



MINISTRY OF HIGHER EDUCATION AND SCIENTIFIC RESEARCH.

UNIVERSITY KASDI MERBAH OUARGLA

INSTITUTE OF SCIENCES AND APPLIED TECHNIQUES

**ISAT**

**Department of Management**

**Dissertation paper for the award of professional bachelor's degree**

**Field: Management**

**Specialty: Human Resources**

**Topic:**

**An evaluation of the effectiveness of performance appraisal system in the international companies a case study of JGC ALGERIA**

**Prepared by student :Fida SEROUTI**

**Publicly defended**

**On:.././....**

***Before the jury:***

*Mrs*

*Mrs*

*Mr*

**Year University 2016-2017**



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## **Dedication**

I would like to dedicate this research work to my parents, Alhaji SEROUTI Ali and Hajia KARUOI Khadija, my brothers and sisters and my friend. I am grateful for their support, sacrifices and prayers.

## Acknowledgments

Before saying any word Alhamdulillah for helping me to do this research and for providing many people how help me. I would like to thank them all. Thank you for every single person has participated and cooperated in this research.

In addition of that I would like to express my sincere thanks to **Mrs. Amina Mekhalfi**, Principal of the Institute of Sciences and Applied Techniques, for warm encouragement, thoughtful guidance, critical comments, and correction of the report and providing me with all the necessary facilities for the research.

I would like to thank all the staff of **JGC Algeria** Company for helping me, sincere and valuable guidance and encouragement extended to me.

**Abstract:** The focus of this study is to evaluate the effectiveness of performance appraisal system in the international companies. Performance appraisal has an imperative part of a more strategic HRM system within organization assists managements to recognize its strengths and weaknesses. Performance appraisal is known to benefit organization by helping them measure performance, motivate employees and making administrative decisions such as promotion and rewards this study objective to investigate the effectiveness of performance appraisal from the perception of the employees. The study was carried out in a corporation services organization in Hassi Messaoud. The research adopts a survey approach such as previous project reports together data from the employees to measure their opinions of the PA system and how successful they feel it is.

**Keywords:** performance appraisal, management by objectives (MBO), appraisal system, human resource, effectiveness.

**ملخص الدراسة:** تهدف هذه الدراسة إلى تقييم مدى فعالية نظام أداء العاملين في الشركات الأجنبية. وذلك من خلال التعرف على فعالية تقييم الأداء من وجهة نظر الموظفين. وقد أجريت الدراسة الحالة في شركة **JGC ALGREIA** بحاسي مسعود. اعتمدت الدراسة على جمع البيانات عن طريق المقابلات مع الموظفين لقياس آرائهم اتجاه نظام تقييم أداء العاملين ومدى نجاحه في إعطاء نتائج عادلة. وتوصلت نتائج الدراسة أن نظام أداء العاملين يعتبر وسيلة إستراتيجية داخل المؤسسة كما يساهم إدارتها في التعرف على مواقع القوة والضعف في الشركة, وتستفيد الشركة من نتائج نظام تقييم الأداء في قياس الأداء وتحفيز الموظفين واتخاذ القرارات الإدارية مثل ترقية والمكافآت.

**الكلمات المفتاحية:** تقييم الأداء, إدارة بالأهداف, نظام تقييم, موارد البشرية, فعالية.

# **Work Method**

## **Introduction**

### **CHAPTER ONE: OVERVIEW OF THE PERFORMANCE APPRAISAL SYSTEM**

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**Sequence 2: Key Elements of the Performance Appraisal system**

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## List of Abbreviations

<b>Abbreviations</b>	<b>Meaning</b>
PA	Performance Appraisal.
PAS	Performance Appraisal System.
MBO	Management by Objective
JGC	Japan Gasoline Corporation
SPA(JSC)	Société Par Action (Joint-Stock Company)
MGT	Management

# Introduction

International companies spread in all over the world to provide goods and services in one hand, in the other hand these companies keep observing and evaluating employees work behavior and accomplishments, aiming to realize there goals including customer satisfactions.

The performance appraisal (PA) is considered as one of the main and an effective tool can determine the success and the survival of an organization, and the evaluation of performance is standard for the efforts of the employees.

The PA used by organization for both development and perfect administration with great method and processes. It also improves employees' motivation to perform well.

The performance appraisal system (PAS) is traditionally in pay and promotion decisions; it is heavily researched topics and subject in work psychology for many years.

The PAS is the most important and it can be only success if the organizations understood how to take the advantage of their most important asset both their employees and their gain human capital.

**The purpose of subject and motivations:** the purpose of this study is to research the extent of evaluate the efficiency of the performance appraisal system in the international companies .in this endeavor an attempt is made to determine which performance appraisal and influence of the international companies.

**The problem statement of the study:** The most important question that will be focused in this research is:

What is the effectiveness of performance appraisal system in the international companies a case study of JGC ALGERIA?

**Sub-questions:** There are also extra sub-questions which are stated as follows:

1. What is employees' perception of performance appraisal system?
2. What are the objectives of Performance Appraisal System at international companies?
3. How effective is performance appraisal system?

**Objective of the project:**

The major aims of the research study are divided into the primary and secondary objective.

**a- Primary objectives:**

Evaluate the effectiveness of the existing performance appraisal system in international companies.

**b- Secondary objectives:**

1. To observe the performance appraisal use in organization
2. To get an insight into the relative importance of performance appraisal in companies
3. To examine the objectives of performance appraisal at international companies.

**The period and area limits of the study:**

- a- Period of study:** The period of the study is from 1<sup>st</sup> March 2017 to 1<sup>st</sup> June 2017. Through this period the research has collected the important primary data and other relevant information needed.
- b- Area of the study:** The study was conducted among the employees of JGC Algeria in Hassi Messaoud.

**Methodology:** Research methodology is a term composed of two words "re" & "search" which mean to search again. It deals with research design, data collection method.

**Data collection method:** is divided into two parts:

**Primary data:** is known as data collected for the first time through field survey. They were collected from:

- Personal interview;
- Operational process;
- Observation during the total internship period etc.

**Secondary data:** is that information which has already been collected by someone else and reported by some source. They were collected from:

- Books ;
- Company websites;
- Previous project reports;
- Internet and Journal.

**Structure:**

The first chapter starts with an overview of the performance appraisal system. In order to provide the reader with better understanding of the current research within this area and potential link between existing theories and the case study. The second chapter presents an overview of the case study. There is more information included about the presented company and the subject of the research.

## Chapter one: Overview Of The Performance Appraisal System

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The chapter one provided the theoretical side and an overview of concepts for performance appraisal definition; cover key elements and challenges and which will be applied and used to analyze collected data and information.

### **1.1 Literature Review of Performance Appraisal system:**

This part aims to introduce works of the literature which are related to the meaning, sources also objective and importance of performance appraisal system.

1.1.1 Definition of Performance Appraisal system: Performance Appraisal is al has been defined as follows: According to:

- ✓ **Devries, Morrison, Shullman and Gerlach (1981)** define performance appraisal as a process by which an organization measures and evaluates an individual employee's behavior and accomplishments for a finite period.<sup>1</sup>
- ✓ "Performance appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and their potential for development" \_ **BEACH**
- ✓ Performance appraisal has been defined in many ways. The simplest way to understand the meaning of performance appraisal is as follows:  
  
"A regular and continuous evaluation of the quality, quantity and style of the performance along with the assessment of the factors influencing the performance and behavior of an individual's called performance appraisal".<sup>2</sup>

### 1.1.2 Sources of Performance Appraisal:

The appraiser may be any person, who has thorough knowledge about the job content, contents to be appraised, and who observes the employee while performing a job.

#### **- Appraisal by Superiors (Supervisors or line Managers)**

It is conventional in practice worldwide that the superior who is usually the immediate boss of the employee is given the responsibility to evaluate the performance of his subordinates. This is due to the fact that as the supervisor of the employee, he has the best opportunity to observe, guide counsel and report on the employee's performance for the appraisal period under review.

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<sup>1</sup> Dr. V. Antony Joe Raja and R. Anbu Ranjith Kumar, A STUDY ON EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM IN MANUFACTURING INDUSTRIES IN INDIA, International Journal of Advanced Research in Management (IJARM), Volume 7, Issue 1, Jan-April (2016), ID: 10220160701006, pp.46. Retrieved from URL: <http://iaeme.com>

<sup>2</sup> Dr.S.Jansirani, Mr. R.Hatrikrishnan, Mrs.D.Jaya kani, Ms.A.Saisathya,A Study on Performance Appraisal System at Wipro Infrastructure Engineering Pvt Ltd, IOSR Journal of Business and Management (IOSR-JBM), Volume 9, Issue 3 (Mar. - Apr. 2013), PP.10-11. Retrieved from URL: <http://iosrjournals.org>

## Chapter one: Overview Of The Performance Appraisal System

### - Peer appraisal

In this case, the employees themselves assume the role of the appraisers with each employee appraising his other colleague. The peer appraisal method is based on the notion that the employees, particularly those who work in a closely-knit group, have first hand information about each other's level of performance and are most able to assess each other on many personality traits.

to see himself through another person's "eye" and this evaluation could help him/her make necessary adjustments where needed.

### - Subordinate Appraisal

The subordinate appraisal method requires that his subordinates evaluate the superior's performances. This method has very little acceptance in the industry in view of the "chain of command" structure in the industry. The advantage of this method is that the superior is able

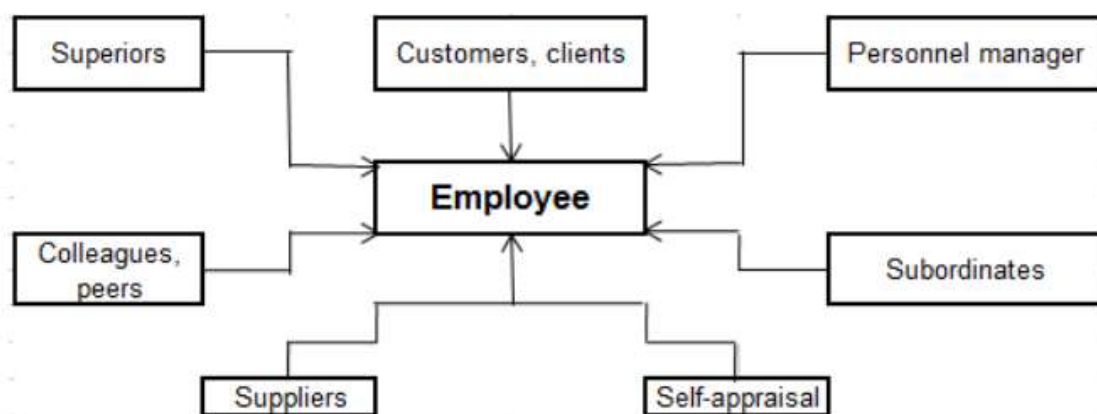
### - Self Appraisal

The need for self development, coaching and counseling has necessitated the need to have an individual employee to appraise his/her performance and abilities. The usual approach is for the superior and subordinate to mutually agree on a set of objectives to be achieved (using the management by objectives technique). In this case, the subordinate is given an opportunity to appraise his own performance in terms of the set targets. In the process of doing this the employee may realize that he has not done enough thus the motivation to excel before the next self appraisal period is put into gear.

### - Users of Services

Sometimes the users of the services rendered give the best appraisal of employee's performance. For instance, the performances, politeness and efficiency of an airline hostess are best judged by the air passengers.<sup>1</sup>

**Figure1.1:** Sources of Performance Appraisal



**Source:** Hana Mádrová . Project of the Performance Appraisal System Creation in the XYZ Company, UK, Management Marketing, Tomas Bata University, Zlín, 2010, pp. 24.Retrieved from URL: <http://digilib.k.utb.cz>

<sup>1</sup> Osabiya Babatunde Joseph-M. Effectiveness of Performance Appraisal as a Tool to Measure Employee Productivity in Organizations, Journal of Public Administration and Governance, Vol.4, No.4,2014,pp.137-138. Retrieved from URL: <http://www.macrothink.org>



**Inference:** In the past was just one kind of source who named supervisor is the most suitable person for appraiser position due to relationship and contact with subordinates. However, this type of appraisal has become problematic in terms of fairness and objectivity. New variations of appraisal have been developed and some of them are characterized as follow in the figure.

### 1.1.3 Objectives and Important of PAS:

- **Objective of PAS:** some objectives of performance appraisal as indicated below:
- **Salary increase:** Performance appraisal plays a role in making decision about salary increase. Normally salary increase of an employee depends upon on how he is performing his job. There is continuous Evolution of his performance either formally or informally. This may disclose how well an employee is performing and how much he should be compensated by way of salary increase.
  - **Promotion:** Performance appraisal plays significant role where promotion is based on merit and seniority. Performance appraisal discloses how an employee is working in his present job and what his strong and weak points are. In the light of these, it can be decided whether he can be promoted to the next higher position.
  - **Training and Development:** Performance appraisal tries to identify the strengths and weakness of an employee on his present job. This information can be used for devising training and development programmers appropriate for overcoming weakness of employees.
  - **Feedback:** Performance appraisal provides feedback to employees about their performance. A person works better when he knows how he is working. This works in two ways, firstly, the person gets feedback about his performance. Secondly, when the person gets feedback about his performance, he can relate his work to the organizational objectives.
  - **Pressure on Employees:** Performance appraisal puts a sort of pressure on employees for better performance. If the employees are conscious that they are being appraised in respect of certain factors and their future largely depends on such appraisal<sup>1</sup>

➤ **Importance of PAS:**

1. **Feedback:** This provides a structured format for the discussion of performance issues on a regular basis.
2. **Motivating Superior Performance:** Performance appraisal helps to motivate people to deliver superior performance in several ways.
3. **Setting and Measuring Goals:** Goal setting has consistently been demonstrated as a management process that generates superior Performance.
4. **Counseling poor performers:** Not everyone meets the organization's standards. Performance appraisal forces managers to confront those whose performance is not meeting the company's expectations.

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<sup>1</sup> Muhammad Faseeh ullah khan, Role of Performance Appraisal System on Employees Motivation, IOSR Journal of Business and Management (IOSR-JBM), Volume 8, Issue 4 (Mar. - Apr. 2013), PP .68. Retrieved from URL: <http://iosrjournals.org>

## Chapter one: Overview Of The Performance Appraisal System

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5. **Determining compensation changes:** Performance appraisal provides the mechanism to make sure that those who do better work receive more pay.
6. **Encouraging coaching and mentoring:** Performance Appraisal identifies the areas where coaching is necessary and encourages managers to take an active coaching role.
7. **Supporting Manpower Planning:** Well-managed organizations regularly assess their bench strength to make sure that they have the talent that they will need for the future.<sup>1</sup>

### 1.2 Key Elements of the Performance Appraisal system:

These section objectives to introduce key element of the performance appraisal system which are consist of standard, process and different methods of performance appraisal.

1.2.1 Standard of Performance Appraisal: The terms for expressing performance standards are outlined below:

- **Quantity:** Specifies how much work must be completed within a certain period of time.
- **Quality:** Describes how well the work must be accomplished. Specifies accuracy, precision, appearance, or effectiveness.
- **Timeliness:** Answers the questions, by when? , How soon? , Or within what period?
- **Effective Use of Resources:** Used when performance can be assessed in terms of utilization of resources: money saved, waste reduced.
- **Effects of Effort:** Addresses the ultimate effect to be obtained; expands statements of effectiveness by using phrases such as: so that, in order to, or as shown by.
- **Manner of Performance:** Describes conditions in which an individual's personal behavior has an effect on performance, e.g., assists other employees in the work unit in accomplishing assignments.
- **Method of Performing Assignments:** Describes requirements; used when only the officially prescribed policy, procedure, or rule for accomplishing the work is acceptable<sup>2</sup>

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<sup>1</sup> Tanjila Tabassum, Internship Report On “Performance Appraisal System”, BRAC University, Bangladesh, 2012, pp.21. Retrieved from URL: <http://dspace.bracu.ac.bd>

<sup>2</sup> JEAN THOMAS, PERFORMANCE APPRAISAL EFFECTIVENESS ANALYSIS, MASTERS IN BUSINESS ADMINISTRATION, THE UNIVERSITY OF PUNE, India, (2005- 2006) ,pp.21. Retrieved from URL: <http://www.admissionsinindia.com>

### 1.2.2 Performance Appraisal Process:

- 1) Establishing performance standard
- 2) Communicating performance standard
- 3) Measuring performance
- 4) Comparing actual with the standard
- 5) Discussing the appraisal
- 6) Taking corrective action<sup>1</sup>

**Figure 1.2:** Process of performance appraisal system



**Source:** PANAJ WADHWANI, A Project Report on performance appraisal system, Business Management, MOHAN LAL Sukhadia University, India, (2013-2014) ,pp.33.Retrieved from URL: <https://fr.slideshare.net>

**Inference:** There is six steps of The performance appraisal process is establishing performance standards, communicating the standards, measuring the actual performance, comparing actual performance with desired performance, discussing results [Feedback] and decision-making.the process can help managers and employees conduct a more fruitful appraisal .

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<sup>1</sup> P.S.NEEMISH, A Project Report on PERFORMANCE APPRAISAL SYSTEM AND ITS EFFCTIVENESS IN FLORA HOTEL, Business Administration, MAHATMA GANDHAI UNIVERSITY, India,(2012-2015) ,pp.30.Retrieved from URL: <https://fr.slideshare.net>

## Chapter one: Overview Of The Performance Appraisal System

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### 1.2.3 Different Methods of PA:

There several methods and techniques used for evaluating employees performance. These may be classified into two broad categories as stated by C.B.Gupta a (1998)

- ✓ Traditional Methods
- ✓ Modern Methods

#### ✓ **Traditional Methods:**

Traditional Methods are relatively older methods of performance appraisals. This method is based on studying the personal qualities of the employees. It may include knowledge, initiative, loyalty, leadership and judgment.

##### **1. Confidential Report:**

A confidential report is report prepared by the employee's immediate superior. It covers the strength and weakness, main achievement and failure personality and behavior of the employee. It is descriptive appraisal used for promotions and transfers of employees.

##### **2. Free form or Essay Method:**

Under this method, the evaluator writes a short essay on the employee's performance on the basis of overall impression. The description is expected to be a factual and as concrete as possible. An essay can provide a good deal of information about the employee especially if the evaluator gives examples of each one of his judgment.

##### **3. Straight Ranking Method:**

In this technique, the evaluator assigns relative ranks. To all the employee in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. The relative position of an employee is reflected in this numerical rank

##### **4. Paired comparison method:**

Each employee is compared with all the others in pair one at a time. The number of times an employee is judged better than the others determine his rank. Comparison is made based on overall performance the number of comparisons to be made can be decided based on the following:  $N(N-1)/2$ . Where N is the number of person to be compared.

##### **5. Forced Distribution Method:**

In this technique, the rate is required to distribution his rating in the form of a normal frequency distribution. This method eliminates the rate bias of central tendency. It helps to reduce bias involved in straight ranking and paired comparison.

## Chapter one: Overview Of The Performance Appraisal System

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### **6. Graphic Ratings Scale Method:**

The rater is given numeric scale indicating different degrees of a particular trait. The rate is given a printed form for each employee to be rated. The form contains several characteristics relating to the personality and performance of employees. Intelligence, quality of work, leadership skills, judgment etc are some of the characteristics. The rater records his judgment on the employee's trait on the scale. The numerical points given are added up, to find out his overall performance standing in the group.

### **7. Check List:**

Checklist of statements that describes the characteristics and performance of employee in his job. The rater checks to indicate if the behavior of an employee is positive or negative to each statement. The performance of an employee is rated on the basis of number of positive checks.

### **8. Critical Incident Method:**

In this method supervisor keeps a written record of critical (either good or bad) events and how different employees behaved during such events. The rating of an employee depends on his positive/negative behavior during these events.

### **9. Group Appraisal Method:**

Under this method, a group of evaluators assess the employees. This group consists of the immediate supervisor of employee, other supervisor having close contact with the employee's work, head of the department and a personnel expert. The group determines the standards of performance for the job, measures actual performance and offer suggestions for improvement in future.

### **10. Field Review Method:**

In this method a training officer from the personnel department interviews line supervisors to evaluate their respective subordinates, the interview prepares in advance the questions to be asked. By answering these questions the supervisors gives his opinion about the level of performance of his subordinate, the subordinate work progress, his strength and weakness, promotion potential etc. the evaluators takes detailed notes of the answers which are then approved by the concerned supervisor. These are then placed in the employee personnel service file<sup>1</sup>

### **✓ Modern Methods :**

Modern Methods were devised to improve the traditional methods. It attempted to improve the shortcomings of the old methods such as biasness, subjectivity, etc.

#### **1. Appraisal According to Defined Objectives (Management by Objectives):**

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<sup>1</sup> <http://fr.slideshare.net/divyaselvarajan7/performance-appraisal> , 21/02/2017, 23:27.

## Chapter one: Overview Of The Performance Appraisal System

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This method has been used for appraisal of managers and specialists. The objectives and plans which should be completed by the employee by the deadline are appraised. These objectives are measurable and should be **SMART**:

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound

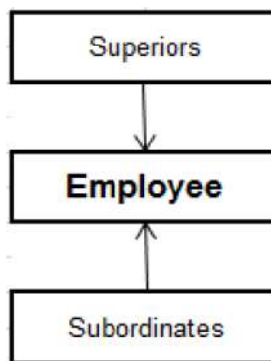
The appraisal reviews fulfilment of the objectives, necessary improvements and it sets up new objectives for the next period. This method is future oriented and it has its own principles:

- chronological sequence of company's objectives and goals
- certain objectives for each employee
- decisions made collectively
- definite period of time
- performance appraisal, evaluation and feedback

### 2. Multi-Source Appraisal - 180° Feedback method:

180° feedback is a combination of the appraisal by superiors and the appraisal by subordinates as it is shown in the following figure: <sup>1</sup>

**Figure1.3:** Multi-Source Appraisal - 180° Feedback Method



**Source:** Hana Mádrová .OPCIT, pp.26.

**Inference:** 180 degree is simplest method to appraise employees. Where the employee doing self evaluation to himself or herself, after completion of this step, the manager discusses the self appraisal of the employee .once all the information is agreed by the manager and employee, appraisal is finalized.

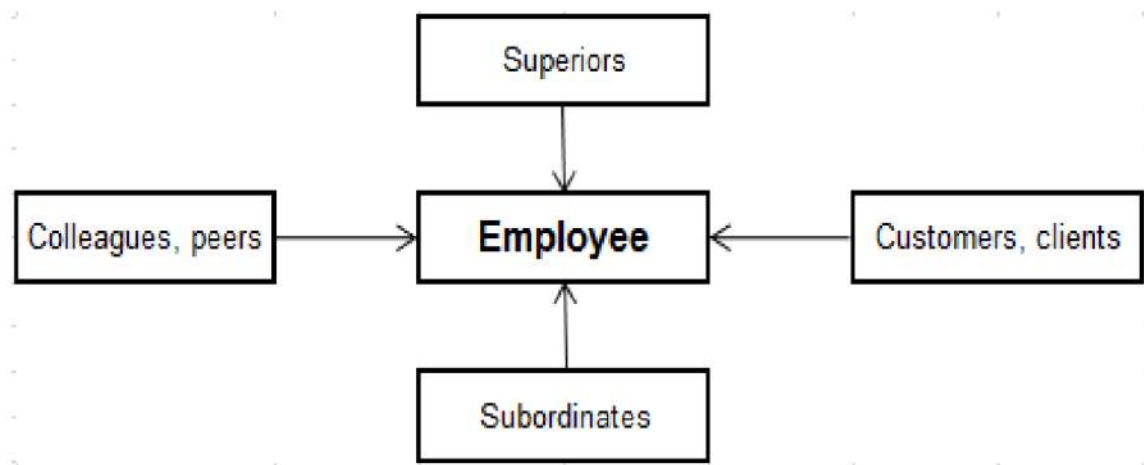
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<sup>1</sup> Hana Mádrová. OPCIT, pp. 18-19-22-25.

### 3. 360 degree performance appraisal:

The appraisal may be any person who through knowledge about the job has done by contents to be appraised. Standards of contents and who is observes the employee while performing a job. The 360 degree feedback is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders-the stakeholders being the immediate supervisors, team members, customers, peers and self.<sup>1</sup>

**Figure1.4:** Performance appraisal 360° Feedback Method



**Source:** Hana Mádrová .OPCIT, pp.26.

**Inference:** 360 degree is an appraisal tool that incorporates feedback from multi- source which are supervisor, peer, customers, subordinates, in order to give the employee a clear picture of his greatest overall strengths and weaknesses also it is a more objective and fair process.

### 1.2 Challenge of Performance Appraisal system:

This side purpose to inform the challenge of performance appraisal system which are composed of problems, limiting and challenge of performance appraisal system.

#### 1.3.1 Problems of Performance Appraisal:

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<sup>1</sup> <http://fr.slideshare.net/divyaselvarajan7/performance-appraisal> , 22/02/2017, 22:21.

## Chapter one: Overview Of The Performance Appraisal System

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In conducting performance appraisals, managers must be careful to avoid making rating errors. Four of the more common rating errors are strictness or leniency, central tendency, halo effect.

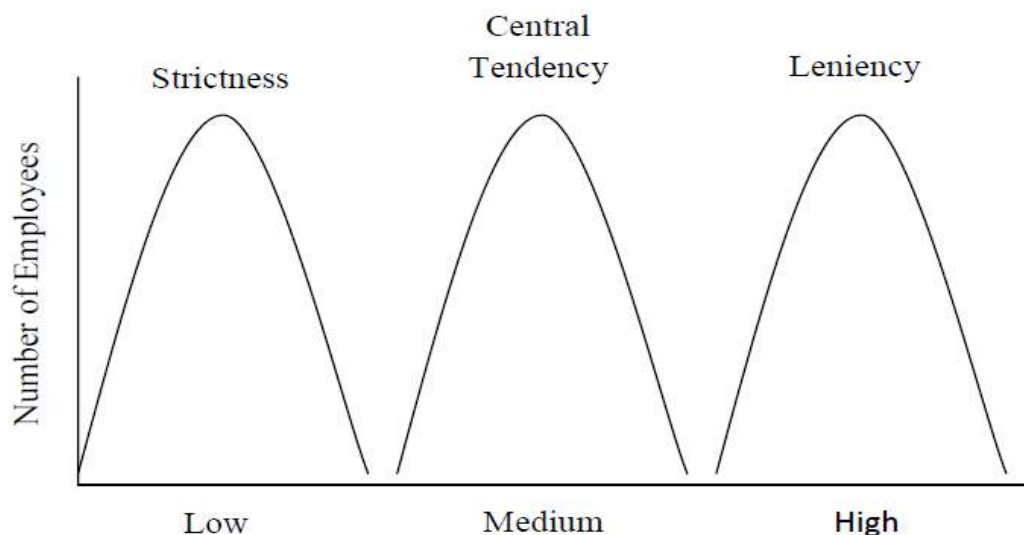
### Strictness and Leniency:

Some supervisors tend to rate all their subordinates consistently low or high. These are referred to as *strictness and leniency errors*. The strict rater gives ratings lower than the subordinate deserves. This strictness error penalizes superior subordinates. The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error. Strictness-leniency bias presents less of a problem when absolute standards and results-oriented approaches to performance appraisal are used.

### Central Tendency :

Some raters are reluctant to rate subordinates as very high or very low. They dislike being too strict with anyone by giving them an extremely low rating, and they may believe that no one ever deserves to get the highest possible rating. The result of this type of attitude is that everyone is rated around average. Figure 1.4 depicts examples of strictness, leniency, and central tendency biases. The distribution of ratings on the left of the figure indicates a strictness error; those in the middle indicate a central tendency error; and the cluster on the right indicates a leniency error.

**Figure 1.5:** Strictness, central tendency, and leniency performance ratings.



**Source:** Fred C. Lunenburg, Performance Appraisal: Methods and Rating Errors, INTERNATIONAL JOURNAL OF SCHOLARLY ACADEMIC INTELLECTUAL DIVERSITY, VOLUME 14, NUMBER 1, 2012, pp.8. Retrieved from URL: <https://pdfs.semanticscholar.org>



## Chapter one: Overview Of The Performance Appraisal System

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**Inference:** These errors pertain to overall ratings. These errors are reflective of biases toward the employee. It is for this reason there is different errors of strictness where is very low evaluation in opposition to leniency where is very high appraisal and central tendency is different from other because it rating all employees in the middle part of a scale.

### **Halo Effect**

When a single positive or negative dimension of a subordinate's performance is allowed to influence the supervisor's rating of that subordinate on other dimensions, a *halo effect* is operating. **For example**, the supervisor likes Tom because he is so cooperative. The halo effect leads Tom's supervisor to automatically rate him high on all appraisal dimensions, including leadership, management, personnel administration, administrative teaming, and even budgeting. The result is that subordinates are rated consistently high, medium, or low on all performance appraisal dimensions.

### **Recency of Events**

Ideally, performance appraisals should be based on data collected about a subordinate's performance over an entire evaluation period (usually six months to a year). However, as is often the case, the supervisor is likely to consider recent performance more strongly than performance behaviors that occurred earlier. This is called the *recency of events error*. Failure to include all performance behaviors in the performance appraisal of a subordinate can bias the ratings.<sup>1</sup>

1.3.2 Limiting the problem of PAS: the reasonable steps which can be taken to limit the effects of supervisory bias.

a) **Awareness Training:** Supervisors need to be informed of the types of subtle bias that can interfere with their performance as appraisers. They need to understand that the in-group/out-group bias, for instance, reduces the morale and motivation of their subordinates.

b) **Developing Poor Performers:** Incentives, financial or non-financial, may be offered to encourage supervisors to make special efforts to help poor performers improve. Supervisory appraisals, for example, might stress the importance of working with poor performers to upgrade their performance. The possibilities are extensive.

c) **Counseling, Transfer, Termination:** There is always the possibility that an employee who receives poor appraisal results is in fact a chronic poor performer. No employer is obliged to tolerate poor performance forever. Consistently poor appraisal results will indicate a need for counseling, transfer or termination. The exact remedy will depend on the circumstances.<sup>2</sup>

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<sup>1</sup> Fred C. OPCIT, pp . 7-9.

<sup>2</sup> SUALIHU,BINTU.EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEMS: A STUDY OF KNUST, BUSINESS ADMINISTRATION, the Kwame Nkrumah University of Science and Technology, Ghana, 2014, pp. 22-23.Retrieved from URL: <http://ir.knust.edu.gh>

### 1.3.3 Challenge of PAS:

Walters (1995) outline the main Performance Appraisal challenges in the performance appraisal process:

**-Determining the evaluation criteria.** Identification of the appraisal criteria is one of the biggest problems faced by the top management. For the purpose of evaluation, the criteria selected should be in quantifiable or measurable terms.

**- Lack of competence.** Evaluators should have the required expertise and the knowledge to decide the criteria accurately. They should have the experience and the training necessary to carry out the appraisal process objectively.

**- Errors in rating and evaluation.** Many errors based on the personal bias like stereotyping, halo effect (i.e. one trait influencing the evaluator's rating for all other traits) etc. may creep in the appraisal process. Therefore the rater should exercise objectivity and fairness in evaluating and rating the performance of the employees.

**- Resistance.** The appraisal process may face resistance from the employees because of the fear of negative ratings. Therefore, the employees should be communicated and clearly explained the purpose as well the process of appraisal. The standards should be clearly communicated and every employee should be made aware of what exactly is expected from them. <sup>1</sup>

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<sup>1</sup> Zachary Dechev. Effective Performance Appraisal – a study into the relation between employer satisfaction and optimizing business results, Economics of Business, ERASMUS UNIVERSITY ROTTERDAM, Hollande, 2010, pp. 12. Retrieved from URL: <https://thesis.eur.nl>

## Chapter two: Performance Appraisal System In JGC ALGERIA Company

The chapter two provided the case study overview that consists from three parts Company Profile and general description for department in the company also it cover Performance Appraisal system Structure in the JGC Algeria Company which will be applied and used to complete this project report.

### 2.1 JGC Algeria Company Profile:

This part aims to introduce an overview about JGC Algeria Company Profile which is consisting from little definition and abstract about JGC Algeria history also it participate JGC Algeria organization.

#### 2.1.1 Definition & History of JGC Algeria Company:

##### ❖ Definition of JGC Algeria Company:

**JGC ALGERIA S.P.A** is sub-company of **JGC Corporation** the one that has investments and offices all around the world and a mean office in **Yokohama (Japan)** and since the last **30 years JGC Corporation** made a great investment in Algeria.

**JGC ALGERIA** is company of Engineering and Construction with **320** employees and a capital of **3.000.000.00 DA** (As of **2017**); it was created in **25 November 2008**.

Safety awareness and responsibility spirit are shared by all the staff and everybody should work safely in standard conditions.<sup>1</sup>

##### ❖ History of JGC Algeria Company:

JGC Corporation headquarter office is located in Yokohama (Japan) has been doing business in Algeria for over 30 years.

Period	Project	Contract type	Localization	Client
2008	1) JGC ALGERIA was created	1) /	1) Hassi Mesaoud	1- /
	2) Steel Structure and Foundation Check of Heat Exchanger	2) Study	2) TFT	2- Groupement TFT
	3) Conceptual study of bloc 226 & 242	3) Study	3) Bloc 226 & 240	3- MEDEX

<sup>1</sup> CHAIB Menana , Gestionnaire Administrative Principale, Human Resources Department, JGC ALGERIA<sub>SPA</sub> company, 09/03/2017.

## Chapter two: Performance Appraisal System In JGC ALGERIA Company

<b>2009</b>	1) Bitumen Storage Unit	1) FEED Study	1) Annaba Port	1) Unicarbide
<b>2011</b>	1) HBNS Field Development	1) Phase3	1) HASSI BERKINE	1) Groupement Berkine
<b>2012</b>	1) Gas Treatment & Gathering/Export Pipeline	1) Engineering , Procurement and Commissioning	1) BIR SEBA	1) SH/PV/PTT
<b>2015</b>	1) HMD South Satellite Revamping PJ	1) FEED COMPETITIVE	1) Hassi Messaoud	1) SH/ DP / HMD
	2) LDBP4 UNIT	2) Engineering , Procurement and Commissioning	2) Hassi Messaoud/Cis	2) SH+DP+HMD
<b>2016</b>	1) HBNS Field Development	1) Phase4	1) HASSI BERKINE	1) Groupement Berkine
	2) Creation of inlet boosting separation and compression facilities	2) Study	2) Hassi R'Mel	2) SONATRACH group

1

- **Remark:**

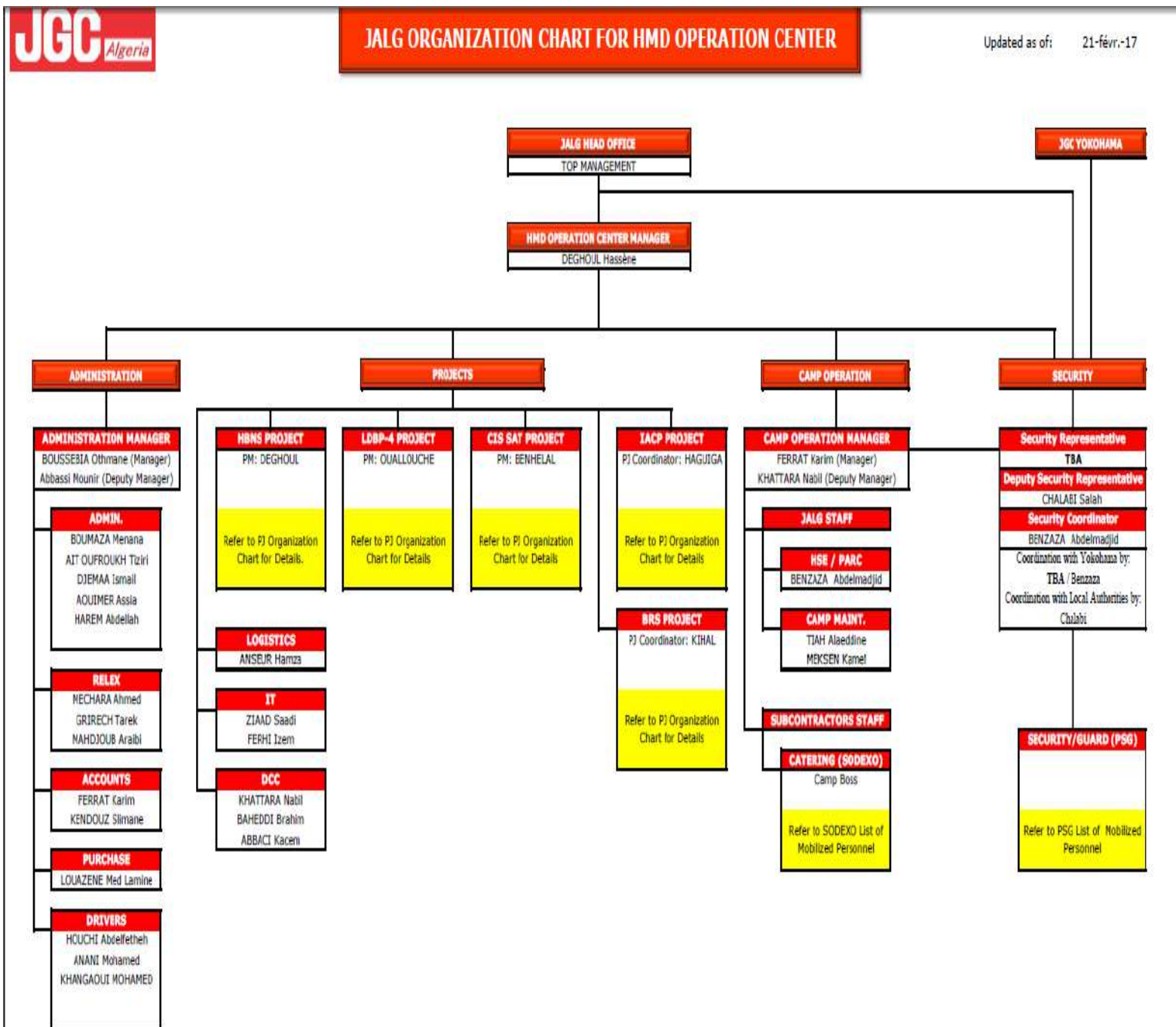
In 2008 was the beginning of providing simple services to some projects. Whereas the next years from 2009-2016 the company had some improvement and providing a variety of services.

<sup>1</sup> Performer by SEROUTI Fida, LOUDOHI Nacer, Assistant Chief mechanical engineer, Piping Department, JGC ALGERIA<sub>SPA</sub> Company, 23/03/2017.

# Chapter two: Performance Appraisal System In JGC ALGERIA Company

## 2.1.2 JGC Algeria organization:

**Figure2.5:** Organizational Generally of JGC ALGERIA in Hassi -Messaoud



## Chapter two: Performance Appraisal System In JGC ALGERIA Company

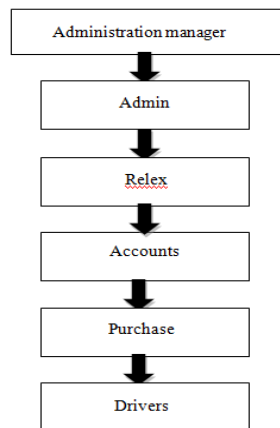
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**Source:** Ait Ouferoukh Tiziri, Travel coordinator, Human Resources Department, JGC ALGERIA<sub>SPA</sub> Company, 22/03/2017.

### 2.2 General description for Department in JGC Algeria Company from (Appendix 1.1):

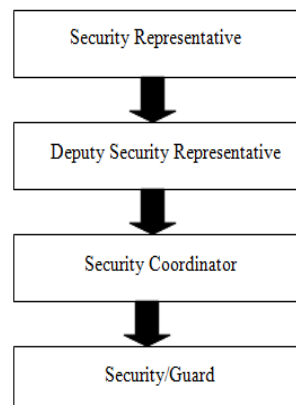
This side purpose to give the General description for Department in JGC Algeria Company, so that it provides a short definition of each department.

#### Administration:



The administration department is responsible for hiring, orientation, training, wages and benefit administration, labor relation, employee relations and staff development.

#### Security:

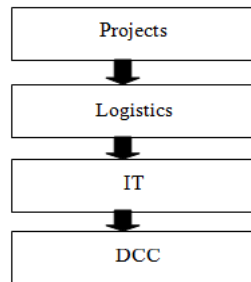


Security is an important concern in every company. The security department is responsible for implementing procedures which aim at protecting the safety and security of company employees and the company itself.

## Chapter two: Performance Appraisal System In JGC ALGERIA Company

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### Project:

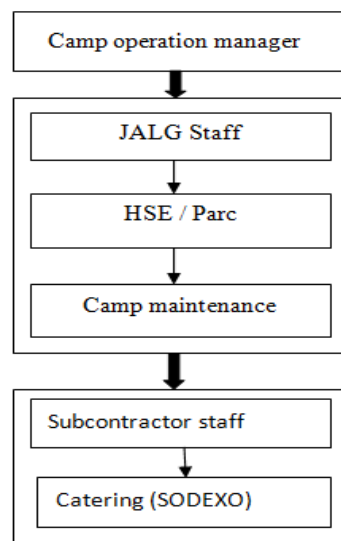


Project is one of the main departments in the company that takes responsibility of responding to customers' requests of activities for the hydrocarbon sector:

- Study (Engineering)
- Supply (Procurement)
- Construction ( Manufacturing and installation)

Construction activities are outsourced and are controlled through specifications and contracts

### Camp operation:



Camp operation is one of the support departments in the company that takes responsibility of Health, Safety and Environment (HSE), Maintenance from JGC Algeria staff and Catering from Subcontractor. <sup>1</sup>

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<sup>1</sup> CHAIB Menana , Gestionnaire Administrative Principale, Human Resources Department, JGC ALGERIA<sub>SPA</sub> company, 28/03/2017.

- **Remark:**

The human resources department is considered as a supporting field which contains 14 workers that have the higher degree in university, 11 men and 3 women, the average of their age is about 22-50 besides the company depends on limits contract.

For the department of production starting by projects that is allowed to provide a lot of services such as engineering, procurement and construction.

### **2.3 Performance Appraisal system Structure in JGC Algeria company:**

These section objectives to introduce key element of the performance appraisal system which are consist of standard, process and different methods of performance appraisal.

#### **2.3.1 Definition of Performance Appraisal system in JGC Algeria Company:**

Process through which are judgments made on past and present performance as well as on the future potential of a subordinate with regards to his working environment.

#### **2.3.2 Policy for Employee Performance Evaluation:**

##### **A) Responsibility of Performance Appraisal:**

Every structure responsible is charged to make the assessment of his structure personnel conformably to the plan pre- established by the administration director.<sup>17</sup>

##### **B) Standard of Performance Appraisal from (Appendix 1.4):<sup>18</sup>**

###### **Performance:**

Contribution to the company or section;

MGT of objectives;

Achievement of target;

Efficiency and value produced through work.

###### **Competency:**

Knowledge and experience;

Thought processes;

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<sup>17</sup> E.GHACHI. Process pilot human resources, Quality management system of competencies assessment procedure, JGC ALGERIA<sub>SPA</sub> company, 2009, pp.2.

<sup>18</sup> DEGHOUL.A. Chief Engineer piping, Piping Department, JGC ALGERIA<sub>SPA</sub> Company, 01/03/2017.



Behaviors in creating value;

Reproducibility of actions

**Attitude:**

Capability on self time-MGT;

Respect of rules and discipline;

Respect of instruction by MGT;

Capability in communication with other

- **Remark:**

The total evaluation of the performance of 120 points that are divided into three main standards and every standard is divided into 40 points, thus these standards contains four main elements on 10 points.

**C) The performance appraisal method:**

The assessment method held within the company JGC Algeria is interview with the aid of a questionnaire (Assessment formulary) with the collaborators. The method used should be the subject of a large diffusion. The hierarchical line called to be assessor should be enabled to use the assessment method as well as explain it to the concerned personnel.

**D) The launching of the assessment campaign:**

Assessment is made by a service note and display on internal panels of the company reserved for this purpose. A planning of its happening must be fixed and can spread regularly **from 15/12 of the year N to 30/01 of the year N+1**, for holding the assessment interviews; information of the supports associated to the assessment method (form or formulary) and their transmission to the administration. It is applied twice per year what means every six months.

**E) The assessment formulary:**

The assessment of the company's personnel is released with the help of an assessment formulary:

- Competencies assessment form (**Appendix 1.1**): part **A** for the mastership personnel/execution and part **B** for the managerial personnel.

The filling in of the different parts of the formulary must be done in a precise manner Clearly and legibly in order to permit its exploitation for the elaboration of the synthesis evaluation of the assessment.

- The original of the assessment formulary is classified in the agent's career file.

**2.3.3 Effectiveness and Negatives of Appraisal System in JGC Algeria:**

➤ Effectiveness of Appraisal System in JGC Algeria:

**A) Effectiveness of performance appraisal related to the employees:**

- Permit him to obtain a retroaction regarding the subject of how to do his work;
- Make the inventory of strengths and weaknesses with regards to the function he exerts;
- Permit him to be aware of what his direct manager thinks of him discover his real value;
- Inform him on how to adjust to his work and how to progress in the company;
- Disclose the individual needs and identify the cases requiring specific help;
- Provide him with a tool to help him improve by himself;
- Increase his sense of responsibility.

**B) Effectiveness of performance appraisal related to the company:**

- Collect the necessary information for decision taking management and human resources;
- Serve to justify decisions of transfer, suspension, sanctions (retrogradation, sanctions);
- Favor the promotion and salaries increase based on the assessment;
- Know the efficacy of the personnel and the needs in training and improvement;
- Define the gaps competencies and identify the solutions to reduce them;
- Know the potential of the actual and future competencies, follow and rationalize the social decisions;
- Control of the hierarchy and structure spot malfunctioning, improve the information system, and augment the degree of internal communication.<sup>19</sup>

➤ Negatives of Appraisal System in JGC Algeria:

- The biases because only line supervisors who are doing the performance appraisal,
- The employees don't have right to see their performance appraisal result,
- The employees don't know the standard of performance appraisal,
- Managerial Efficiency: The implementation of a Performance Appraisal System rests on the shoulders of the manager and he must ensure that it is done properly. A good manager can make an average appraisal system work and vice-versa.
- There is not special program for performance appraisal but they used to tradition program like excel.

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<sup>19</sup> E.GHACHI , OPCIT, pp.3-4.

## Conclusion

The study is concluded that the Performance appraisal system in company is effective. This assessment will allow for the verification that personnel members are aware of the importance of their activities in the company objective. It permits identify the gaps in the required competencies .Thus the assessed should be able to assess his work, autonomy, competence thanks to the feedback, express his analysis, and better know his superior and the opportunities offered by the company. On the other hand, he factions, be able to express his difficulties, dissatisfactions, his desires to progress, of training and career.

### Research results:

- Make the inventory of strengths and weaknesses with regards to the function he exerts,
- Disclose the individual needs and identify the cases requiring specific help,
- Inform him on how to adjust to his work and how to progress in the company,
- Collect the necessary information for decision taking management and human resources,
- Favor the promotion and salaries increase based on the assessment,
- Know the efficacy of the personnel and the needs in training and improvement,
- The employees don't have right to see their performance appraisal result,
- The employees don't know the standard of performance appraisal.

### Suggestions:

- Making a special jury for performance appraisal,
- they should give to their employees the right to see the results of performance appraisal,
- they should to inform their employees about the standard of performance appraisal,
- they should to create a special program for performance appraisal

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# Appendix