areas (KPAs) which are the main accountabilities of the employee’s role, furthermore there should be a section for the annual development plan of the employee; the plan should focus on developing both the skills and the behavior in light of the organization’s goals and strategy.

Moreover, PES should be conducted at least twice per year so the employee can have a mirror of his mid-year performance. Milliman et al. (1994) mentioned that the PES is a motivational tool that assesses the employee from different perspective this is why in recent years the 360 degree appraisal or the multi-rater assessment has become very popular. It includes assessors from different work relations as the assessor could be a supervisor, subordinates, and colleagues, internal and external customers. Roberts (2003) has emphasized on the significance of employee participation in the evaluation process as this add intrinsic motivational value to the employee as well as using it as an opportunity to listen to the employee’s voice. Intrinsic rewards are part of the job itself, it could symbolize in a challenging task, new skill or competency to be learned or higher level of responsibility. While the extrinsic rewards are more of a situation that increases the employee’s level of satisfaction and motivation, the situation could be represented in a salary increase, bonus or incentives.

There is a common and widespread disappointment in the efficacy of performance evaluation system as one of the most important HR functions.

Literature showed that employees (ratee) are usually dissatisfied with the process for a number of reasons. First, they complain about the unclear guidelines of the rating criteria which either lead
to unfair final rating or non-neutral rating that is based on the manager’s preference towards one employee over another. Second, many employees showed their discontent as they feel that they are evaluated on a collective effort not individual effort in other words, management evaluates neither the results nor the effort done to reach towards such a result. Third, employees sometimes tend to consider their supervisors either as unprepared to evaluate direct subordinates and this occurs in the case of first time manager or junior manager or as biased and stereotyped raters. Fourth, the PES is not linked with effective pay system or training plans. Fifth, some employees distrust the evaluation system as they believe it is a tool for the unfair layoff or dismissal (Pynes, 2009).

2.5.1 The Impact of Appraiser on Staff Motivation

There are multiple opinions on the choice of the evaluators but the fairness of the evaluation process is a stark determining factor. Thus, the decision of using multi raters is the most common technique to avoid un-justice performance evaluation. Traditionally, the evaluation process was done through the direct supervisor only. By time, it was found that the multi-raters method gives a better evaluation of employee performance. So, the current trend is to involve in the evaluation process different raters who interact with the employee on different levels (peers, clients and subordinates) (Vasset, Marnburg and Furunes, 2011).

Nowadays, distant management plays an important role in many organizations. You could be working in a country and your supervisor is located in a totally different country or could be in the same country but in a different building or different governarate. Virtual teams, Internet-linked offices, telecommuting, and other factors cause supervisors not to be in constant touch with their employees, unlike the situation 20 or 30 years ago. Thus, sometimes the supervisor does not have enough time to fully evaluate all his subordinates. That’s why using other evaluators can be more effective and realistic such as peers or clients. (Shaw et al., 2008)

Employees have multiple coworkers or peers who interact with them on frequent basis; they could be very much affected by the ratee’s action either positively or negatively. Peers are usually capable of assessing each other’s in terms of competencies; communication, negotiation
and team building (Ohabunwa, 2009). Nonetheless, using subordinates in the evaluation process is a very important variable as it helps in evaluating the ratee from different dimensions and it gives an objective feedback on the people management skills of this ratee potential missteps of people who control other employees in the organization. The only disadvantage of using subordinates evaluations is that it could be biased especially from subordinates who could have been disciplined recently by their managers or if they have personal conflict with their direct supervisors. On the other hand, subordinates may exaggerate or minimize the capabilities of their supervisors if they are not fully aware of their managers’ job technicalities and duties. Another crucial issue with the subordinates evaluation is the confidentiality as the used tool should be highly confidential or anonymous so the evaluator can trust the system and avoid any misuse of his ratings (Jayawarna, et al., 2007).

Self-assessment is also another evaluation tool. Basically, most of the employees assess themselves whether they are asked or not. The self-assessment is the base of the discussion around the performance review where the rater and the ratee challenge each other. Often, employees are asked to set their yearly objectives then to validate them with their direct supervisors. (Ichniowski and Shaw, 2009). Most of the research evidences showed that employees tends to either underestimate or inflate their professional skills and competencies, the literature also showed that people with little knowledge of their job tend to exaggerate their abilities and vice- versa (Holzer, 2007).

Customers could be asked to participate in the performance evaluation process as one of the raters. Customers in the NGO sector could be colleagues from within the organization, beneficiaries, donors or partners. Customer evaluation is crucial if the ratee’s main task is providing services thus it is important to know how the employees interact with them. Also, internal customers are as important as the external ones, in many organizations, there are conflicts between the departments, service providers and service recipients (Lowe and Vodanovich, 2005). There are some challenges for the customer evaluation; he could be not fully aware with the rating scale of the evaluation and accordingly provide a misleading rating. Bias could be another problem. But it is undeniable that participating the customers in the employee’s evaluation process is a positive tool to enhance the ratee’s areas of development (Jones and Wright, 2007).
2.5.2 PES Linked to Pay or Bonus “Performance Related Pay”

Literature have shown that appraisee get more motivated towards the adapted PES if the evaluation process lead to financial rewards. Cunneen (2006) defined the performance related pay as an effective a remuneration method that enhances the employees and link the performance to a merit increase and it lead to main three outcomes:

a) Motivating the employees in the workplace
b) Highlighting the importance of the PES process
c) Prevailing a fair rewarding system within the organization as the reward is gifted to the good performers.

Practically, the organization that links its PES to a rewarding pay system, it provides its employees with a chance to expand the organization’s effectiveness, productivity and overall performance (Garavan, 2001).

On the other side, Chandra (2006) and Selvarajan (2006) have noted that that the majority of the management evaluators are either not well trained on the performance evaluation tool as they do not consider the ethical aspect of the job performance and just focus on the business objectives. PES is criticized because it is seen by employees as a false degree of measurement which lays the result of the poor performance only on the employees. Many employees or ratee see that the PES is a prolonged process that has no added value. Another drawback that had been widely discussed in most of the PES is the vagueness of the scoring matrix as it is usually hard to differentiate between the employees who should score good or very good so there must be clear guidelines that differentiate between the ratings and to set clear indicators for every score (Deming, 1986).
On the contrary, accurate PESs are capable of providing the management team with the essential information for setting strategic plans and taking vital decisions. Performance evaluation is the milestone through which it can be decided who should stay in the organization, who should leave and what kind of succession plans are needed for every caliber. Similarly, employees should be informed about the goals and the objectives of the organization and how can they contribute in achieving these goals. It is a must to fully grasp the rating guidelines which they will be judged upon, this role is always done through the direct supervisors and he/she should communicate to their subordinates what are their strengths and what are their areas of development along with plans to improve such areas. The development plans could include internal or external trainings, delegating, mentoring and on job training. Such plans should be set with specific timeframes for accountability and commitment from both sides (Pynes, 2009)

In most organizations, the direct supervisor is the one who conducts the evaluations of his subordinates since he/she is the one who has direct supervision and monitoring over the employees’ performance, tasks completion or tardiness as well as he is the one who can judge the quality of the submitted technical deliverables. Theoretical and practical evidences that had proved it is inefficient to depend on one evaluation source for many reasons. First, supervisors usually work in locations apart from their subordinates and this does not allow them to have accurate observations on them all the time. Second, employees should be evaluated on different dimensional levels which is very hard to be grasped or fully seen through one person only. That’s why the implementation of the 360/ multi-rater degree evaluation became commonly used in many organizations (Coggburn, 1998).

Selvarajan (2006) defined that many organizations face challenges with the performance evaluation process which lead to prevailing a demotivating spirit among the employees. The demotivation is a result of a number of variables such as the PES poor design, lack of knowledge on the importance of the PES in the organization, the ineffectiveness of the process, the non-neutralism of the grading system.

2.6 PES Methods

2.6.1 Rating Scales Method
The rating scale is a scoring bar that places the employee performance based on his scores that are linked to his performance on a specific rating. Usually, the rating range is between Excellent and Poor or Exceeding Expectations (EE) or Below Expectations (BE). The rating is not only based on the job performance of the employee, however, other factors contribute to the performance evaluation and other competencies based on the job level (Okeyo, Mathooko and Sitati, 2012). Rainey (2013) believes that the value of fairness is accomplished when there is a comparison strategy within the workforce; this technique helps in giving a clearer picture of the employee’s skills and competencies. The disadvantage of this technique is that it is not applicable on all job functions.

2.6.2 Check List Method

In this method, the rater (direct supervisor) fills in a form that is usually designed by the HR department in the format of “Yes” or “No” questions. In this method, the evaluation process is done jointly by the Rater and the HR department since the rater clicks either Yes or No then the HR calculates the final scores. This process is categorized by its easiness in terms of administration, standardization and it has an economic nature, however, its disadvantages are bigger as it does not limit the rater’s biasness, it also uses improper weight to all the method components and it is not individualized (Caruth and Humphreys, 2008).

2.6.3 Force Choice Method

This method is slightly similar to the check list method. The evaluation process is divided between the rater and the HR. It usually includes a set of statements that are either true or false and the evaluator has to choose one of the answers (Denby, 2010). The advantage of this method is highlighted through applying the factor of fairness as it does not give a great chance for the rater to be biased or unfair to the employee. Additionally, it allows the direct supervisor analysis
to compare and analyze the performance of the employees of his/her departments strictly, the method entails that there are a standard distribution manner that should be followed. For example, the percentage of the excellent employees in this department should not exceed 20%, very good employees should not exceed 40% of the total population, 20% should be placed in the average category and not more than 10% in the below average category. The pitfall of this method is that it is found to be ineffective if there is a trend to equip certain departments with all the good employees and discards the rest of the departments. Accordingly, good employees of key departments score unsatisfying rating and relatively poor employees of idlers’ divisions’ get good rating (Jayawarna et al., 2007).

2.6.4 MBO (Appraisal By Results Method)

Peter Drucker was the first to introduce the MBOs technique as one of the PES effective methods in 1950. This method depends on measuring the employees’ performance through examining the achievement of his job objectives’ and how those objectives are turned into results (Newman, Thanacoody and Hui, 2012). The objectives should be set jointly by the employee and his/her direct supervisor at the beginning of the employee’s assignments. Once the objectives are set, the employee turns to be his/her self-auditor; in other words, he does not wait for others to highlight his areas of strengths or development. They are expected to monitor their own development and progress (Porter, 2008). The MBO approach is a distinguished method because it overcomes the common challenge of expecting the needed skills and traits that an employee should be evaluated upon. This approach focuses on the results only. So, if the employee met the set objectives and reflected them into measurable outcomes, he should be considered a meeting expectations ratee (Qureshi at al., 2007).

2.6.5 Assessment Centers Method
Both Qureshi et al. (2007) and Porter (2008) agreed that assessment centers is one of the best evaluation tools; it consists of a team of certified assessors that participate in the evaluation process for a number of employees. The evaluation process depends on observing the behaviors of the employees through a number of exercise, simulation activities, role plays and sample work groups that are similar to the actual job of the ratees (employees). Professional assessment centers can evaluate and forecast the performance of the employees, it does not consider the past performance that’s why it is seen as the best evaluating tool. Furthermore, the tests help in taking the effective decisions in the hiring and the promotion process. This assessment tool could be a bit costly if conducted on a large number of employees (Scott, Clothere and Spriegel, 2007).

2.6.6 360 Degree Appraisal

The 360 Degree Assessment (Multi-rater process) is a way of gathering feedback from various sources such as peers, direct reports, external clients, partners, and the feedback is used to give managers and employees’ information and feedback that will help in identifying every one’s competencies. The information helps the manager give a well-balanced assessment of performance in the year-end review process. Feedback plays an important role in development and learning. The raters evaluate their colleagues in term of competencies and skills and how far they are applying the organization’s values and strategic vision. According to McEvoy (1990), this technique is found to be very effective as it measures interpersonal skills, customer satisfaction, communication skills, stress and anger management as well as team building skills. The only disadvantage of this tool is that it needs to equally weight the raters and not to ignore some of the constituents and needs good skills form the manager so he can communicate with those raters and evaluate their responses objectively. This step usually consumes time and effort from manager if done manually (Ohabunwa, 2009).

2.7 Performance Evaluation and Motivation
Motivation and PES are closely related and aligned. Performance management is the evaluation tool that assesses the performance of employees which should accordingly lead to increasing the motivational level of the employees if it is effectively implemented. To a certain extent, it could be a result of adapting a good PES in an organization. Recognition of the employees’ efforts is reflected through PES; it is commonly known that societal appreciation in a strategic aviator to any ratee. Other incentives play role in the motivational level such as the financial reward, working conditions as well as the intrinsic motivation (Jose, 2011).

Many theories on motivation have been developed over the years. Krietner (1995) has defined motivation from a physiological perspective, as a tool that directs human behavior. This study also considered motivation as the indicator of the organization’s health, the more the employees are motivated, the more the company achieves.

2.7.1 Theories of Motivation

2.7.1.1 Maslow Hierarchy of Needs

According to Maslow (1954), human beings have different needs which are divided between physiological, physical and materialistic needs. He also assured that the human needs should be addressed in the same order as placed in the theory pyramid. Maslow separated the needs in five categories. The lowest level of needs is the Physiological then the Safety ones then the Belongings needs. However, the higher need for the Human being is the self-Actualization needs followed by the Esteem Needs. He argued that the lowest needs must be met first so the person can reach to the higher needs accordingly. In other words, human should be secured physiologically and biologically so he can gradually reach to achieving the self-actualization needs.

2.7.1.2 ERG Theory Clay Alderfer (Hierarchy of needs)
Clay Alderfer simplified Maslow’s Hierarchy of Needs and it is called ERG which is Existence-Relatedness-Growth. This theory’s main objective is that there is no such hierarchy of any needs and all needs are considered to be equal. All needs are equal motivators.

2.7.1.3 Herzberg Motivator Hygiene

After considering most of the motivation theories, it was found that Herzberg's Motivation Theory is the most relevant one to this study. Herzberg classified motivation into Hygiene and motivators (1) hygiene factors (if inadequate these determine levels of worker dissatisfaction): supervision, interpersonal relations, work conditions, salary and job security (2) motivator factors (these determine the level of worker motivation and satisfaction): achievement, the work itself, recognition, responsibility, advancement and growth. Additionally, Herzberg had classified the motivator and the hygiene needs into two main categories; satisfiers and dissatisfiers. Satisfiers are linked the work nature including the employees’ commitment growth and feeling of recognition. While the dissatisfiers are the factors that are linked to the job but the employee does not have a full authority on them such as policies, procedures, pay and benefits in addition to the relationship with coworkers and supervisors (Herzberg, 1966).

2.8 Concluding Summary

This chapter provided a summary of the PES. Moreover, this chapter also discusses PM, PES trends, types and methods along with the role of performance evaluation to enhance the employees’ motivation. The next chapter discusses the research methodology, design and limitation.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodologies of the study and the steps taken to conduct the research. The chapter is divided into four sections. The first section addresses the research design of the study. The methods of the research are discussed in the second section of the research. Methodologies and data collection are articulated in the third section. The fourth section briefly discusses the study limitations.

3.2 Research Design and Methodology

The study aims at examining the relationship between PES and employee’s motivational level, as well as the influence of PES prerequisites and the challenges of performance appraisal system in the NGO sector in Egypt. The study uses both qualitative and quantitative methods; the study implemented the qualitative and the quantitative approach in order to measure the impact of the independent variables over the dependent by Churchill (2002). The mix between the qualitative and the quantitative design allowed the researcher to minimize biases that could be a result of applying qualitative research method only. This design was appropriate because it gave conclusive results among the research variables. The independent variables included: the
performance evaluation prerequisites and the challenges in appraising. The dependent variable was the employee motivation.

The primary resource of data was a questionnaire distributed among the employees of the three NGOs then it was followed with some semi-structured interviews with random personnel. The questionnaire contained number of multiple choice questions related to assessing the employees level of motivation, the survey tackled issues such as PES prerequisites, appraiser effect and PES challenges.

While the semi-structured interviews/in-depth interviews backed up the results shown from the statistical data as it elaborated more on the understanding of some meanings, beliefs and experience, which are better, understood through qualitative data. For participating in the questionnaire, there was one criterion that was presented clearly to the questionnaire participants; the employees who can participate in the questionnaire should be full-time employees who had completed at least one year service in the organization to be able to assess the PES of their respective organization. The questionnaire was crafted to reflect the Motivator Hygiene Theory and Maslow theory of needs.

3.3 Population and Sampling Design

3.3.1 Population

Cooper and Schindler (2006) described population as the pool of the participating groups through which the data is gathered. The population of interest consists of 133 employees from the three participating NGOs noted earlier. The selections of the three NGOs came after a careful examination of the NGO sector in Egypt. The three selected NGO are considered some of the most effective NGOs in Egypt in terms of impact, vision, employees and exposure. CARE International was ranked the 7th among the best 100 INGO in the world. Additionally, as per the NGO aid map report on 2015, Save the Children has been awarded by the Bill and Melinda Gates foundation as a globally recognized leader in born and children health for its projects in
the developing countries. David, (2015) assures that MEK is one of the best operating NGO in Egypt in the areas of health, Education, Scientific research, and social solidarity, Furthermore, due to MEK’s expansion, it has now opened two offices in USA and UK so that they can provide funding for the projects in Egypt.

3.3.2 Data collection and confidentiality

The human resources directors in these three organizations were the main focal points through which the questionnaire were either distributed manually or sent electronically. Participating in the questionnaire were voluntary, however, it was often sent from the HR representative to the employees with a note on its importance to the organization as it was seen as tool of evaluating the current PES in the contributing NGOs. The questionnaire was the primary resource of data, it consisted of 24 multiple choice questions that tackled the relationship between the dependent and the independent variables of the study. The purpose of the study and the questionnaire was made very clear to all the participants. The questionnaire was anonymous; participants were not asked to share any data that reveals their identity. After collecting the questionnaire results, interviews were conducted with 12 employees in CARE, Save the children and MEK. The interviewees were not always asked the same questions as it was a semi-structured interview. The answers of the interviewees helped in better analyzing the questionnaire results and it gave the researcher deep insights on the main variables of the study like Appraiser roles, PES challenges and prerequisites.

3.3.3 Data Analysis Method

The questionnaire was formulated using Google forms application which is Excel based that helped in providing the needed analysis. Further analyses were conducted using the Excel different functions. The data were presented using tables, charts and pies in order to give relatively a clear picture of the research findings at a glance.

3.4 The research Limitation
The study was intended to cover four NGOs, two international NGOs and two local NGOs. But due to accessibility issues, the fourth NGO could not participate effectively in the questionnaire. The fourth NGO was Nahdet El Mahrousa but seven participants only had answered the questionnaire that’s why it was excluded from the study as this level of contribution will not allow the researcher to build solid analysis on the PES used and on its impact over the employees’ motivational level. Also, the study aimed at getting 50 replies on the questionnaire from every organization, so the data collection was relatively easier and smooth in CARE but the researcher failed to reach to this target in Save the children and MEK. From Save the children, 45 replies were received and from MEK 34 replies were received but the replies of the questionnaire supported by the outcomes of the interviews. Four interviewees from every organization participated in a semi-structured in interviews. Additionally, there is another limitation that needs to be highlighted; the research findings are limited to the case study and it cannot be generalized.

3.5 Concluding Summary

In this chapter, the research methodology, design and data collection methods and analysis were presented. In chapter four, data analysis and discussions will be presented.
CHAPTER FOUR
ANALYSIS & FINDINGS

4. Introduction

In this chapter, the analyses of the questionnaire are provided. The analyses will include the demographic trend in the three NGOs, the participants’ evaluations of the PES, rater quality and their perception of motivation and how they are affected by the PES.

1. Gender Analysis

<table>
<thead>
<tr>
<th>Gender</th>
<th>CARE</th>
<th>Save</th>
<th>MEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>36</td>
<td>21</td>
<td>11</td>
</tr>
<tr>
<td>Males</td>
<td>18</td>
<td>24</td>
<td>23</td>
</tr>
</tbody>
</table>
Figure 1: Gender Analysis

As shown in Figure 1, the number of respondents in CARE is the highest then followed by Save the Children and the lowest number of respondents is at MEK. In reality, the percentage of the employees in CARE are almost equal in terms of gender balance, it is 49:51% females to males. However, it was clear from the survey that the female respondents from CARE were much more interested in participating in the questionnaire than the male employees. From CARE, 67% of the respondents were females while 33% were males. In Save the Children, 60% of the employees were males while 40% were females. In MEK, 65% were males and 35% were females. Accordingly, the survey respondents from both Save the Children and MEK showed that the males were more interested in answering the survey. This is logical since the male population in both organizations is to some extent dominant.

2. Employees Distribution

Figure 2: Employees Distribution

The three organizations work in different governorates all over Egypt. Currently, Save the Children works in 13 governorates, mostly in and along the Nile Basin, with one office in Cairo.
and one in Assist. The CARE International works in 11 governorates between Giza, Upper Egypt, Delta Region and Greater and West Cairo. The exposure of MEK is different from the two international NGOs; Save the children and CARE, because MEK has branches and sub-offices, it has 11 sub-offices in upper Egypt, Delta and Cairo and seven branches.

In Figure 2, it is stark that the level of contribution of employees from the head offices is higher for the three organizations. In both CARE and Save the Children the number of employees in the head office is higher than the sub offices so the numbers are reflecting the real picture. However, in MEK, the staff in the sub offices and the branches is much higher than in the head office but through the interviews, the researcher figured out that the culture of the PES is accepted more in the Head Office where most of the management is concentrated. Also, the culture to participate in a questionnaire was not appealing to employees in the sub offices. In CARE and Save the children, all the employees value the importance of the PES, however, most of the sub offices staff work in the field and were not frequently present at office or have limited access to computers that’s why their level of contribution was relatively lower. In the un-structured interview, a field supervisor of CARE confirmed that he could spend up to three days in the field without accessing his laptop except there is an urgent mail that he has to respond to.

3. Age

In the three organizations, the dominant working age bracket was from 31:40 and this is reflected in the number of responses. In these organizations, there has been a trend in the past five years to hire relatively young age people with better calibers who have the needed skills and competencies.
In both CARE and Save the Children, the nature of the work is project based that is funded by certain donors while in MEK, the nature of work is both developmental and philanthropic. However, this did not affect the recruitment trend that is adopted in the three organizations. In an interview with a program director in MEK, he informed that he has been working in MEK since the established of MEK in 2007 and he also told that many of his colleagues have begun their work in MEK in the same year.

The three organizations adapts the Gender, Equity and Diversity (GED) policy in recruitment as there is no preference to certain gender, religion or culture. Additionally, they strongly encourage applications from women, and people with special needs as they position themselves as an equal opportunity employer.

4. Evaluation Frequency Per Year

In the organizations under study, the frequency of being reviewed through the PES is very near; the number of the employees whose performance had been reviewed in CARE was 24
participants, in Save the Children 21 participants and in MEK 15. Similarly the percentages of the participants who had finalized one or three or more than three were very close to each other. There were a very slight variation between the three NGOs, thus, it is presented in Figure 4 in a consolidated Pie

<table>
<thead>
<tr>
<th></th>
<th>Once</th>
<th>Twice</th>
<th>Trice</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE</td>
<td>10</td>
<td>24</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Save the Children</td>
<td>13</td>
<td>21</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>MEK</td>
<td>7</td>
<td>15</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

Figure 4: Frequency

The figure shows that the largest population had undertaken two performance evaluation reviews in their organizations and this reflects that throughout the last two years the three organizations had recruited many employees. For example, CARE had recruited 24 new employees in 2015 and 14 in 2014; also Save the Children had recruited more than 45 employees over the past two years. Similarly, MEK had hired over 30 employees alone in 2015. It is worth to mention that CARE as of January 2015 had 115 full-time employees and Save the Children as of December 2015 had more than 130 employees and MEK has more than 150 employees as of October 2015.

Additionally, while interviewing an employee in MEK Foundation, The researcher was told that there is a trend to hire youth in MEK since 2010 as the management has found that the youth are
more passionate in coping with the new developmental vision of MEK. It was also noticed that there was a high level of unofficial recruitment exchange between CARE and Save the Children since the two organizations work in similar projects and share common values. Furthermore, CARE, Save the Children and MEK work together on different levels either by implementing projects through the same donors or by cooperating in studies and researches.

5. PES Value

The purpose of the question was to understand the importance of PES as it was designed to answer whether the employees in general value the importance of PES or not.

Q: According to you, do you think performance appraisal should be there in an organization or not?

As per Figure 5, there is a general acceptance and understanding on the importance of conducting PES in the three organizations. Employees in the three organizations are confident about the PES value.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE</td>
<td>50</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>SAVE</td>
<td>44</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

PES Value

![PES Value Chart]
Throughout the interviews, an employee who worked in CARE for more than five years told me “There is no doubt on the significance of the PES but the problem lies in its effectiveness, I see it as a documentation process rather than a real evaluation process that carries negative or positive consequences”. Another employee who works for MEK told me that the PES used in MEK is not fitting with the culture as it has a Western nature.

6. Goals Setting through PES

The below question aimed at testing the effectiveness of the PES in terms of goal setting. In other words, the question wanted to confirm whether the PES is a tool that enables the employees to set SMART objectives or not

Q: The Performance Evaluation System (PES) of my organization helps me to set SMART objectives?

In answer to the goal setting question, 93% from the participating population in CARE had shown a great satisfaction towards the capacity of the PES in helping them to set goals that reflect the job needs. Also, in Save the Children, 78% had shown their contentment regarding the PES in helping them in creating SMART goals
It is worth to mention that both organizations; CARE and Save the Children provide PES manuals through which they explain to the employees the different stages of the PES and the steps of setting SMART objectives.

While comparing the results of Figure 4 and Figure 6, a relationship was found between the number of the employees whose performance had been reviewed once only and the number of the employees who consider the PES as a non-enabling tool towards goal setting; the majority of the 7% in CARE and 22% in Save the Children who consider setting objective through their adapted PES to be challenging had conducted one performance review in the organization.

On the contrary, MEK foundation was neutral regarding the goal setting component as half of the participating population found the goal setting section in the PES to be easily developed while the other did not. While interviewing a field supervisor in MEK about her satisfaction towards her job tasks and whether the PES system helps her to set SMART objectives. Her answer reveals a lot of insights that prove the employees in MEK have no job description that clearly reflect their actual roles. Additionally, she informed that the PES has not been used by her to set objectives as she sees the PES as an evaluating tool rather than a planning tool.
7. Career Development

The below question was asked to measure the effectiveness of the PES system in helping the employees to set their career development plan in terms of skills and competencies:

Q: The Performance Evaluation System (PES) of my organization helps me to set career development plan?

Figure 7 shows that In CARE, 87% of the participating employees set their career development plan through the performance evaluation document, only 13% found that the PES do not help them to set their career enhancement plan. Through interviewing the Education Program Director in CARE, the researcher was told that this section was given a high priority in the organization as every employee was asked to choose 1:2 skills and 1:2 competencies to work on improving them throughout the year and the HR department usually gives the needed support in this regard either by providing the employee with external and internal trainings on the chosen skills and competencies.

Figure 7: Career Development
In Save the Children, 73% considered the PES as an enabling tool for setting career development plan, while only 27% found it not effective, in both Save the Children and CARE, there were a specified competencies framework and this helps the employees in detecting which competency to work on throughout the year also both organizations have online learning academy that was shared with the employees in the different countries. Through this online platform, employees could access different online training programs on various topics.

In MEK, the situation was different, 56% found that the PES used in their foundation did not help them in setting plans for developing their skills and competencies, while 44% considered it effective. It was confirmed by an employee in Alexandria sub-office that this section was not clearly portrayed in the performance evaluation document as they were only asked to identify their weaknesses and strengths. MEK foundation has clear visions and mission but they have not developed a competency guide.

8. PES Effectiveness

Employees were asked to rate the effectiveness of the PES and they were given three different answers to choose between: Easy, Complicated, Efficient or Inefficient.

Q: How will you rate the Performance Appraisal method in your organization?

In answer to the question of evaluating the performance evaluation method in the three organizations, CARE scored 30% in efficiency, 20% in easiness, 17% for inefficiency and 30% for complication. While Save the Children scored 15% in efficiency, 38% in easiness, 29% for inefficiency and 18% for complication. At MEK, 42% of the employees considered the PES used in this organization was being ineffective, 20% considered it as a complicated process and the remaining 38% were divided equally into easiness and efficiency
According to these scores, 53% of the total participating employees in Save the Children have positive attitude towards the evaluation of the PES system followed by CARE then MEK. In CARE, 50% have positive perception on the PES, and finally for MEK 62% have negative opinion about the PES used in their organization. These figures are raising flags towards challenges in the PES used in these three organizations but with different levels.

9. PES Review Frequency

It is very important to conduct performance review more than once per year as it has a positive impact on motivating the employees and helping them to correct their performance in case there is any deficiency. Employees in the three organizations were asked to confirm whether or not their organizations require conducting more than one performance review per year.

Q: The PES of my organization requires evaluating my performance more than once per year?

Eighty seven percent of the employees in CARE confirmed that their performance should be assessed more than once per year. Similarly, 73% of the employees in Save the Children assured that their performance was supposed to be assessed more than once per year in their
organization. However, in MEK 29% confirmed that their performance were not required to be assessed more than once per year in their organization.

![PES Review Frequency](image)

Figure 9: PES Review Frequency

CARE is the only organization of the three participating NGOs who mandates mid-year review of all the employees. The percentage shown in both Save the Children and MEK proves that the performance review is frequently done on a voluntary basis. Conducting performance review on a steady basis helps in creating a good relationship between the rater and the ratee and it also helps the supervisor to identify the performance gaps and works on alleviating them before the final review.


The following question was asked to test the difference between the theoretical and the actual implementation of the regular performance review:

Q: How often your rater (manager/supervisor) discuss your job performance with you?
The answers of this question are critically important as it reflects on the previous question which asked whether the organization mandates the supervisors to evaluate their subordinates more than once or not. For the mandate question, 87% of the participating employees confirmed that their PES requires more than one evaluation per year. However, in answer to question No.9 which was asking whether the PES of their organizations requires evaluating their performance more than once per year or not, only 55% confirmed that such a regular discussion occurs. Similarly, at Save the Children, 66% said that the PES in Save the Children requires evaluating their performance more than once per year. Moreover, 34% only confirmed that the raters discuss regularly the job performance with them. So, this discrepancy in both organizations confirms that the theory is different from the implementation. One of the interviewee in Save the children commented on this saying “the PES system in Save the Children is following the western criteria set by the international head office however here in Egypt we do not follow the steps correctly cause we do not have time for this”

On the contrary, MEK’s participants answered the questions of the rater’s frequent discussion with the ratee positively as 59% said that their supervisors discuss their performance regularly, while 29% of the same participants confirmed before that this was not mandated by MEK process. This indicates that the monitoring and evaluation process in MEK is quite high and is done frequently.
11. PES Discussion

Discussing the performance of an employee is an important aspect in the PES effectiveness thus dedicating time and attention to the PES discussion session sends a meaningful message to the ratee. The question tackles the PES discussion session as employees were asked to confirm whether or not they have one to one session with their raters.

Q: Do you have one to one session with your direct supervisor (rater) to discuss your performance appraisal?

As per Figure 11, there was a general confirmation from the three organizations on holding a closed session between the rater and the ratee where they discuss the performance and set plans for the following year. Usually, in the same session, the employee presents his/her self-assessment then the rater presents his/her feedback and set the final rating. In both Save the Children and CARE, the final rating was not finally confirmed to the employee until the associated committee meets and studies the cases. While in MEK, the final rating was the sole responsibility of the rater. This was a clear pitfall in MEK evaluation system as it maximizes the possibility of having a non-neutral or biased evaluation.

Figure 11: PES Discussion
12. Performance Review impact

Motivation is a crucial variable that the questionnaire aims at testing its relationship to the PES, thus it was important to ask the employees how they consider their last performance review. The question was formulated as an incomplete sentence as employees were asked to describe their last performance review as motivating, demotivating or ineffective.

Q: I consider my last performance review as..................................

Participants were asked to complete the above sentence on their last performance evaluation in the organization. The above chart shows that in CARE, 76% found that their last performance review were motivated, in Save the Children 62% of the employees were motivated by their performance review while in MEK only 15% were motivated by their performance review.

<table>
<thead>
<tr>
<th></th>
<th>Motivating</th>
<th>Demotivating</th>
<th>Ineffective</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEK</td>
<td>5</td>
<td>6</td>
<td>23</td>
</tr>
<tr>
<td>SAVE</td>
<td>28</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>CARE</td>
<td>41</td>
<td>4</td>
<td>9</td>
</tr>
</tbody>
</table>

Figure 12: Individual Performance Review

Figure 12 confirms that most of the participating employees in MEK were not motivated from their rating. On the other hand, the majority of the employees in both CARE and Save the Children were motivated by their performance review to some extent.
Performance review is an important tool for employees’ motivation because it gives the ratee a chance to feel appreciated and encourages him/her to work harder in the subsequent years. Many reasons could lead to the performance evaluation to be demotivating or ineffective like the appraiser attitude, the non-linkage of PES with promotions, trainings and salary raise. These reasons will be discussed in the subsequent sections.

13. Manager Capabilities

The capacity of a rater was one of the many variables that have been tested in this study. Accordingly, a question was asked to my interviewees to know how employees rate their manager’s capabilities.

Q: Do you think your rater (manager/supervisor) is highly capable as manager? Yes...... No.... Not Sure...

This question was designed to figure out to what extent employees trust their managers’ capabilities and whether the ratees were able to measure their managers’ skills or not. For both CARE and MEK, it was clear that there was a problem in trusting the rater’s managerial skills. In Save the Children, almost 70% of the employees considered their raters are capable managers.
Three interviewees in different positions in CARE, Save the Children and MEK were asked by the researcher to describe their raters and their answers greatly varied. In CARE, the interviewee described her rater as being sharp and nervous who cannot control his temper in case of disagreements. At Save the Children, the interviewee considered him a father and one of the best managers whom he worked with. At MEK, the interviewee described her manager as a stubborn manager who does not often listen or give importance to new ideas.

### 14. Appraiser Recognition

Recognition is a key motivation tool in the workplace, if people are well recognized, their performances get highly developed and they became more satisfied. Employees were asked to rate the frequency of being recognized by their raters.

Q: Does your Manager (rater) recognize you when you do a good job?

In answer to this question, there was a general agreement that exceeded more than 80% in the three organizations on the positive role of the appraiser on recognizing the good job of the appraisee. This is a very good indication that shows that the raters value the importance of showing recognition and appreciation towards their subordinates.
15. Appraiser as a Motivator

Employees were asked a direct question on the role of their raters as motivators.

Q: Are you satisfied with your current appraisers in enhancing your motivation?

The role of the direct supervisor is essential in motivating or demotivating the staff reporting to him. In CARE, 69% considered their supervisor as motivators; while in Save the Children 73% are satisfied with the role of their appraiser in enhancing the level of motivation of their ratees. Also, in MEK, 56% of the participating employees appreciate the role of their motivators.
It is worth to mention that, in general, the NGO sector is not-for-profit and does not offer high compensation packages to their employees as priority for most of the funds are restricted to implement projects and to reach to the beneficiaries. Thus, the role of the supervisors is crucially important as there are not plenty of extrinsic motivators.

16. Peers

Motivation is multi-sourced; it could be gained through appraiser recognition, peers recognition, self-satisfaction or other factors. The below question wants to test whether peers play a role in motivating each other’s through recognition or not.

Q: Do your work colleagues recognize you when you do a good job?

![Colleagues Appreciation](image16)

As shown in Figure 16, there is a general consent that colleagues support each other in the three organizations by showing recognition and appreciation. The environment of the work place plays an important role in boosting the motivation spirit among the employees.
An interviewee was asked in MEK by the researcher the best thing that she likes at work and her answer was: “my colleagues are the reason why I woke up every day and come to the office with positive attitude; I spend with them more time than my family”.

Similarly, in Save the Children, a child protection officer who works most of the time in the field areas said to me, “my colleagues share with me the same passion, challenges and dreams; we all work for the goal of protecting the marginalized people shaping Egypt’s better future.”

17. PES Multi Rating

For avoiding bias evaluation, it is important for the PES to include multi raters so the employee can be rated from different perspectives. The below statement was part of the questionnaire, employees were asked to confirm the PES of their organization depends on multi raters or not

Q: The PES of your organization depends on multi raters like clients, superiors, and colleagues

![Figure 17: PES Multi Rating](image)

Figure 17: PES Multi Rating
The multi-rater process has been used in CARE since 1994. This is a way of gathering feedback from various sources such as peers, direct reports, external clients as part of PES. The feedback is used to give raters information and feedback on their ratees. The information helps the manager to give a well-balanced assessment of performance in the year-end review process. Feedback plays an important role in development and learning. Usually, employee selects 6-8 raters (for example, peers, direct reports, external clients). The process is highly valued by CARE’s staff that was why 98% of the participating employees in CARE assured that using the multi-rating technique was mandatory.

In an interview with a Grant Accountant in CARE, he expressed his satisfaction towards using the 360 degree appraisal in the organization as it helps in providing a collective and constructive feedback on the employee through different parties.

The Save the Children is also acquainted with the 360 degrees appraisal as they start using it two years ago and it is competency-based like CARE but it is used internally only. This is one of the reasons why Save the Children has scored a high percentage reaching to 86% in using the multi-rater technique in the PES. Nonetheless, MEK is still not familiar at all with the multi-rating appraisal technique that’s why 14% only answered this question with “Yes” which means that some supervisors like to consult others on their ratees’ performance and this was done on casual basis since the evaluation form of MEK does not require multi-ratings on the employees.

**18. MBO (Management by Objectives)**

MBO is one of the smartest tools of management; there should be a certain objective for every job, employees should be fully aware with the objectives of their work. The fulfillment of objectives should be the benchmark on which employees are graded upon. The below direct question intends to understand whether or not employees are rated based on the expected objectives’ achievements of their work.

Q: Do you think your rating is based on reasonable expectations from your work?
One of the most important aspects in any performance evaluation is the relevance of the required tasks towards the assigned objectives. As per Figure 18, both CARE and Save the Children have a good understanding on how to align the objectives with the expected results. However, MEK was struggling in creating this linkage. In an interview with a project coordinator at MEK, he commented on the MBOs by saying “basically we do not have clear job descriptions that really reflect the objective needed from the employee so it ends up doing a lot of things based on the business needs.” The researcher figured out from the reply that the MEK does not require setting SMART objectives from the employees and accordingly does not give them guidelines on setting indicators or time frame.

![MBO Chart](image)

Figure 18: MBO
19. Rating Scale Ambiguity

The PES Rating Scale is one of the challenges that the employees face. Rating scale differs from organization to organization, employees were shown the below statement and they were asked to confirm whether or not they are fully aware of the variations of the rating scale of their PES.

Q: In your organization, as a rate, are you fully understand the variations among the different ratings in scale

As shown in Figure 19, Save the Children was highly aware about the different ratings in the performance review rating scale followed by CARE then MEK where 57% of the participating employees were not aware with the rating scale differences

<table>
<thead>
<tr>
<th>Rating Scale</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Save</td>
<td>73%</td>
<td>28%</td>
</tr>
<tr>
<td>MEK</td>
<td>43%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Figure 19: Rating Scale Ambiguity

In zoomed look over the rating scale of the three organizations, the below findings were found:

- MEK rating scale was the most challenging among the three NGOs. It was formatted in a check box form like Good, Fair and Very Good; there was no manual or guidelines to differentiate between the three ratings. The rating was calculated by the direct supervisor only, there was no evaluation committee to participate in setting the final rating
• CARE rating scale consists of five ratings, namely SER³, ER⁴, FMR⁵, MMR⁶ and BR. There is a definition for every rating but the problem is that practically the ratings are not applicable for all functions and there is an overlap between the SER and ER.

• The rating scale of Save the Children is the most competent one that’s why this organization has scored the highest percentage for the employees who fully understand the rating scale differences. The scale consists of four ratings; EE⁷, ME⁸, BE⁹ and Not Rated. The scale is easy and has three ratings only and there is no overlap between them unlike CARE where there is an overlap between SER and ER and FMR and MMR.

20. PES and Motivation

The below question intends to know the direct relationship between PES and motivation. Employees were asked to evaluate their PES as motivating or demotivation or ineffective.

Q: How do you consider the current performance appraisal process in enhancing your motivation?

---

3 Significantly exceeding Requirements
4 Exceeding Requirements
5 Fully Meets Requirements
6 Below Requirements
7 Exceed Expectations
8 Meets Expectations
9 Below Expectations
Figure 20: PES and Motivation

As shown in Figure 20, 63% of my sample from CARE employees was motivated by the overall evaluation process; while in Save the Children 58% of them were motivated by the PES process. However, 23% of the interviewees in MEK are motivated by the current performance evaluation process.

21. PES and Financial Reward

Linking the PES to a financial reward is a motivating tool, employees were asked to confirm whether or not their PES results in financial rewards.

Q: Does the PES result in financial rewarding to you like salary raise or merit increase?

Figure 21: PES and Financial Reward

In CARE, there is no linkage between the PES rating and the salary raise. The merit increase was applied seven years ago but it was stopped due to funding limitations and it is not applied now in
CARE. However, CARE grants one fixed incentive bonus to employees who get Exceeding Requirements (ER) or Significantly Exceeding Requirements (SER) in their performance review. In an interview with CARE employee who has been working since 2005 in the organization, he expressed his dissatisfaction with the discontinuity of the merit increase as it devalued the PES in CARE. Also, he wishes that CARE can apply a steady promotional scheme so employees can be more motivated.

In Save the Children, the PES ratings form the basis for the salary review and the performance review should support the ratings proposed. There was a sound linkage between the results of the PES in Save the Children and the salary. However, employees in Save the Children complain from the low salary increase that could be sometimes not noticeable.

In MEK, the PES produced a good reflection on the employee compensation scheme. In an interview with an administrative officer, he replied to the compensation scheme in MEK and how was linked to the PES. The interviewee said, “Although, I consider the adopted PES as a weak process in terms of enhancing skills but it has a positive impact on the compensation package.” It is to be noted here that, although MEK is a local NGO, their compensation package is higher than the one offered in Save the Children and CARE. MEK has huge funding channels unlike CARE and Save the Children.

### 22. PES and Career Development

Career development was one of the aspects that employees care about in the workplace, employees were asked to confirm whether or not they received trainings as a result of PES.

Q: Does the result of the PES lead to developing your career path; do you get certain training as a result of the PES outcome?
As shown in Figure 22, 70% of the employees confirmed that PES results in developing their career path through trainings. This indicates that the learning aspects in CARE were given an important priority. Through interviews with CARE employees, two interviewees confirmed that throughout their employment with CARE, they have taken trainings either by internal trainers or by external trainers. Also, one of the interviewees commented that he had been invited to more than one regional learning workshop that was managed by other CARE countries. In Save the Children, 58% of the respondents informed that the results of the PES do not widely help in enhancing the employees’ career path except for the language courses training. On the contrary, two interviewed employees in Save the Children had confirmed that they attended useful workshops which enhanced their communication and problem solving skills. In MEK, 59% of the participating employees found that PES lead to developing their career path.

23. Motivators

One of the important sub questions in this study was exploring the different motivators from the employees’ perception. Thus, employees were asked about the most important motivators for them

Q: From the below, what motivates you in your work the most?
a) Recognition and Appreciation
b) The work itself
c) Financial Rewards
d) Working Conditions
e) Self-Satisfaction

As per Figure 23, 57% of the participants from CARE, 38% of the employees in Save the Children, and 56% of the employees in MEK had chosen appreciation and recognition as the highest motivator for them. The rest of the participants from the three organizations were scattered among the other motivators.

<table>
<thead>
<tr>
<th></th>
<th>Recognition</th>
<th>Work Itself</th>
<th>Financials</th>
<th>Working Conditions</th>
<th>Self-Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE</td>
<td>57%</td>
<td>11%</td>
<td>13%</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>MEK</td>
<td>38%</td>
<td>9%</td>
<td>26%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td>Save</td>
<td>56%</td>
<td>13%</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Figure 23: Motivators

It is worth to mention that most of the participants who had chosen the working conditions as the highest motivators were females. These results are somehow raising a gap flag between the employees’ motivators and challenges. As eight interviewees from CARE and Save the Children
had informed that the pay scale is a very challenging aspect for them followed by the ambiguity of the rating scale. Also, 12 interviewees have ranked the recognition motivator as the highest one.

24. PES Challenges

It was very important to identify the PES challenges in order to provide recommendations for alleviating them. Employees were asked about the most challenging aspect in the PES and they were given four choices to choose from: The rater, rating scale ambiguity, lack of Knowledge of PES, the evaluation form, and non-pay based PES.

Q: In your opinion, what is the most challenging aspect in the PES used in your organization?

- The Rater
- Lack of Knowledge of PES
- The Evaluation Form
- Rating Scale Ambiguity
- Non pay based PES

<table>
<thead>
<tr>
<th></th>
<th>Rater</th>
<th>Evaluation Form</th>
<th>Rating Scale</th>
<th>Non Pay PES</th>
<th>Lacking Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARE</td>
<td>13%</td>
<td>28%</td>
<td>24%</td>
<td>31%</td>
<td>4%</td>
</tr>
<tr>
<td>Save</td>
<td>13%</td>
<td>5%</td>
<td>24%</td>
<td>22%</td>
<td>36%</td>
</tr>
<tr>
<td>MEK</td>
<td>15%</td>
<td>0</td>
<td>41%</td>
<td>6%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Table 1: PES Challenges

The above mentioned question is considered one of the most important questions as it is pinpointing the challenges through the eyes of the employees. In CARE, employees considered the non-linkage of the PES with the compensation package as the most challenging, while Save the Children employees considered the lack of the PES knowledge as the most challenging aspect. The MEK employees found that the rating scale is the hardest part in the adapted evaluation system.
Additionally, 28% of the employees in CARE were having challenges with the evaluation form. The four interviewees who participated from CARE has elaborated on this more as they all agreed that the evaluation form was manually filled, not well structured and requires redundant information.

It was also surprising that 25% of Save the Children participants were not satisfied with the rating scale of the PES but this could be out of lacking awareness which was scored as the highest challenge by the employees. Likewise, MEK employees considered both the rating scale then the pay system as challenging aspects in the PES.
CHAPTER FIVE
FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This Chapter will discuss the findings of the research and will offer recommendations to alleviate the PES main challenges.

Many variables have been tested to measure the relationship between motivation and the different components of the PES with focusing on the role of the appraiser, the PES process the motivators and the challenges. The PES tool was measured in terms of the below variables:

- The ability of the PES in goal setting and career planning
- The PES process with regard to objectivity, frequency, rating scale and application verses theory
- Measuring the relationship between motivation and the rater role.
- Assessing the rater capability as a manager, motivator and as recognizer of the employee’s hard work
- Measuring the consequences of conducting the PES with regard to financial reward, career development and increasing motivation
- Measuring the PES motivators and challenges in the context of employees’ eyes to figure out whether employees were intrinsically motivated or not.

5.2 Findings

- The study reached to the conclusion that the international NGOs represented by CARE and Save the Children use most of the effective PES prerequisite. However, the study found that the PES process have many challenges in motivating the employees of the three participating NGOs. The results showed that both CARE and Save the Children were almost on the same
level of PES proficiency and effectiveness. However, MEK was positioned in a critically lower position when compared to CARE and Save the Children. There were general challenges that prevent the three organizations from using the PES as a tool of motivating the employees. Additionally, the research reached to the below outcomes:

- MEK is significantly challenging in applying the effective PES main prerequisites that can help the employees in setting SMART objectives. Fifty percent of the employees in MEK found that the PES does not help them in setting SMART goals. However, 93% of the employees in CARE and 78% of the employees in Save the Children found that the PES helps them in setting SMART goals.

- Similarly MEK was also struggling in linking the PES with career development plans as 44% of the employees were unable to use the PES in creating a tangible career plans to enhance their skills and competencies and this was due to two main factors: lack of knowledge of the PES and the non-existence of a competency guide in MEK.

- On the contrary, more than 50% in the employees in CARE and Save the Children considered the overall PES process as either a complicated one or an inefficient, while 62% of the employees in MEK found that the PES process as a motivating tool. It is worth to mention that more than 93% of the employees in the three organizations are extremely valuing the PES and were favoring its presence.

- Another crucial finding was identified in this research which was the gap between the theory and the practice. In the three organizations, employees assured that their PES mandates having frequent performance reviews between the rater and the ratee. However, the question that was tackling the actual implementation of this frequent review showed a great discrepancy between the reality and the mandate. For example, 78% of the employees informed that their PES mandates conducting frequent performance reviews, while 55% only confirmed that this exists in reality. Similarly, in Save the Children, 73% confirmed the mandate of the frequent review while the actual implementation scored 34% only. Also, in MEK, there was a discrepancy between the mandate and the implementation by 11%.

- In general, participants from the three organizations appreciated their raters who respect the annual performance review discussion as 95% employees in CARE, 85% in Save the Children and 77% in MEK said that they are having one to one session with their raters to fully discuss the annual performance review. Additionally, employees in both CARE and
Save the Children were generally motivated with their last performance review while 85% MEK employees are demotivated by their last performance review.

- For evaluating the role of the appraiser in motivating the employees, more than 70% in both CARE and Save the Children value their raters’ management capabilities and motivational skills, while in MEK 53% of the employees undervalues their manager’s capabilities which indicated the real need for re-evaluating the management and leadership structure in MEK.

- The multi-rating technique was adopted actively in both CARE and Save the Children and this was assured by the participating employees; 98% in CARE and 67% in Save the Children confirmed the implementation of the multi-rating evaluation, while 84% in MEK assured that this technique was not used as part of the evaluation process.

- Understanding the difference of the rating scale was one of the challenges in both CARE and MEK as almost 40% of the employees in CARE and 57% in MEK are unaware of the rating scale differences.

- Furthermore, the study aimed at measuring the relationship between the PES and the motivation. It was found that 63% of the employees in CARE believed their PES leads to motivate them, also in Save the Children 58% were being motivated by the organization’s PES. While in MEK, 77% were demotivated by the PES of their organization.

- In CARE, 31% of the participants found that their main challenge with PES is the non-linkage of the PES with financial rewards and the second challenge was the evaluation form complexity followed by the rating scale ambiguity.

- In Save the Children, 36% reported about lacking knowledge of the PES, 24% do not fully understand the rating scale while 22% consider that the PES was the non-linkage of the PES with financial rewards was their main challenge.

- In MEK, the rating scale was the highest challenge scoring 41% followed by lacking knowledge of the PES by 36% then the rater was the third challenge to 14% of the participating employees. The third challenge was backed-up with the fact that 53% of the participating employees do not trust the managerial skills of their raters.

5.3 Recommendations
As per the above mentioned findings, the study offers the following recommendation to enhance the PES in raising the motivational level of the employees and to alleviate its pitfalls:

- First, employees need a very elaborative orientation sessions on the PES importance, steps and implementation stages. These sessions should be conducted frequently and supported by visual aids for example, posters, flyers, and pictures that can always remember the employees with the value of the PES system.
- A bi-lingual (Arabic and English) manual should be created by the HR department to announce the PES guidelines, timeframe, responsibilities and outcomes.
- New comers should be given an orientation session on the role of the PES in goal setting and career development.
- Any organization should structure its own competency framework and employees should be fully aware about those competencies and how can they play a role in fulling the successful picture of the organization. The competencies model should be tied up with the organization’s vision, mission and core values.
- The job descriptions should state the needed skills and competencies required for every function as this will be the foundation of the career development plan of the employees.
- It is recommended to automate the performance evaluation process to save time and effort and to simplify the used tool as well
- Raters should be given a tailored trainings on how to rate their subordinates neutrally and to motivate them using the available resources.
- It is important to create a culture within the organization that valued feedback through highlighting the importance of giving feedback to the ratees and providing continuous emphasis on the fact that the primary role of the supervisor is to help the employees to be successful
- The usage of the multi-rating technique will help both the ratee and the rater to better articulate the areas of development and strengths and accordingly works on their enhancement and improvement.
- The rating scale should be supported by achievement guidelines so every employee can understand how the employee can understand the differences between rating.
• There should be a close HR audit on the PES different implementation stages (for example, mid-year review, multi-rating, rater- ratee one to one discussion, employee self-assessment)

• It is also advisable to link the PES to a pay system like merit increase or special bonus or incentive. This can highly motivate the employee towards the consequences of conducting the PES effectively and smoothly.

• There should be a training plan that is created as a result of the PES system even if there is low budget for employees’ development. The training plan achievements and progress should be shared with all the staff for improving transparency and accountability.

• The final ratings of the extraordinary achievers in the organization should be assessed either through an assessment center or through an internal competent committee. This will lower the level of deficiency in the rating process and will value its transparency. Furthermore, it is important to announce the best achievers along with the reasons that qualified them to these ratings so it can inspire the rest of the employees.

• There should be annual anonymous satisfaction survey on the outcomes of the PES so employees can be encouraged to share their challenges and motivators.

Conclusion

The PES has always been considered a challenging tool but creating the culture and enabling the environment for its effective implementation will facilitate it. CARE International, Save the Children and MEK have a great vision and mission that need to be backed up with a smart PES that can motivate the employees and encourage them to work harder.

The study conducted on the three organizations showed that the employees value the PES in general but they have some challenges that need to be addressed in order to enhance their level of motivation. The study’s main research question is exploring the relationship between PES and motivation. The study answered the main research questions through exploring the relationship
of the PES prerequisites, appraiser effect and PES challenges over the employees’ motivation. Motivation was divided into main categories intrinsic and extrinsic. Participants from the three organization participated in questionnaire and then twelve employees were interviewed to have a better understanding of the questionnaire’s findings. The questionnaire consisted of twenty four questions which tackled aspects related to Rater and ratee relationship, PES value, PES challenges, PES Frequency, peer impact on ratees and the impact of the PES on the salary scheme.

In The two INGO; CARE and Save the Children, it was found that the employees are more acquainted with the PES main prerequisites like 360 degree assessments, Mid-Year Review, MBO, Career Development plans while in MEK, most the participants were not acquainted with the PES effective prerequisites. Additionally, Participants were asked to assess the managerial skills of their raters, the recognition level they receive from the raters as well as their satisfaction towards their last performance review. Thus, there was a predominant consent on the role of the appraiser as motivator or de-motivator. Furthermore, Participants of the three organizations had declared that they are highly motivated by recognition as their first motivator which proved that employees are more motivated by intrinsic factors like recognition and the work nature rather than the financial benefits.

The research offered some recommendation to improve the used PES in the NGO sector in Egypt and to motivate the employees as well. The research suggests linking the PES with a clear competency model that is aligned with the organization’s core values and mission. Also, it is important to raise the awareness towards the importance of using the PES as well as providing clear guidelines and manuals to help the employees in understanding the PES of their organizations. Raters should be well trained on evaluating their subordinates through applying MBO techniques. Similarly, New comers should be given orientation session on the role of the PES goal setting and career development. It is advisable to automate the performance evaluation process to save time and effort and to simplify the used tool as well. There should be annual anonymous satisfaction survey on the outcomes of the PES so employees can be encouraged to share their challenges and motivators.
References


http://www.theglobaljournal.net/member/care-international/articles/
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Appendix1: Questionnaire Template

Performance Evaluation Impact on Employees' Motivational Level

This questionnaire is part of the researcher (partial fulfillment of the requirements for the degree of Master of Public Policy and Administration (MPPA) at the American University in Cairo (AUC).

The questionnaire aims at answering the thesis main research question: "What is the relationship between the Performance Evaluation Systems and employees’ motivational level in the NGO sector in Egypt."

The questionnaire is anonymous-based; participants will not be asked to share any personal identification data rather than the name of the organization they work for.

* Required

1) The Performance Evaluation System (PES) of my organization helps me to set SMART objectives? *
   يساعدني نظام تقييم الأداء في المؤسسة علي وضع أهداف (محددة, يمكن قياسها, ممكنة التحقيق, منطقيه, مربوطة بنطاق زمني) لعملي?
   ○ ○ Yes
   ○ ○ No

2) The Performance Evaluation System (PES) of my organization helps me to set career development plan? *
   يساعدني نظام تقييم الأداء في المؤسسة في وضع خطه التطور المهني/ المهني الخاصه بي?
   ○ ○ Yes
   ○ ○ No

3) How will you rate the Performance Appraisal method in your organization? *
   كيف تقيم طريقة تقييم الأداء المتبعه في المؤسسة اتي تعمل بها?

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4) The Performance Evaluation System (PES) of my organization requires evaluating my performance more than once per year? *

- [ ] Yes
- [ ] No

5) I consider my last performance review as................ *

- [ ] Motivating
- [ ] Demotivating
- [ ] Ineffective

6) In my organization, As a ratee I fully understand the variations between the different ratings in scale? *

- [ ] Yes
- [ ] No

7) The Performance Evaluation System (PES ) of my organization depends on multi raters like clients, superiors, and colleagues *

- [ ] Yes
- [ ] No

8) How do you consider the current performance appraisal process in enhancing your motivation? *

- [ ] Motivating
- [ ] Demotivating
9) Are you satisfied with your current appraisers in enhancing your motivation *

- Ineffective
- Yes
- No

10) Does your Manager (Rater) recognize you when you do a good job *

- Usually
- Sometimes
- Rarely
- Never

11) Do your work colleagues recognize you when you do a good job *

- Always
- Sometimes
- Rarely
- Never

13) Do you have one to one session with your direct supervisor (rater) to discuss my performance appraisal? *

- Yes
- No

14) My rating is based on reasonable expectations from my work *

- Yes
- No

15) My rater (manager/supervisor) is highly capable as manager *

- Yes
- No
16) My rater (manager/supervisor) discusses regularly my job performance with me *
الشخص المسئول عن تقييمي (المدير/المشرف) يناقشني بصورة دورية حول مستوي أدائي في العمل

○ Yes
○ No
○ Not Sure

17) Does the PES result in financial rewarding to you like salary raise or merit increase *
هل تؤدي نتائج عمليه تقييم الاداء تكاثر مادي لك مثل زياده المرتب أو زياده عن جداره الاداء

○ Yes
○ No

18) Does the result of the PES lead to developing your career path; do you get certain training as a result of the PES outcome? *
هل تنعكس نتائج عمليه تقييم الاداء الخاص بك في فرص لتنميه مهامك الوظيفية: هل تحصل علي تدريبات معينة كنتيجة لعملية تقييمك

○ Yes
○ No

19) From the below, what motivates you in your work the most *
من الاختيارات التالية، ما هو أقوى محفز لك في العمل

○ a) Recognition & Appreciation
○ b) The work itself
○ c) Financial rewards
○ d) Working conditions
○ e) Self Satisfaction

20) According to you, do you think performance appraisal should be there in an organization or not? *
وفقا لك، هل تعتقد أنه ينبغي أن يكون هناك نظام لتقييم الاداء في العمل أم لا؟

○ Yes
21) In your opinion, what is the most challenging aspect in the used PES in your organization? *

- No
- Neutral

22) I work for *

- CARE International In Egypt INGO
- Save the Children INGO
- Misr El Kheir NGO
- Nahdet El Mahrousa NGO

23) I am a *

- Female
- Male

24) In this organization, my annual performance has been reviewed................. *

- Once
- Twice
- Trice
- More than three times

25) My age is between ......................... *

- آنا في الفئة العمرية
26) I work at........................ *

- 100%

- 100%

- 100%