ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

ASSESSING THE PERFORMANCE APPRAISAL PRACTICE IN COMMERCIAL BANKS A CASE STUDY ON DASHEN BANK SHARE COMPANY

BY

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ID NO: SGS/0025/2008B

JANUARY, 2018
ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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Internal Examiner   **Signature**

Declaration

I, the undersigned, declare that this study is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by:

Name Muluwork Melkamu

Sign_____

Date____January, 2018

Certification

This is to certify that Ms. Muluwork Melkamu has completed her project work entitled Assessing the performance appraisal practice in commercial banks the case of Dashen Bank S.C. As I have evaluated, her project is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Business Administration.

D.R Temesgen Belayneh (PHD)   _____

     Adviser   Signature

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LIST OF ACRONYMS

DB S.C. Dashen Bank Share Company

BARS Behaviorally Anchored Rating Scales

HR Human Resource

MBO Management By Objectives

PA Performance Appraisal

PAS Performance appraisal System

SPSS- Statistical Package for the Social Sciences

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ABSTRACT

*Performance appraisal, though an important function of human resource management, has not received the degree of concern it deserves. This function, if properly exercised by organizations, can serve a number of purposes, mainly administrative and developmental in nature. However, despite these intended goals, performance appraisal seems not to be effective in most cases mainly due to the subjective nature of criteria (standard) of performance, lack of rater understanding of or inadequate training on performance appraisal, which consequently led to the less importance and emphasis attached to it. This study has tried to address each of the above and other related issues by taking Dashen Bank S.C. as a case study organization. Accordingly, samples from the Bank's staff members (both managers and non managers) were selected and administered .*The study has used descriptive study Random sampling and Purposive sampling technique was used to give equal chance of participation Managers from branches and head office were selected purposefully in order to assess their opinion on the performance appraisal practice as raters and questionnaires distributed to 163 employees and analyze by SPSS Version 16.0.*The results are presented in this paper. While the practice by Dashen Bank S.C. has been that immediate supervisors are the people in charge of appraising employees, response from the sample respondents has indicated that others such as peers, subordinates, customers, or any combination of these should be allowed to participate if the process is expected to be more effective. It is identified that the appraisal format addresses different aspects of employee performance with traits being the dominant ones. It is also found out that the Bank adopts the rating scales method of appraisal. Although the existing practice of appraising employees twice a year has got the highest support among the sample respondents, some have suggested a more frequent time period for increased effectiveness. Employee participation in the appraisal process is set at a low level. Most of the non-supervisory respondents perceived performance appraisal as a punishment tool contributing little to motivation whiles their supervisory counterparts perceived it as an administrative and developmental tool. Owing to subjectivity (non-job relatedness) of most of the performance criteria in use, problems related to measurement, rater bias, and lack of appropriate rater training are seen to characterize the Bank's appraisal system. Problems are always prevalent and what one should be concerned about is on how to overcome them. Irrespective of how they are handled, the appraisal system of the Bank is found to encourage giving performance feedback and handling post assessment interviews with employees.*

CHAPTER ONE

INTRODUCTION

Background of the study

Performance appraisal properly describes a process of judging past performance of the employee and clear direction is given, in short management take the corrective action against the performance of its employee. Performance appraisal systems provides management an opportunity to recall as well as feedback to people as to how they are doing, so that they can correct their mistake and acquire new skills. In most of the organizations appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. Dessler (2008).

We can't imagine an organization without people, it operate and steer only by the people. It is people who set the goal and achieve the result. So the performance of the stakeholders of the organization gives the clear path to the organization for the future destination. According to Peter Drunker, an organization is like a tune; it is not constituted by individual sound but by their syntheses. The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use it objectivity to optimize them as a vital resource. Performance appraisal may be defined as a structured formal interaction between subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

The performance of employees through the activity and their productivity which can easily observed and evaluated. Employee's performance helps to aligning the employee's performance with the organization objectives. So each and every organization puts the employee performance on the top. Employee's performance helps to link the individual objective with the organization's mission and goal and fit with its strategies plan. Performance can be measured by some combination of quantity, quality, time and cost. Organization always gives the feedback as per

the performance of the employee and even the employee doesn't learn unless they are given the feedback on their performance. For learning to take place, feedback must be provided regularly and it should register both successes and failures and should follow soon after the relevant action. Performance appraisal properly describes a process of judging past performance of the employee and clear direction is given, in short management take the corrective action against the performance of its employee.

Performance appraisal systems provides management an opportunity to recall as well as feedback to people as to how they are doing, so that they can correct their mistake and acquire new skills. In most of the organizations appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. Dessler (2008).

Human resource management (HRM) is a key ingredient affecting organizational competitiveness and its ability to fulfill its mission. The effectiveness of an organization in providing a product or service that fits customers' needs is critical if it is to survive. That product or service is provided in part (or entirely) by people. Employees are not only among the most important resources a firm has; they also sometimes are among the most problematic (Mathis & Jackson, 1997, pp. 4-5).

There are several enduring issues relative to performance appraisal in commercial bank in case of Dashen Bank. They include the controversy over combining developmental purposes, the absence of rater training, the lack of organizational commitment and top-level support, rating errors, employee dissatisfaction with the amount of performance feedback received, and the absence of specific performance documentation.

1.2. Background of the Organization

Dashen bank is a privately owned company established in 1995 in accordance with the "Licensing and Supervision of Banking Business proclamation no.84/1994" of National Bank of Ethiopia to undertake commercial banking activities. The Bank obtained its license from the National Bank of Ethiopia on 20 September 1995 and started normal business activities on the first of January 1996. Presently, it operates through its head office in Addis Ababa and 291 branches established within and outside Addis Ababa.

The first founding members were 11 business men and professional that agreed to combine their financial resources and expertise to form this new private bank.

The rationale behind its name "**Dashen bank**", **Ras Dashen** is the highest mountain of Ethiopia
Vision: In as much as Mount Dashen excels all other mountains in Ethiopia, Dashen Bank continues to prove unparalleled in banking services.

Major products and Services are Deposit Mobilization, Loans and Advances, International Banking and Payment Card Services (E-banking service) (Source: www.dashenbanksc.com)

Mission: Provide efficient and customer focused domestic and international banking services by overcoming the continuous challenges for excellence through the application of appropriate technology.

1.3. Statement of the problem

In today's dynamic and competitive business environment improving organizational productivity has become one of the overriding priorities of all organizations. Organizational performance is cumulative result of the performance of all employees in the organization. This being the truth, employee performance has to be properly appraised and coached to ensure that it is contributing toward achieving organizational goals.

However, The Researcher conducted A politest through questionnaires with some selected employees of the Bank. The questionnaires were first tested before distributing to the respondents so as to check their viability. The questionnaire test was done by distributing 15 questionnaires (5 for managers, 10 for non manager staffs). It seems that performance appraisal is not given the proper attention and exercised periodically more as a usual practice than as a tool of motivation on the basis of which various administrative and developmental decisions are taken. Moreover, Dashen Bank do not have a formal practice of giving performance feedback to their employees on a timely basis and do not encourage their managers to engage in appraisal discussions, which help make employee performance related problems explicit thereby enhancing organizational productivity through motivating employees to improve their performance. Consequently, it is not unusual that most employees perceive performance appraisal as evaluative in which case they consider it as a tool of punishment for unfavorable performance, even as a threat to their stay with the organization, than as one that aims at stimulating better future performance through enabling employees to learn from their past mistakes so that they contribute their best to the good of both parties in the future.

At last, certain factors related both to the instrument of appraisal and the appraiser seem to undermine effective utilization of the performance appraisal system. It is not unusual to find appraisal instruments (forms) burdened with non-job-related criteria against which employees' job-related performances are appropriate to be evaluated and lack of rater training and personal bias, is a challenge for performance appraisal systems in meeting their intended purposes .Although the student researcher has it is evident that performance related problems would be among the major reasons underlying the high staff turnover, low productivity and increasing number of customer complaints many organizations are experiencing.

By analyzing the different major aspects of employee performance, the problem related to this issue can be minimized into large extent. the research was conducted to evaluate the performance appraisal practices of Dashen Bank S.C. Strengths and weaknesses of the appraisal system are pinpointed Generally, employee performance has the positive relationship with the performance of the organization as a whole. This research tries to solve out the problems associated with the employee performance appraisal in Dashen Bank Share Company.

1.4. Research Questions
This research has tried to answers to the following research questions.

➢ What is the practice of performance Appraisal at Dashen Bank?

➢ How do employees perception about performance appraisal system?

➢ Performance appraisal criteria used in the system appropriate?

➢ Is the performance appraisal system of the Bank meeting its planned objectives?

➢ What are the major problems of Performance appraisal system of the Bank?

1.5. Objectives of the study

1.5.1. General Objective
The general objective of this study has assessing performance appraisal practice of Dashen Bank S.C. and recommending solutions for problems related to the subject matter.

1.5.2. Specific Objectives
With the above general objective, the following specific objectives

➢ Assess the frequency of the appraisal practice and what methods are available to appraising performance.

➢ To help suggest whether employees should participate in setting their own performance objectives.

➢ To identify how employees perceive the system and what roles (purposes) performance appraisal system serves.

➢ To find out and assess the factors that should be considered in performance appraisal.

➢ To uncover potential problems related to performance appraisal and state ways of overcoming those problems.

1.6. Scope of the Study

The scope of this study was concerned to address the objective of the study, which is performance appraisal in Commercial in case of Dashen Bank Share Company. The study will be conducted in the head office and Eighteen branches. About 163 questionnaires will be distributed among employees of the Bank. An interview would be conducted with 5 managers who are responsible for rating the performance of their subordinates and with 5 employees.

1.7. Definition of Terms

i. **Performance Appraisal:** Performance appraisal 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, 1998).

ii. **Performance appraisal methods**: are the techniques through which employee performance is appraised.

iii. **Performance appraisal Purposes:** are the reasons underlying any performance evaluation practice.

1.8. Significance of the study

A fair performance evaluation will boost productivity by motivating employees and rewarding high performance. Accurate results of Performance appraisal increase the quality of decisions made with respect to human resource planning, training and development, recruitment and selection, career planning and development, compensation programs, internal employment relations and assessment of employee potential. Subsequently, the attainment of organizational goals will be greatly improved. On top of this, the study can function as an input for future researchers interested in the topic.

1.9. Limitation of the study

The study has covered those employees working in the Head Office and those area banks located in Addis Ababa City Administration for the last two years. Hence, it has not considered the views and opinions of those working in outlying area banks. No distinction has been made between managerial appraisal and employee appraisal. Rather, all staff has been sometimes treated under the general heading of 'employees'.

1.10. Organization of the study

The study is organized under five chapters. The introductory part bears background information, statement of the problem, objectives, significance of the study and limitations of the study. The second chapter deals with review of related literature. The third chapter the methodology used to conduct the study The Fourth chapter presents the empirical findings from assessment of the performance appraisal practice of Dashen Bank S.C. Where in the data gathered are analyzed and interpreted. In the Fifth and last chapter, conclusions and recommendations are provided.

CHAPTER TWO

RELATED LITRATURE REVIEW

2.1Overview of Performance Appraisal

People are the source of all productive effort in an organization. Organizational performance depends upon individual performance. To fulfill the objectives of the organizations there should be well management of human resources. Actually the true meaning of human resource management is the "get result through people". We can make brilliant plans, we can draw clear organizational charts, we can set up modern assembly lines and can use sophisticated accounting controls but still we fail if we can't choose right human resource in right place and time.

Human resource influences the efficiency of organization. People set overall goals, strategies and objectives e the organization, without effective people it is simply impossible for an organization to achieve predetermined goals and objectives. Human resources are the major cost and expense of doing business, they have profound effect on productivity, they are unique, and they demand fairness and equity. Properly trained human resource manager will protect the organizations from unnecessary law suits and penalty. Managing human resources is a central concern of every manager in any organization. Recently, a number of developments have combined to make effective management of human resource even more important, and more complex.

Not only are workers and work organizations changing but organizations are also changing. Government regulations of the employment relationship, economic competition on a global scale and host of other factors has forced this change (Dessler, 5th edition, Human Resource Management).

HRM has been given importance in the banking and professionals fields because of the role it plays in enhancing organizational performance. Presently, organizations are successful on the account of competent human resources. Thus, according to Katuwal (2007) human resource management is the requirement in facing competition successfully rather that fulfilling the legal and mandatory requirements.

Performance appraisal is a formal program in which employees are told the employer's expectations for their performance and rated on how well they have met those expectations. Performance appraisals are used to support HR decisions, including promotions, terminations, training, and merit pay increases. "Performance Appraisal" has been synonymous with

performance review, performance evaluation, and other terms and combinations of terms. PA has, over time, referred to 1) an instrument or form to assess an employee's job performance, 2) an interview where an employee's job performance is assessed and feedback is given to the employee, 3) a system of setting employee job expectations/ employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period, or 4) performance management with job performance appraisal a part of it (Dessler, 2010 as cited in Kondrasuk , 2011). According to Palaiologos et al. (2011), Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee.

The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Performance appraisal and evaluation is identified as the identification, Measurement and management of human performance in organizations and provides individuals with useful feedback and coaches them to higher levels of Performance. Performance appraisals are important part of organizational life because they can serve a number of functions/purposes, including solving performance problems, setting goals,administering rewards and discipline, and dismissal (Dickinson and Ilgen, 1993 as cited in Emami, 2011). He further asserts that, therefore, the performance appraisal system should:

• be correlated with the organizational mission, philosophies and value system;

• Cover assessment of performance as well as potential for development;

• Take care of organizational as well as individual needs; and help in creating a clean environment

• Linking rewards with achievements,

• Generating information for the growth of the employee as well as of the organization and Suggesting appropriate person-task matching and career plans.

Toppo and Ttrusty (2012), in their paper entitled "From Performance Appraisal to Performance Management" while discussing emergence of performance evaluation stated that formal appraisal of employee"s performance is believed to have been started for the first time during the First World War, when at the instance of Walter Dill Scatt, the US Army: adopted the "Man-to-

man" rating system for evaluating military personnel. This early employee's appraisal system was called "merit rating". From the army this concept entered the business field and was restricted to hourly-paid workers. During 1920s, relational wage structures for hourly-paid workers were adopted in industrial units and each worker was used to be rated in comparison to others for determining wage rates.

In the 1940s behavioral methods were developed using a motivational approach. These included behavioral anchored rating scales (BARS), behavioral observation scales (BOS), behavioral evaluation scales (BES), critical incident, and job simulation. All these judgments were used to determine the specific levels of performance criteria to specific issues such as customer service and rated in factors such as "excellent", "average", "need to improve" or "poor". Post-1945 developed into the results-oriented approaches and led to the development of management by objectives (MBO) (Prowse & Prowse, 2009). In the 1960s the development of self-appraisal by discussion led to specific time and opportunity for the appraises to evaluate their performance reflectively in the discussion and the interview developed into a conversation on a range of topics that the appraise needed to discuss in the interview. In the 1990s 360-degree appraisal developed, where information was sought from a wider range of sources and the feedback was no longer dependent on the manager-subordinate power relationship but included groups appraising the performance of line managers and peer feedback from peer groups on individual performance (Redman and Snape, 1992, as cited in Toppo and Prusty, 2012). So Since 1940s, the philosophy of performance appraisal has undergone tremendous changes. The common terms used include merit rating, behavioral assessment, employee evaluation, personnel review, staff assessment, progress report and performance appraisal. However, the most widely used term is performance appraisal (Danielle and Buckley, 2005).

2.2 What is appraised?

The criterion or criteria that management choose to evaluate, when appraising employee performance, will have a major influence on what employees do. Generally, content to be appraised is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organizational objectives (measures) like production, costs savings, return on capital, etc. (Robbins, 1996, pp. 650- 651 & Rao & Rao, 2004, pp. 220). The three most popular sets of criteria are:

i. Individual task outcomes (objectives) which measure job-related results like amount of deposits mobilized

ii. Behaviors which measure observable physical actions, movements, and

iii. Traits which are measured in terms of personal characteristics observable in employees job activities.

Individual task outcomes. If ends count, rather than means, then management should evaluate an employee's task outcomes. Using task outcomes, a bank clerk could be judged on criteria such as number of customers served, number of new accounts opened, volume of transactions posted, number of tickets produced, etc.

Behaviors. In many cases, it is difficult to identify specific outcomes that can be directly attributable to an employee's actions. This is particularly true of personnel in staff positions and individuals whose work assignments are intrinsically part of a group effort. In the latter case, the group's performance may be readily evaluated, but the contribution of each group member may be difficult or impossible to identify clearly. In such instances, it is not unusual for management to evaluate the employee's behavior. Thus a bank clerk may be evaluated on the basis of such behaviors as the quality of his/her customer services, his/her manner of communication with colleagues and customers, etc.

Traits. Traits are the weakest set of criteria, yet widely in use by many organizations. They are said to be weaker than either task outcomes or behaviors because they are farthest removed from the actual   performance of the job itself. Traits such as having "a good attitude," showing "confidence," being "dependable" or "cooperative," "looking busy," or possessing "a wealth of experience" may or may not be highly correlated with positive task outcomes, but only the naïve would ignore the reality that such traits are frequently used in organizations as criteria for assessing an employee's level of performance (Robbins, 1996, pp. 650-651).

2.3 When to Conduct Performance Appraisal?

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct PA depending on their own philosophy of time period (Mullins 1996:501). With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient. More frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose

past performance has not been up to the required standard. Mathis and Jackson (1997: 345-346), further explained the importance of formal and systematic performance appraisal as follows.

First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by an on-the-sport examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated. Second, a systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year. Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal at 90 days after employment, at six months, and annually is common timing. This regular time interval is a feature of formal appraisals and distinguishes them from informal appraisals. Both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable Mathis and Jackson (1997: 345-346). Obisi (2011), asserted that for most people, objectives cannot be accomplished by a performance appraisal given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. It is also not in the interest of the organization for performance appraisal to be conducted once in a year because it would be difficult for the appraiser to know what happened throughout the year and be able to remember them. Boice and Kleine (1997), argued that employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly. They further strengthened their argument by stating added value of conducting performance evaluation frequently. Two situations that are eliminated by conducting reviews frequently are: 1. selective memory by the supervisor or the employee; and 2. surprises at an annual review.

People generally tend to remember what happened within the last month or high profile situations (good or bad). Frequent reviews help eliminate the effects of this, generally unconscious, selective memory.

2.4 Who is to Conduct PA?

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. By tradition, a manager's authority typically has included appraising subordinates" performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates performance, it only makes sense that these managers do the evaluating of that performance. However, others may actually be able to do the job better (Robbins, 1998:1206-08). Among these are:

Immediate supervisor: Traditional rating of employees by supervisors is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee"s performance realistically, objectively, and fairly. The unity of command notion - the idea that every subordinate should have only one boss – underlies this approach. The advantage to this source of appraisal is that supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control their subordinates continuously. Moreover, supervisors are accountable for the successful performance of their subordinates (Robbins, 1998:1206-08).

Peers: Peer evaluations are one of the most reliable sources of appraisal data. First, peers are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters results in a number of independent judgments. A boss can offer only a single evaluation, but peers can provide multiple appraisal. And average of several ratings is often more reliable than a single evaluation. On the downside, peer evaluations can suffer from coworkers" unwillingness to evaluate one another and from friendship-based biases. Moreover, peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction (Robbins, 1998:1206-08).

Self appraisal: As part of the overall process, employee self-appraisals should be encouraged (Goff and Longenecker, 1990, as cited in Boice and Kleiner, 1997). This helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-

improvement. The employee‟s self appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. Self appraisals

give the supervisor helpful insight as to how the employee views his/her performance. Generally speaking people will be at least as tough on themselves as the formal rater. However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious drawbacks, self appraisals are probably better suited to developmental uses than evaluative (Robbins, 1998:1206-08).

Immediate subordinates: The concept of having supervisors and managers rated by employees or group members is being used in a number of organizations today. A prime example of this type of rating takes place in colleges and universities where students evaluate the performance of professors in the classroom. There are three primary advantages to this source of appraisal. First, in situations where manager-employee relationships are critical, employee ratings can be quite useful in identifying competent managers. Second, this type of rating program can help make the manager more responsive to employees, though this advantage can quickly become a disadvantage if it leads the manager to try to be "nice" rather than to try to manage. Finally, it can be the basis for coaching as part of a career development effort for the managers. The hope is that the feedback will assist their managerial development. A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The "proper" nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists workers may rate the manager only on the way the manger treats them and not on critical job requirements (Robbins, 1998:1206-08).

Multi source rating (Comprehensive or 360o rating): Multi source feedback recognizes that the manager is no longer the sole source of performance appraisal information. Instead, feedback from various colleagues and constituencies is obtained and given to the manager, thus allowing the manager to help shape the feedback from all sources. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360o system. Thus, the manager's perception of an employee's performance is still an important part of the process (Bozeman, 1997). Bozeman asserts that this source of appraisal has the following advantages and drawbacks.

Multi-rater evaluation provides an integrated assessment of individual performance that maximizes the strengths and minimizes the weaknesses of individual ratings, a fuller conceptualization and measurement of the job performance domain, an improved legal defensibility over single-source ratings, and an increased use of performance feedback for individual improvement and development. Multi-rater evaluation also is an attractive prospect to individual rates in that rates tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation. Despite the purported benefits of multi-source performance appraisal cited above, the following drawbacks could be noted: different rater groups (e.g. supervisors, subordinates) frequently do not agree concerning an individual's job performance. Based on traditional conceptions of reliability and validity, low inter-rater agreement indicates unreliability and, therefore, invalidity. Accordingly, the validity of multi-source performance appraisal has been questioned. On the other hand, Mathis and Jackson (1997: 347), affirmed that performance appraisal can be done by anyone who is familiar with the performance of individual being appraised. They presented the following list as possible options.

Supervisors who rate their employees

Employee who rate their supervisors

Team members who rate each other

Outsider sources

Employee self-appraisals

Multi-score (360o) appraisal

2.5 Employee Participation in the Appraisal System

Rasheed et al. (2011), asserted their views about the participation of employees in appraisal systems. They said that through participation, employees are given an opportunity to raise their voice. They further added that biasness reduces and trust on the supervisors develops when performance standards and criteria for evaluation are set with the help of employee in a joint session between employee and supervisor. Decreased employee participation increases appraisal related tension and appraiser- appraisee conflicts. Comprehensive and effective participation within the performance appraisal consists of joint rater-ratee development of: 1) performance standards, 2) the rating form, 3) employee self-appraisal, and 4) rate participation in the interview (P.E, 1992, as cited in Roberts, 2003).

Performance Standard Participation Clear and specific standards of performance are major elements of a valid and reliable performance appraisal system. The key is to develop standards that measure the essential job duties and responsibilities utilizing a balance of process, outcome, and individual and group-based performance standards. The development of reliable, valid, fair and useful performance standards is enhanced by employee participation, as workers possess requisite unique and essential information necessary for developing realistic standards (Jordan, 1990, as cited in Roberts, 2003).

Rating form participation

Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definition of what the organization considers worthy of formal appraisal.

As such, it is important to gather employee input on the aspects of performance formally appraised as well as the measurement scales provided (Roberts, 1996).

2.6 Benefits of performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. For employees, it gives a chance to see their performance with others" point of view. It also results in position promotion and salary increment. It enables the organization to identify the actual skill gap of the individual being appraised and helps device proper training and development program and coaching service. Performance appraisals also give employees and managers a useful tool to aid in employee development and employee control. According to Reza (1997), performance appraisal has the following major benefits.

1. Motivation and Satisfaction Performance appraisal can have a profound effect on levels of employee motivation and satisfaction - for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted.

2. Training and Development Performance appraisal offers an excellent opportunity - perhaps the best that will ever occur - for a supervisor and subordinate to recognize and agree upon individual training and development needs. From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. This data may be analyzed by variables such as sex, department, etc.

3. Recruitment and Induction Appraisal data can be used to monitor the success of the organization's recruitment and induction practices. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

4. Employee evaluation and control though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate or to judge is also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual. On the other hand, Armstrong (2005), classified benefits of conducting performance appraisal in to three levels depending on the parties enjoying benefits of the system.

2.7 Methods of Performance Appraisal

Organizations currently use several methods to appraise performance. Jafari, Bourouni and Amiri, (2009) denominated that there are three existent approaches for measuring performance appraisal. These are (1) absolute standards (2) relative standards and (3) objectives. (4)360 Degree Feedback.

2.7.1 Absolute Standards

In the absolute standards, as performance appraisal approach, the employees are compared to a standard, and their evaluation is independent of any other employee in a work group (Dessler, 2000). Included in this group are the following methods: The essay appraisal: It is the simplest evaluating method in which evaluator writes an explanation about employee˙s strong and weak points, previous performance, positional and suggestion for his (her) improvement at the end of

evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, 2008). The critical incident appraisal: It focuses on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job and based on individual's performance than characteristics. The necessity of this system is to try to measure individuals' performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the manager writes down the positive and negative individuals' performance behavior in evaluation term (Mondy, 2008). The checklist: In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. Answers of checklist are often "Yes" or "No" (Decenzo, 2002, as cited by Jafari et al., 2009). The graphic rating scale: This is the most commonly used method of performance appraisal because they are less time-consuming to develop and administer and allow for quantitative analysis and comparison. It is a scale that lists some characteristics and range of performance of each individual. Therefore, employees are ranked by determining a score which shows their performance level. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Mondy, 2008). This method evolved after a great deal of research conducted for the military services during World War II. It is a method in which the evaluator should rank individual work behavior between two or more states. Each state may be favorable or unfavorable. The activity of evaluator is to determine which state has an explanation of employee most (Mondy, 2008). Behaviorally anchored rating scales (BARS): This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS let the evaluator to rank employees based on observable behavioral dimensions. The elements of this method are result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 2000).

2.7.2 Relative Standards

In this category, individuals are compared against other individuals. These methods are relative standards rather than absolute measuring device. The most popular of the relative method are group order ranking, individual ranking and paired comparison. Group order ranking: In this method, employees are placed into a particular classification, such as "top one-fifth". For

example, if a rater has 20 employees, only 4 can be in the top fifth and 4 must be relegated to the bottom fifth (Decenzo, 2002, as cited by Jafari et al., 2009). Individual ranking: In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2000). Paired comparison: In this method, employees are compared with all others in pairs. The number of comparison is followed as (N. (N-1))/2 in which N shows the number of employees. After doing all comparisons, the best person is determined for each characteristic (Mondy, 2008).

2.7.3 Objectives

This approach to appraisal makes use of objectives. Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO). Management by objectives is a process that converts organizational objectives in to individual objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews (Ingham, 1998).

2.7.4 360 Degree Feedback

Appraisal 360 degree evaluations are the latest approach to evaluating performance. It is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. "Feedback from multiple sources or „360 degree feedback‟ is a performance appraisal approach that relies on the input of an employee‟s superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses" (Yukl and Lepsinger, 1998). The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee‟s competencies (Shrestha, 2007). According to Wiese (2000) in the typical 360-degree process, supervisor(s), subordinates, peers and (less frequently) internal or external customers provide feedback on performance for each target rate, using some type of standardized instrument. Rasheed, Aslam, Yousaf and Noor (2011), claimed that 360-degree appraisal system is more effective as compared to the other systems that are one sided and could be biased at times. In 360-degree appraisal system, information is obtained through several sources; it includes the boss, top management, assistants, co workers, customers, dealers and advisors. All these can be classified into internal and external

parties. In 360-degree appraisal system, information can be obtained from anyone who interacts with the employee and can tell how that employee behaves with him

2.8 Purposes of performance appraisal

Performance Appraisal is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it also serves the organization as a means for validating selection and hiring procedures, promoting employee-supervisor understanding, and supporting an organizations culture (Daley, 1992, p. 39-49).

Performance appraisal serves a number of purposes in organizations. In general terms performance appraisal has two roles in organization, which are often seen as potentially conflicting. These are administrative and developmental roles. Performance appraisals can be sometimes conducted for personnel research purposes (Mathis & Jackson, pp. 344). Those who favor formal performance evaluation contend that it serves several purposes, which are essentially extensions of the above two major roles (Ivancevich & Glueck, 1989, and Robbins, 1996). The following are some of them:

Developmental purposes. PA can determine which employees need more training and helps evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and encourages supervisors to observe subordinate behavior to help employees. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. Similarly, the effectiveness of training and development programs can be determined by assessing how well those employees who have participated do on their performance evaluation.

Reward and compensation purposes. PA helps the organization decide who should receive pay raise and promotions. It can determine who will be laid off. It reinforces the employee's motivation to perform more effectively. PA also provides information that can be used to determine what to pay and what will serve as an equitable monetary package. Decisions as to who gets merit pay increases and other rewards are frequently determined by performance evaluations.

Motivational purposes. The presence of an evaluation program has a motivational effect: it encourages initiative, develops a sense of responsibility, and stimulates effort to perform better. What defines performance in the expectancy model of motivation is the individual's performance

evaluation. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance evaluation and that the favorable evaluation will lead to the rewards they value. Following the expectancy model of motivation, if the objectives that employees are expected to achieve are unclear, if the criteria for measuring those objectives are vague, and if the employees lack confidence their efforts will lead to a satisfactory appraisal of their performance or believe there will be unsatisfactory payoff by the organization when their performance objectives are achieved, one can expect individuals to work considerably below their potential.

Legal compliance. It serves as a legally defensible reason for making promotion, transfer, reward, and discharge decisions.

Personnel and employment planning purposes. PA serves a valuable input to skills inventories and personnel planning. Performance evaluations can be used as criterion against which selection and development programs are validated. Newly hired employees who perform poorly can be identified through performance appraisal.

Communications purposes. Evaluation is a basis for an ongoing discussion between superior and subordinate about job-related matters. Through interaction, the parties get to know each other better. Evaluations fulfill the purpose of providing feedback to employees on how the organization views their performance.

2.9 How often should appraisal be done?

Organizations use two basic timing periods for most employees. They are referred to as the anniversary date (the date the person entered the current job or a common review date).Under a common review date system, all employees are evaluated and compared so that such decisions as promotions, and merit pay increases have a common period of time being covered for all employees.

Researchers have found that feedback on performance should be given frequently and the closer the feedback to the action, the more effective it is. However, only few firms evaluate frequently. One way to reconcile the ideal with the reality in this respect is for the manager to give frequent feedback to employees informally and then formally summarize performance at evaluation time.

Another reason that some managers resist frequent subordinate evaluations is that they produce stress, especially if a rater has to use a system in which he/she has little faith or confidence. There is also the stress associated with having to inform another person that he/she is not

performing at acceptable levels (Srinivas & Motowidlo, 1987, as cited in Ivancevich & Glueck 1989, pp. 338-339). Researchers have found that raters under stress tend to notice and recall negative information about those being evaluated.

2.10. Potential problems to performance appraisal
While organizations may seek the performance appraisal process to be free from personal biases, prejudices, and idiosyncrasies, a number of potential problems can creep into the process (Robbins, 1996, pp. 655). Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999, pp. 204-207).

2.10.1. Human errors (rating biases)
Human errors are called so because they just happen and supervisors may neither know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted: Single criterion. A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job-relevant factors.

Leniency error. Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.

Halo error. This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.

Central tendency errors. Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao & Rao, 2004, pp. 247).Recency vs. primacy effect**.** One difficulty with many of the

evaluation systems is the time frame of the behavior being evaluated. Raters forget more about past behavior than

current behavior (Ivancevich & Gluedck, 1989, pp.331). Recency refers to the proximity or closeness to appraisal period. Generally, an employee takes it easy for the whole year and does little to get by the punishment. However, as appraisal time gets closer, he/she becomes very active creating an elusion of efficiency in the rater thereby affecting his/her appraisal decision. Primacy is the opposite of recency. It refers to a situation where an employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

Similarity error. This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006, pp. 34-40).

2.10.2. Problems of criteria

Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform.

2.10.3. Problems of confidentiality

One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this. First, each employee expects rewards if the report is better than average, which may not be administratively possible, Secondly, very often supervisors pass the challenge to top management by saying that while they did give good ratings to the employee; top management did not take that into consideration. Thirdly, giving rewards is not the only objective of appraising employees. Given these reasons, it is emphasized that supervisory ratings of employees should be kept confidential.

On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated. In fact, MBO, which is tailored to the individual, was introduced to take care of this problem. However, MBO does not readily provide the data needed for decisions on wage increase, promotion, and other personnel actions that require comparisons between two and more employees.

2.11. Overcoming problems

Just because organizations can encounter problems with performance appraisal should not lead managers to give up the process. Some measures can be taken to overcome most of the problems (particularly those caused due to human errors) identified above. Robbins (1996, pp. 657-658) has suggested the following:

Use of multiple criteria. The more complex a job, the more criteria that will need to be identified and evaluated. Only the critical activities, not everything, that lead to high or low performance are the ones that need to be evaluated. Emphasizing behaviors rather than traits. Many traits often considered to be related to good performance may, in fact, have little or no performance relationship. For example, individuals who rate high on such traits as loyalty, initiative, courage, reliability, etc., may be poor performers. Conversely, it is possible to find excellent performers who do not score well on such traits.

Documenting performance behaviors in diary. By keeping a diary of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1996, pp.657-658). Diaries, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits. Use of multiple evaluators. As the number of evaluators increases, the probability of attaining more accurate information increases. Thus, if an employee has had nine supervisors, nine having rated him/her excellent and one poor, one can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as

to gain a number of evaluations or by using multiple assessors (as provided in 360-degree appraisals), the probability of achieving more valid and reliable evaluations can be increased. Evaluate selectively. It has been suggested that appraisers should evaluate only those areas in which they have some expertise (Borman, 1974, as cited in Robbins, 1996, pp. 658.

If raters make evaluations on only those dimensions on which they are in good position to rate, inter-rater agreement can be increased and evaluation can be made a more valid process.

This approach also recognizes that different organizational levels have different orientations toward rates and observe them in different settings. In general, therefore, it is recommended that appraisers should be as close as possible, in terms of organizational level, to the individual being evaluated. Conversely, the more levels that separate the rater and ratee, the least opportunity the rater has to observe the ratee's behavior and not surprisingly, the greater the possibility for inaccuracies.

Train raters. Rater training is an area which has recently shown some promise in improving the effectiveness of performance ratings. Smith (1986, pp. 22-40) reveals that researchers use three methods to present training: lecture, group discussion, and practice and feedback. Lecture presentation includes the traditional classroom-type monologue (requiring little or no participation from the trainees in discussing the material being presented).

Group discussion training includes approaches which use participation by the group to ensure that the content of the training is fully understood by each trainee. This approach may require the discussion group to either generate solutions to specific rating errors or to define performance dimensions for the job being evaluated.

Practice and feedback training provide raters with an opportunity to practice evaluating job performance. The rater is allowed to compare his/her ratings given by "experts" or predetermined "true score." Feedback also can include the rater pointing out specific rating errors (for example, leniency or halo) that were made by the rater.Smith (1986) further has outlined that the content of training falls into three categories, namely,

Rater Error Training; Performance Dimension Training; and Performance Standards Training. *Rater error training* attempts to directly reduce rating errors, typically by presenting raters with examples of common rating errors such as leniency, halo, central tendency, and contrast errors. After raters are familiar with these errors, they are encouraged to avoid them.

Studies categorized as *performance dimension training* attempt to improve the effectiveness of ratings by familiarizing raters with the dimensions by which the performance is rated. This is done by providing descriptions of job qualifications, reviewing the rating scale used in the evaluations, or having raters practice in the actual development of the rating scale.

Training in performance standards attempts to provide raters with a frame of reference for making evaluations of the ratee's performance. The goal is to get raters to share common perceptions of performance standards. A frame of reference is achieved by presenting samples of job performance to trainees along with the appropriate or "true" ratings assigned to the performance by trained experts.

2.12. Factors affecting performance appraisal

According to Ivancevich & Glueck (1989, pp. 322-324), there are several factors that have significance for performance evaluation. One factor is the task. A white collar or supervisory task is more likely to be formally evaluated than a blue collar task. In addition, the performance evaluation technique used will differ with the task being valuated. Other factors affecting performance evaluation are government requirements, regulations and laws. By inducing organizations to keep better records to support their decisions, government action has indirectly encouraged better performance evaluation systems. Keeley (1978, pp. 428-438) in his "Contingency Framework for Performance Evaluation" has proposed that different appraisal techniques would be appropriate to different organizational structures depending on the degree of task uncertainty. Thus the following are suggested:

• Behavior-based evaluation procedures (e.g., BARS) - those defining specific performance expectations and, hence highly "mechanistic" in structure – are most appropriate for certain tasks.

• Objective-based evaluation procedures (e.g., MBO) – those defining less specific performance expectations and, hence, moderately "organic" in structure – are most appropriate for tasks which are neither extremely certain nor extremely uncertain.

• Judgment-based evaluation procedures (e.g., multi-rater techniques) – those defining the least specific performance expectations and, hence, highly, "organic" in structure are most appropriate for uncertain tasks.Other factors influencing performance evaluation, according to Ivancevich & Glueck (1989,pp. 322-324) are the attitudes and preferences of employees. For people whose value fit the work ethic, evaluations can be very important. If this process is badly handled, turnover increases, morale declines, and productivity can drop. For employees with instrumental attitudes toward work, performance evaluation is just another process at work. Since work is not too important to them, neither are evaluations. They want a job to earn money, and that is it.

One important factor that can affect performance evaluation is the leader's (supervisor's) style. Supervisors can use the formal system in a number of ways: fairly or unfairly, in supportive manner or punitively, positively or negatively. If the supervisor is punitive and negative with an employee who responds to positive reinforcement, performance evaluation can lead to the opposite of the results expected by the enterprise.

Finally, if there is a union present in the organization, performance evaluations might be affected. Different unions take different positions in support or in opposition of formal performance evaluations. Most oppose the use of non-measurable, nonproduction-related factors in performance evaluation.

2.13. Guidelines for a Successful Performance Appraisal System

Researchers have studied the performance appraisal process with the goal of determining the components of a successful performance appraisal system. For instance, Longenecker and Fink (1999, as cited in Cintron and Flaniken, 2008) found that a successful performance appraisal system could be divided into three critical components: systems design, managerial practice, and appraisal system support, with each component containing several factors.

The systems design component requires a clearly defined purpose for conducting performance appraisal. All employees must understand why performance appraisal is being conducted and the specific goals for it. The specific goals will allow the managers to select performance criteria that will support the organization"s objectives and increase the motivation of the managers to carry out the appraisals properly. A second factor of effective systems design is to have the input of managers and employees in the design, development, and choice of criteria used in the appraisal. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system. Roberts (2003), noted that employee involvement is a useful tool for increasing job-related autonomy, which is a prerequisite for employee growth. Roberts also points out that employee participation gives employees voice in the appraisal process which gives the employee the opportunity to refute performance ratings, documentation, or verbal feedback with which they disagree. If employees are convinced the appraisal process is fair, they are more likely to acknowledge their performance ratings, including unfavorable ones. The third factor addresses the importance of user-friendly and easy-to-understand appraisal procedures and forms. The

performance criteria, rating procedures, and feedback should be relevant and meaningful for both supervisors and their employees. The forms should facilitate communication between the supervisors and the employees concerning behaviors, work processes, and opportunities to improve. The final factor within an effective systems design is an understanding by both supervisors and their employees of the appraisal process and their roles in it. This requires that they have training and education (Longenecker and Fink, 1999, as cited in Cintron and Flaniken, 2008). The second critical component of a successful appraisal system defined by Longenecker and Fink (1999), consists of three factors concerning managerial systems practices. The first factor is supervisors must conduct performance planning at the beginning of the appraisal cycle. Performance planning includes writing job descriptions and reviewing them with the employees, setting and agreeing upon goals, and communicating the expectations of behaviors and results for which the employees will be held accountable. The second factor is supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place. Using frequent, informal feedback allows minor issues to be addressed promptly rather than growing into more serious ones over the passage of time. The final factor within the managerial systems practices component is supervisors must be motivated to carry out effective appraisals. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization.

The third and final component of an effective performance appraisal system describes organizational support of the appraisal system (Longenecker & Fink, 1999). The first factor is performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum standards

A second factor is appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by administrators giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials. A final factor is appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of

the system by the employees, comparing the relationship between performance and rewards, and reviewing the consistency of implementation of policies and procedures across all departments and locations.

CHAPTER THREE

RESEARCH METDELOGY

3.1 Research Approach and Method

The study has used descriptive study that sets out to describe performance appraisal practice on commercial Banks. Data collected from respondent were analyzed and interpreted so as to arrive at meaningful findings. SPSS Version 16.0 was used to code and analyze the collected responses from questionnaires. The participants of the study are employees of Dashen Bank S.C. working in different branches located in Addis Ababa and head office. The respondents were selected on the basis of a criterion which demands at least two years of service in the bank which is believed to give them enough exposure to the performance appraisal practice of the Bank.

3.2 Sources of Data

The study was used both primary and secondary data in its construction.

Primary data were collected mainly through questionnaires of both types (closed-ended and open-ended) that were.

Secondary sources such as, published books, company appraisal forms, and the Internet have also been extensively reviewed as references.

3.3 Population and Sampling Technique

Primary data were collected from employees of the bank working in different branches in Addis Ababa and head office. The Bank has a total of **98** branches in Addis Ababa (as of March 30, 2017). Out of the **98** branches **67** branches where performance appraisal practice has been carried out for more than two years were considered for the study. There are **437** employees in the **18** branches altogether. Besides, head office employees were part of the study. There are **726** staffs in the Head office. Hence, total number of population under consideration is **1163** (**437** of branches and **726** of the head office). Of the total staffs in the head office and branches, approximately **70 % (814)** have worked more than two years in the bank as confirmed by the HR Directorate of the Bank. Random sampling technique was used to give equal chance of participation. Managers from branches and head office were selected purposefully in order to assess their opinion on the performance appraisal practice as raters. Purposive sampling was used with the view that managers would give relevant data that would help in assessing the

performance appraisal practice of the Bank. Non-manager employees will randomly select from sample branches and head office as rates. Here too, the reason is to give equal chance of participation to the employees. Total of **163** questionnaires were distributed to the employees. Hence, sample size is **n/N =163/814=20%** of the population. Accordingly, two types of questionnaires, one for managerial and the other for non managerial respondents, questionnaires distributed to 163 employees of the bank (135 to non managers and 28 to managers),

3.4 Data Collection Procedures

As discussed above in the sources of data section were prepared and distributed to 163 employees of the banks. The questionnaires were first tested before distributing to the respondents so as to check their viability. The questionnaire test was done by distributing 15 questionnaires (5 for managers, 10 for non manager staffs). Convenient sampling was used to test the questionnaires. After testing and making revisions, questionnaires were finally distributed to sample respondents. As to interview, questions for the discussion were made ready before hand and the responsible HR directorate was contacted for arranging a meeting. With consent of the respondent interview time was scheduled. During interview data will be collected by taking notes of the proceedings of the discussion based on the discussion questions designed.

3.5 Validity and Reliability

A reliable and valid research instrument is absolutely essential for collecting accurate data for the conduct of any research and the process of development of the present research work.

3.5.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure.

Data were collected from the reliable sources, from respondent who are employees of Dashen Bank S.C. (managers as well as non managers) working at the head office and eighteen selected area banks located in Addis Ababa.

3.5.2 Reliability

Reliability means the ability of a measuring instrument to give accurate and consistent results. The question of reliability arises only for the questions used to measure perception.

3.6 Data Analysis

Data collected from respondent employees through questionnaires and interview discussions are analyzed and interpreted so as to arrive at meaningful findings. SPSS Version 16.0 was used to code and analyze the collected responses from questionnaires. After proper editing, data were coded; entered to the software and then they were made ready for analysis. Descriptive statistical techniques are adopted for analysis of data collected from questionnaire respondents. In so doing frequency tables and percentages were used. This helped the researcher thoroughly analyze and interpret the questions one by one in order to reach meaningful results. Data collected from interview discussion was also incorporate in the data discussion and interpretation part of the study. Hence, the results are easily interpreted to assess performance appraisal practice at Dashen Bank S.C. Conclusions were drawn based on the data analysis and interpretation.

3.7 Ethical Research consideration

The researcher addressed ethical considerations of confidentiality and privacy. I used a rigorous and conscious effort at all times to sustain this promise. A guarantee was respondents that their names should not be revealed in the questionnaire and research report. In order to ensure the success of the research, leaders were linked to subordinates in such a manner that each subordinate's response remains anonymous apart from being linked to a particular leader. Moreover, participants received a verbal and written description of the study, and informed consent was obtained before the survey. Participation in the study was voluntary, and all participant responses were confidential. Finally, a copy of the final report could be given to the organization if necessary

CHAPTER FOUR

4. DATA PRESNTATION, ANALYSIS AND INTERPRTATION

4.1 Introduction

In this chapter, the data collected through questionnaires, interviews and company documents will be presented and analyzed using statistical tables and narrations, as may be convenient, and interpreted.. The findings from the respondents on different aspects of the appraisal system and possible reasons for any forthcoming problems and solutions thereto are also presented.

Before exploring deep into the various aspects of employee performance, it would seem

logical to briefly see what the performance appraisal process of the Bank looks like.

4.2. Performance appraisal process in Dashen Bank S.C.

As a matter of fact, it is the Human Resource Management (HRM) Division of the Bank's Human Resource & Logistics Department (HRLD) that is responsible for the initiation and accomplishment of such major personnel issues as human resources planning, recruitment and selection, placement, training & development, determination of employee compensation schemes, performance appraisal, promotion, demotion, transfer and layoff, of course with continuous assistance and feedback from top management wherever necessary. Accordingly, the HRM Division, by the beginning of every next appraisal period, takes the initiative to remind the concerned authorities in the various departments of the Head Office and Area Banks, via formal or informal means, to carry out the periodic employee appraisal and send the filled appraisal forms to the division within fifteen days after lapse of the previous appraisal period. Thus the HRLD distributes appraisal forms to those organs of the bank which did not maintain enough copies in their stock. Concerned supervisors (managers) in the different organs then fill the employee appraisal forms (in three copies) for employees working under their supervision the results from which will be ascertained by the respective department head or area bank manager before dissemination to the ratees. After approval by

the concerned authority, the supervisor would then distribute the filled forms to the

respective employees. The latter, if they came up with any comments regarding their rating results, would write them on the space provided in the form for the purpose and would submit the form back to the supervisor or manager who may or may not initiate post assessment discussions with ratees. In most of the cases agreements are expected to be reached, in some

way, between the supervisor and/or his/her boss and the ratee on the fairness of the latter's rating results. The department or area bank after retaining a copy of the filled forms in the employee's personal file maintained at its level would then finally send the remaining forms to the HRMD that would be expected to consider the same for any subsequent personnel-related decisions.

4.3. Respondents' General Profile

In this section, respondents" general profile which includes age category, gender, educational background and service year in the bank is discussed and its relationship with the study is explained Data is collected from respondent employees through questionnaire. In addition to questionnaire, unstructured interview was undertaken with human resources department of the bank. The table below summarizes the number of questionnaire distributed and collected from employees of the bank, non managerial and managerial employees.

As indicated in the table above, from a total of **163** questionnaires distributed **153 (94%)** responses were collected and the remaining **10(6%)** were not collected due to different reasons. From this can be said is that adequate number of questionnaires were returned that enabled the researcher assess performance appraisal practice at the Bank.

Table 1 summery of Questionnaire Distribution and collection Rate

Type of Employee	Questionnaire distributed	Questionnaire collected	Percentage of collection rate
Managers	28	27	96%
Non managers	135	126	93%
Total	**163**	**153**	**94%**

Source: Questionnaire, December 2017.

Table 2. Bibliographical Profile of Respondents

	Non-supervisors		Supervisors/Managers		Total	
Total number of respondents	Frequency	%	Frequency	%	Frequency	%
	126	100	27	100	153	100
Sex						
M	52	41	25	93	77	50
F	74	59	2	7	76	50
Age						
Below 25	62	49	0	0	62	49
25-35	17	13	4	15	21	14
35-45	28	22	19	70	47	31
45-55	13	10	3	11	16	10
Above 55	6	5	1	4	7	5
Educational Background:						
High school complete	3	2	0	0	3	2
Diploma	24	19	0	0	24	16
First Degree	76	60	12	44	88	58
Masters & above	23	18	15	56	38	25
Job experience (Years):						
2 -5 Years	107	85	0	0	107	70
5-10 Years	19	15	3	11	22	14
>10 Years	0	0	24	89	24	16

Source: Questionnaire, December 2017.

Questionnaire served to non managerial and managerial employees. (Question No's 1-4)

managerial employees represent those staff of the Bank who undertakes the responsibility of appraising and non managerial represent those whose performance is appraised by the former category.

4.4. Frequency of Performance Evaluation

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance appraisal depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient (Mullins 1996:501).

In line with this, the interview discussion made with HR directorate revealed that the Bank conducts performance evaluation bi annually. But, no reason is mentioned for conducting it twice a year than saying the policy document dictates

Respondents were asked to indicate their preference of frequency of performance evaluation and their response is depicted in table 3.

Table 3: Employees' Response on Preference of Frequency of PA

Time	Non managers		Managers	
	Frequency	**Percent**	**Frequency**	**Percent**
Monthly	11	9	0	0
Quarterly	42	33	9	33
Twice	67	53	16	59
Once a year	6	5	2	7
Total	126	100	27	100

As stated above 53% of non manager respondents prefer performance evaluation to be conducted twice a year while 59% and 33% prefer it to be every 3 months and twice respectively while 5% and 9% prefer it to be conducted once a year and every month, respectively. Similarly, 59% of managers prefer it to be conducted biannually while 33% said every 3 months, 9% said twice a year and 7% once a year. This shows that large majority of respondents (53% of non managers and 59% of managers) are comfortable with the frequency in which performance evaluation is

conducted (the bank conducts biannually) with significant number of respondents 33% non managers seeking it to be conducted every 3 months respectively and 33% of managers preferring it to be conducted every 3 months. Interview discussion made with the HR directorate did not disclose any reason of the current practice of conducting performance evaluation biannually than saying the Policy document dictates.

Table 4. Employees' knowledge of performance expectations and satisfaction on job assignments

Q. 3. Non- Managers		Yes	No	Total
Are performance goals clearly communicated to	Frequency	98	28	126
you by your supervisors via job descriptions and other statements of performance expectations	Percent	78	22	100
Q.3 Managers				
Do you provide employees working under your	Frequency	25	2	27
supervision with job descriptions and clear performance expectations	Percent	93	7	100
Q.4 Non- Managers				
Do you feel satisfied with the kind of job you are performing? In other words, is	Frequency	88	38	126
your present assignment in line with career plans to move up the organizational hierarchy?	Percent	70	30	100

Source: Questionnaire, December 2017.

It can be observed from Table 4 above that the majority of the employees (78%) were

provided with job descriptions and hence were well aware of the performance level that was expected of them. This fact is substantiated by the 93% response rate from supervisors of the employees who claimed to have provided their subordinates with job descriptions and clear performance expectations. Although the figures indicate that it is quite safe to conclude that there is the practice of providing employees with job descriptions, the fact that 22% of the employees and 7% of the supervisors did not come up with such a practice indicates that there is more to do on this aspect. The variations in the response rates of the two categories of respondents may be linked to attribution tendencies each has on the other for any failure in performance of duties.

An informal interview with some employees also has revealed that although they were provided with their job descriptions, they had little or no involvement in designing the contents of the latter. Hence the employees perceive job descriptions as something imposed on them by their bosses rather than as guiding tools for the accomplishment of their duties. Consequently they do not want to refer to the descriptions in their day-to-day activities rather than relying on intuition that builds in them as they gain experiences from their colleagues and adapt to the work culture of their units. Moreover, it is stated that job descriptions are prepared on the basis of what the job in different positions of the bank requires without due regard to who the occupants of those positions are and what capabilities and special talents they have. This may require occupants of those positions to either underperform or over perform particularly if they have to strictly adhere to job descriptions, which in turn would lead to loss of motivation on the job.

Well designed job descriptions, which are the outcomes of job analysis, are the instruments that form the standards (criteria) against which employees' performance would be measured. In the absence of job descriptions that bear clearly defined standards or criteria, performance appraisal would be difficult to exercise and employees may loose sight of the most important and challenging job activities while concentrating on the otherwise less important ones that contribute little to the effective performance of the individual or his/her work unit.

In their answer to question no.4 that enquires "What would happen to the performance of employees in the absence of job descriptions and clear performance standards?" the manager respondents have forwarded the following opinions:

o There would be no benchmark against which employee performance would be measured. Performance appraisal in such situations, if at all there exists one, would suffer from lack of

objectivity and consistency as supervisors' expectations of subordinates' acceptable performance level would greatly vary with actual output of employees rather than on the basis of a predefined level.

o Employee effectiveness would decline as there would be no clear understanding and knowledge of the task that he/she is expected to perform. Hence employee efforts would lack clear direction which would in turn lead to confusion and declined performance.

o Responsibility and accountability would be compromised. In the absence clearly defined performance expectations for which individuals would be held responsible and accountable, inefficiencies may creep in to the job performance: there would be duplication of effort as a single task may be unnecessarily performed by two or more individuals; a single employee may suffer from overlap of duties; managers or

supervisors may be required to expend a great deal of their time coaching the day-today performance of their subordinates withdrawing their attention from handling their major responsibilities; it may be difficult to obtain employee's obedience to supervisor's instructions - employees may not even know whom they are accountable to; or the employee may suffer from lack of confidence and consequently may require supervisory instruction on every bit of his/her job thereby avoiding risk associated with taking the initiative by ones own, etc.

However, two respondents in managerial positions have a different standing from the rest arguing that nothing would happen to the performance of employees in the absence of job descriptions. One of them states that the very fact of an employee's designation in a certain position would virtually underlie performance of certain duties which are evident irrespective of the presence of job descriptions. The other respondent argues from a different angle stating that a supervisor's continuous engagement in coaching and sharing of experience to his/her subordinate(s) would enhance the latter's performance much more than what formally written down job descriptions would mean to healthy performance.

It is better that some instructions be communicated to employees through written media. This would help in pinpointing accountability in cases where performance failure occurs.

Providing employees with job descriptions and engaging in continuous coaching of subordinates' performance should not be taken as mutually exclusive. Supervisors would better provide their subordinates with job descriptions and at same time coach their day-today performance to ensure whether they are performing according to the requirements.

Table 4 further demonstrates that a greater portion (70%) of the employee respondents is satisfied with the kind of job they are performing. As part of their satisfaction, these

employees also have found their present assignment being in line with the career objective they want to achieve in their organization. However, while the response rate in favor of job satisfaction is quiet encouraging, it is equally worthwhile not to undermine the 30% employee job dissatisfaction response rate. It is often said and, of course, substantiated by research that "a happy worker is a productive worker." Hence employees who are satisfied with their job will have better performance than those who are not. Moreover, absenteeism and turnover will be less likely for satisfied employees than for dissatisfied ones. An important role of a performance appraisal system is identification of employees' career development objectives. It is hard to imagine undertaking an employee's performance appraisal while in the first place the employee shows little or no interest in the nature of the position or the job he/she is assigned to perform. It is natural that human beings, at least in most cases, would prioritize their personal goals over organizational goals, which may sometimes prove to be counter opposite to each other. Higher level of employee performance and organizational effectiveness would be expected only when a reasonable degree of congruence is achieved between the two sets of goals. One possible measure that can be taken by organizations in this respect may be the latter's continuous engagement in the provision of career opportunities to their employees and the launching of career development and advice programs taking into consideration the employees' real talents and capabilities to pursue in that career. Doing so would benefit the bank in many ways such as enhancing person-job and person-organization fits, reducing turnover and boosting productivity. A related question (Q. 4), posed to the supervisory (managerial) respondents as to whether they are actively engaged in the assignment of their subordinates in their area of interest thereby assisting the latter in achieving their career development objectives, has revealed that although initial staff placement is the mandate of the HRLD, most of them are found involved in some sort of activities that would help them realize this objective once the employees are assigned to their department/area bank. The following are among those practiced by the respondents:

o Rotating employees in the different work units of the Bank which would enable the employees to broaden their knowledge of the different tasks which would in turn give

them the chance to identify those areas in which the employees would be best interested in. Job rotation would help the employees to take the decision whether they should choose banking as

their ultimate career and to identify the specific area within banking in which they should find themselves.

o Rather than engaging in job rotation which may sometimes create confusion to the employee adapting to different jobs, some have used a strategy whereby the employee is made to concentrate on his/her present job that would enable him/her to gain deep knowledge of the job. Proponents of this strategy believe that the employee would either find himself/herself interested in the job or arrange in some way with his/her superiors to get a transfer that would enable to satisfy the purported career objective.

o Carrying out periodic performance review meetings (like the experience of the Fund Management & Accounts Department that does it on a quarterly basis) in which strengths and weaknesses in employee performance would be pinpointed for appropriate action.

o Others have pointed out that although behavior is dynamic and complex and consequently difficult to predict or identify people's interests and inclinations, their departments/area banks tend to avoid monotonous working procedures and are engaged in triggering self initiations in the design of jobs as far as that would enable achievement of corporate objectives.

On the contrary, few supervisors (managers) have responded that they made no efforts in assisting their subordinates to find themselves in the right career path pushing this responsibility to the HRLD which in most cases does not have direct contact with employees of other departments and area banks except through their superiors.

It is advisable that supervisors (managers) be continuously engaged in setting favorable working conditions to their subordinates so that the latter can realize achievement of their career objectives through effective search of their competencies.

4.5. Performance appraisal method and criteria

The Bank, in general makes use of the graphic rating scales method of performance appraisal whereby employee performance is compared to some set of predefined criteria. The appraisal form has five levels of grading for each factor or criterion of performance each of which is subdivided into four levels. All the criteria in the appraisal form are of equal weight. Thus employees' ratings for each criterion of performance are marked out of 10 points. The grading levels and the points assigned to them under the four levels of performance are summarized in the following Table.

Table 5. Content of appraisal form

Grading Level		Points Assigned		
	Little Less	**Average**	**Above Average**	**High**
Excellent	8.5	9	9.5	10
Very Good	6.5	7	7.5	8
Good	4.5	5	5.5	6
Fair	2.5	3	3.5	4
Poor	0.5	1	1.5	2

Source: Performance appraisal format of Dashen Bank S.C.

The appraisal form also defines what constitutes excellent, very good, good, fair, and poor performance. Each criterion of performance on the form is broken down into specific measures that indicate the varying degrees of performance for a given performance variable. The total rating results a non-supervisory staff earns are divided by 16 (the number of criteria available for non-supervisory employees) and those for supervisory staff would be divided by18 (the number for supervisory employees - with two additional criteria related to their supervisory capability, the 16 being essentially the same with those of non-supervisory staff).

The staff's total ratings would be determined by summing up his/her ratings for the different performance criteria from which an average rating result would be calculated to determine where in the grading level the staff's performance rating would lie. Most of the criteria in the appraisal form try to measure behavior though there are few that relate to traits.

4.5.1. Performance appraisal criteria for non-supervisory staff

The following list comprises the criteria that are in use in the prevailing appraisal instrument for non-supervisory (clerical and non-clerical) staff.

o *Knowledge of the job*   o *Quality of the work*

o *Dependability and sense of*   o *Initiative at work and to help others*

  responsibility customers

o *Presence on his/her job*

o *Personal attitude*

o *Involvement in team work objectives*

o *Commitment to fulfill corporate*

o *Punctuality on his/her job*

o *Health situation that affects one's duty*

o *Serving staff and customers with effective & efficient quality service*

o *Effectiveness to implement instruction and directions including in circumstances of difficult situation*

o *Achievement in developing subordinates*

o *Effort for self development in knowledge & skill*

o *Personality on the job*

4.5.2. Performance appraisal criteria for supervisory staff

The appraisal form for supervisory staff includes two additional criteria:

o *Knowledge of the job*

o *Quality of the work*

o *Dependability and sense of responsibility*

o *Relation with other employees andcustomers*

o *Initiative at work and to help others*

o *Punctuality on his/her job*

o *Presence on his/her job*

o *Personal attitude*

o *Involvement in team work*

o *Commitment to fulfill corporate objectives*

o *Serving staff and customers with effective & efficient quality service*

o *Health situation that affects one's duty*

o *Effectiveness to implement instruction and directions including in circumstances of difficult situation*

o *Achievement in developing subordinates*

55

o *Effort for self development in*

knowledge & skill   o *Personality on the job*

  o *Achievements in building impartial*

and conducive working environment

to the staff & customers   o *Maturity/communication skills, leadership*

quality in solving

problems and self discipline

As can be observed from the above list, many of the criteria, being behavior or trait – related, lend themselves to a high degree of subjectivity by raters.

4.6. Who should evaluate employees' performance?

According to current practice in the Bank, the responsibility for appraising employee performance lies on immediate supervisors. While appraisal by immediate supervisors may be supported in lieu of the latter's frequent interaction with employees and their knowledge of the employees' jobs, employees and supervisors may opt for others to take part in the appraising task.

 Table 6 indicates preference of the sample respondents as to who should handle this task. Representations:

I = Immediate supervisor   **E** = Employee himself/herself

P = Peers (Colleagues)   **C** = Customers

S = Subordinates

Table 6. Employees' opinion on who should handle the performance appraisal task

5. In your opinion who should evaluate employees' performance appraisals?		I	P	S	C	I&P	I&S	I&E	I&C	I & Others	Total
Non- Managers	Frequency	52	3	3	5	16	8	9	17	13	126
	percent	41	2	2	4	13	6	7	13	10	100
Managers	Frequency	14	0	0	0	2	2	4	3	2	27
	percent	52	0	0	0	7	7	15	11	7	100
Total	Frequency	66	3	3	5	18	10	13	20	15	153
	percent	43	2	2	3	12	7	8	13	10	100

Source: Questionnaire, December 2017

Table 6 shows that employee appraisal by immediate supervisor has got the highest preference among the given alternatives by both the non-supervisory and supervisory (managerial) respondents. Accordingly, 41% of the non-supervisory and 52% of the supervisory (managerial) sample respondents have opted for employee appraisal by immediate supervisors. The Table also indicates that 41% of the non-supervisory and 52% of the supervisory respondents, though were in support of evaluation by immediate supervisors, had proposed some combination of the latter with other internal and external parties who either directly or indirectly have work relationships with employees. Among these combinations, the immediate supervisor's association with customers has got the biggest share both by the non-supervisory and the supervisory respondents each case. The respondents in support of this combination have proposed that as banking is a service rendering business, customers have a stake in the employee performance appraisal process and hence should participate in it. However, some respondents had qualified opinion on this issue stating that customer participation in the appraisal process should be limited to those employees whose place of assignment involves direct customer contact. Some respondents

favoring employee appraisal by immediate supervisor also have additionally proposed involvement in the appraisal process of distant supervisors who in one way or another have the chance to view the employee's contribution. A case in point could be participation of Head Office Management Loan Committee members in the evaluation of their counterpart area

bank managers and loan officers. Others have proposed a sort of multi-person evaluation whereby the immediate supervisor, peers, subordinates and customers participate in the employee evaluation process. While such militiaperson evaluations might be time consuming and too expensive to put in practice, there is no reservation that they give complete, multi-dimensional picture of an employee's performance.

Having multiple raters has the advantage of reducing rater errors, particularly central tendency, halo error, leniency, and primacy & regency. The management may consider an appraisal system whereby different combination of raters may be involved in so far as the costs of introducing such a system do not exceed the expected benefits.

4.7. Purposes of employee performance appraisal

Although it was not possible to find documentary record on what the intended purposes of performance appraisal in the Bank are and on other aspects of the appraisal system, interview with Head Human Resource Management Division (HRMD) has revealed that employees' performance ratings, along with relevant work experience and educational qualification, are used as valuable inputs in determining who should get salary increment (bonus), promotion, and training and development. While this may be what the HRMD actually does, what employees and managers of the Bank perceived of the real uses of the appraisal system, on the other hand, was different. The sample respondents were asked on whether they believe the Bank's appraisal system is meeting its intended purpose. Table 7, next page shows responses of the respondents.

From Table 7, next page, it can be learnt that 73% of the non-supervisory and 70% of the supervisory (managerial) respondents do not believe that the performance appraisal system of the Bank is meeting its intended purposes. While it cannot be safely concluded that performance appraisal has no significance in determining employees' future in the Bank, the responses from the respondents indicate that one or a combination of the following might have accounted for their perception of the system:

o The lack of clear connection between performance and reward. So long as employees could not observe their efforts being accompanied by positive performance that eventually leads to rewards

(which may be in the form of promotion, salary increase, or training & development) in a reasonably short period, they wouldn't be motivated and consequently their attitude towards the system's effectiveness would be distorted.

Table7. Response of sample respondents on matters related to purpose of performance appraisal system

6. Do you think that the performance appraisal system in your organization is strictly meeting its intended purposes?		Yes	No	Indifferent	Total
Non- Managers	Freq	32	92	2	126
	percent	25	73	2	100
Managers	Freq	7	19	1	27
	percent	26	70	4	100
Total	Freq	39	111	3	153
	percent	25	73	2	100
Non- Managers					
9.Is there any possibility of misusing the appraisal system by your supervisor (rater) for purposes other than those intended by the organization?	Freq	52	68	6	126
	percent	41	54	5	100

o The subjectivity embodied in the appraisal instrument (the loose connection between performance criteria provided in the appraisal form and employee actual job performance) and the associated less probability that ratings would not be uniform across raters and might have caused employees to form a negative impression towards the system that their organizational rewards would not be determined by their performance ratings.

o Absence of clear and transparent communications between the Human Resources Department and the different work units on how employees' performance would be valued and what administrative decisions would be taken on that basis might form an impression in the employees that their performance records would be simply damped in their personnel files maintained with the department.

From Table 7, it can also be learnt that 41% of the ratee respondents believe that there is the possibility of misusing the appraisal system by their supervisors for purposes other than what the system ought to serve. This perception by the ratees may create reluctance on the part of the latter in accepting ratings given by supervisors gracefully. Employees who are devoid of promotions and have stayed long in their current positions may probably come up with such perceptions attributing their failure to their supervisors' intentions of misusing the appraisal system. Supervisors should engage in open discussions with subordinates regarding performance issues and should stand cooperative in solving problems faced by the latter in the course of accomplishing their duties rather than using performance appraisals to threaten their subordinates, which creates an atmosphere of fear and misunderstanding. Conversely, subordinates should be encouraged to freely express their feelings, what so ever, about their work relationships with their superiors. In the absence of such transparency, organizational performance may be severely affected. Moreover, the employee respondents have suggested the following to ensure impossibility of misusing appraisal results by supervisors (managers):

o Superiors should have adequate knowledge of their subordinates' job. In this way they can build their self confidence thereby avoiding their fear that competent subordinates may displace them from their positions.

o Making the appraisal system as objective as possible, such as by giving higher weights to important job related matters that can be quantified thereby giving little room for manipulation of the ratings

o Evaluations better be done by a committee of appraisers having direct or indirect work relations with the employee, rather than immediate supervisors alone

o Introduction of a system of upward evaluation whereby superiors' performance is evaluated by their subordinates.

o Involving raters in trainings that would allow them to maximize their rating ability and boost their ethical considerations (fairness) related to performance rating

o Raters better aid their appraisals with documentation, wherever possible

Table 8. Opinion of sample respondents on the appropriateness of performance appraisal criteria

7. Do you think that the weights assigned for the criteria in the appraisal form are appropriate?		Yes	No	Indifferent	Total
Non- Managers	Freq	52	71	3	126
	percent	41	56	2	100
Managers	Freq	16	11	0	27
	percent	59	41	0	100
Total	Freq	68	82	3	153
	percent	44	54	2	100

As to the appropriateness of the weights assigned to the performance appraisal criteria (Question No.7), 41% of the non-supervisor respondents answered in support, 2% were indifferent, while the remaining 56% were of the opinion that assigning equal weights to all the criteria would not be appropriate. On the other hand, the response rate in support of and against the appropriateness of the weights was 59-41 for the supervisory (managerial) respondents. Those respondents who objected the appropriateness of the weights have proposed that it would be better if job-related criteria, such as knowledge of the job, quality of work, etc., had higher weights than those not directly related to job performance, such as attitude, personality, etc.

Q10, To the questions "What criterion/criteria must be added (removed) from the existing appraisal form to enhance effectiveness of the appraisal system and how do you see use of the same appraisal format (in terms of content) across all levels in the organization irrespective of the nature of the job?" the following were the results from 27 supervisory (managerial) respondents:

o 16 (41%) commented nothing

o 6 (15%) commented that all the criteria are relevant and hence no need to add to or remove from the existing appraisal form.

o 10 (26%) said that the criteria in the existing appraisal form are quiet relevant, no need to add to or remove from, however, efforts must be exerted to reduce areas of subjectivity as much as possible and to give higher weights to those factors that are job-related and reduce the weights of those that are not job-related, i.e., an appraisal form with varying weights for the different criteria depending on the nature of the job and/or place of assignment. Some supervisors in this category have commented that making the appraisal system job-specific would be costly, confusing, and administratively difficult.

Hence better to utilize the same general format to all kinds of employees in the bank.

o Others (18%) have different comments. Among those commented are: the need to add in the content a statement requesting the employee whether he/she is satisfied with his/her job and if not, why not?; appraisal criteria must be on the basis of the position an individual holds so that those criteria which do not relate to that position must be removed from his/her appraisal; some redundant criteria must be removed. One area bank manager has particularly suggested removal of the need for rater's comment on the potential of their subordinate for a higher position/greater responsibility as it is evident that supervisors (managers) do not usually deny giving positive remarks on this issue for fear of subsequent conflict with the subordinate. Another respondent has proposed that it would be better if separate appraisal forms are designed for each Head Office organ,which specialize in different functions, and uniform formats for all area banks as the latter carry out similar activities throughout the bank.

The answers provided by non-supervisory respondents could be summarized as follows:

o It would be better to develop specific criteria for each specific position on the basis of job description rather than using the same general criteria to all positions. Thus evaluation criteria that are unrelated to some employees' job should be removed. Moreover, some have suggested

that appraisal content should take into account employees' work experience, educational qualification etc.

o Criterion about employee health situation should be removed as this may cause loss of

morale to some employee who repeatedly experience health problems. Employees with such problems may feel alienated and be psychologically disturbed which would have negative impacts on the employees' future productivity. Some have suggested neatness and style of dressing under personality dimension to be removed from the form.

o A statement should be added in the comments part of the appraisal requesting on whether

he/she is satisfied with his/her position and/or place of assignment. This, according to the respondents would allow searching for the root cause for any employee performance related problems.

o The criteria put for the highest point, i.e., 10 seem to be unrealistic requiring performance

perfection in each employee, better to make the points reasonably realistic.

In general criteria define performance dimensions against which employee efforts towards achieving organizational goals would be judged. Thus, such criteria need to be quantifiable and measurable as much as possible if they are to be relied upon as bases for any administrative as well as developmental decisions. In the absence of such degree of objectivity, it is unlikely to find that different raters rate the performance of the same employee in the same manner, nor the same performance criteria judged similarly.

Interview with the Head, Human Resources Management Division of the Bank, has revealed that the Human Resource Department has devised ways to tackle the influence of such subjectivity on administrative decisions to be taken on the basis of employee performance ratings. Accordingly, the Department makes use of employee performance ratings for at least three consecutive appraisal periods so that the employee's consistency in achieving similar or better result can be ascertained to consider him/her for the intended administrative decision. The Division Head further disclosed that this procedure would enable to judge the dependability of evaluator's rating ability through checking their consistency of subordinate rating in the different periods or to search for explanation for explanations for any big variations in the employee's rating results across periods.

A mismatch between employee job descriptions and performance criteria contained in the

appraisal form may lead to nonperformance of certain activities on the part of the employees

when appropriate measures are not provided for those activities. This may affect the overall performance of the organization when critical activities are not given particular attention in the performance appraisal. Weights reflect the relative importance of performance dimensions. Therefore, it is logical that those performance aspects that are invaluable for the successful accomplishment of a given job should receive a higher weight.

4.8. Employee access to appraisal results and post assessment Discussion

Questions on whether employees (subordinates) are allowed to view their appraisal results and conversely whether supervisors (managers) allow their subordinates to view their rating results were posed to the sample respondents. The respondents were also asked whether they engage in appraisal discussions and whether they come across with any disputes related to the feedback giving process. The results are summarized in Table 8

Table 8 indicates that both parties to the appraisal system do have the same standing in relation to access to appraisal results. The findings also indicate that 72% of the non-supervisors were invited by their supervisors for appraisal discussions whereby they are encouraged to freely express their comments on their performance ratings. 97% of the supervisors, on the other side, have disclosed that they have engaged in open discussions with their subordinates allowing the latter to freely express any comments on their performance ratings.

Table 9. Employee access to appraisal results and appraisal discussion

8 Non- Managers		Yes	No	Total
Do your supervisors call for appraisal discussions	Freq	91	35	126
whereby you are encouraged to freely express your comments on your rating results	Percent	72	28	100
10 **Managers**				

Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express comments on their rating results?	Freq	25	2	27
	Percent	97	3	100
10. **Non- Managers**				
Have you ever been engaged in any sort of dispute with your subordinates due to the latter's	Freq	13	14	27
	Percent	48	52	100

Source: Questionnaire, December 2017.

The supervisory (managerial) respondents have forwarded the following benefits to showing employees of their performance ratings and inviting them to participate in post assessment discussions:

o Letting the employee (rate) know what his/her performance-related strengths and weaknesses were during the appraisal period just ended so that he/she improves the observed weaknesses and reinforce the strengths in future.

o Free discussions between rater and rate would instill sense of importance in the latter thereby strengthening the work relations between the two in the succeeding periods. This would motivate the employee to improve performance and allow the rater to see the otherwise obscured facet of their relationship.

o The discussions would give supervisors the opportunity to discharge their responsibility of guiding their subordinates in the right direction. Unless subordinates are informed of their strong and weak points, it would be difficult to expect improvement from them. Performance weaknesses of employees usually reflect badly on supervisors' leadership capabilities and the latter's success in developing subordinates.

o Free discussion among the parties would give subordinates the chance to air their voice on the strong and weak sides of the management that subordinates do not otherwise dare to raise other times in the normal course of their relationship. This clears misunderstanding between the parties involved and improves employees' perception of the appraisal system.

o With open discussions, attitude of one party to the other and to oneself would become explicit. Appropriate post assessment interviews would also be of help in minimizing perception of biases subordinates create in their supervisors when there was actually none. It would help the parties to make reconciliations in their views to each other

thereby enabling them to change those attitudes that were formed on the basis of wrong perceptions of one to the other.

While the above are among the benefits of encouraging open post assessment discussion between supervisors (managers) and their subordinates, the following were cited by the respondents to be the associated costs:

o The discussion may open the door for unnecessary debate which may lead to one party's formation of bad attitude to the other. It may further aggravate ill-will and hostility.

o The practice may not work well for Ethiopians who in most cases are culturally bound not to accept face-to-face criticisms.

o The supervisor may not be loyal to explicitly state his/her subordinate's weaknesses on the spot – may prefer to recommend the poor performer for a possible administrative action by the concerned organ.

Although giving performance feedback is what is considered the most displeasing aspect of a manager's job, there is no point to omit this crucial task in so long as it is the only means to communicate employees what was right and wrong in employees' past performance habits. Supervisors should not rashly opt for secretly informing the concerned Human Resource Department before giving the employees the chance to openly discuss the reasons behind those weaknesses with them through which solutions may become evident. However, appraisers should be reminded that they may not be required to disclose ratings results to their subordinates particularly when the appraisal is carried out with the initiation of management with the intention of making specific administrative decisions.

A supervisor (manager) must have the patience to handle performance appraisal discussions and must have good knowledge of conflict management as most employees might get nervous when

told about their performance weaknesses, which they do not want to listen about. People in most cases commit the so called self-serving bias attributing success to themselves and blaming others when they are judged to the negative.

Table 9 also indicates that 48% of the supervisory respondents have had conflicts with their subordinates following performance feedback. Those who had this experience have managed the conflict through giving employees a sort of counseling so that the latter improve their weaknesses in the succeeding periods. All the respondents have favorably responded that their subordinates have improved subsequently as advised.

Given the following choices, the sample respondents were asked as to what their perceptions of the appraisal system in their organization looks like. The answers from the respondents are summarized in Table 10 below.

A. A mere evaluative tool that aims at magnifying subordinates' performance weaknesses

B. As a developmental tool that reinforces positive behaviors and stimulates improvement of weak performances in future

C. As a process that adds to the paper work of managers without benefits sought

D. As an administrative tool on which various administrative decisions are based

E. Other

Table 10. Respondents' perception on appraisal system of the Bank

Q.11 How do you perceive the performanceapprai sal system inyour organization?		A	B	C	D	A& C	A& D	B&D	Othe r	Tota l	Tota l B,D, B& D
Non- Managers	Freq	9	41	4 4	12	8	2	0	10	126	52
	perc ent	7	33	3 5	10	6	2	0	8	100	43
Managers	Freq	1	9	4	1	1	1	9	1	27	6
	perc ent	4	33	1 5	4	4	4	33	4	100	80

Source: Questionnaire, December 2017.

As far as perception of the respondents is concerned, Table 10 indicates that 43% of the nonsupervisory employees do perceive the Bank's appraisal system as a mere paper work that adds the work load of managers, while the response rate for their counterpart supervisors (managers) was only 15%. The Table further displays that although the majority of the supervisors (80% from Table 9) do not think that the performance appraisal system of the Bank is meeting its intended objectives, just equal portion of them (80%) perceive the system as either a developmental or administrative tool or a combination of these. Only 43% of the nonsupervisory respondents have this similar perception.

These findings regarding differences between non-supervisors' and supervisors' (managers') perceptions of the appraisal purpose appear to be related to differences in the roles the two parties play in the appraisal process. As appraisers, supervisors (managers) are most likely to convince themselves of the real significance of the appraisal system, while subordinates, as

appraises on the other side, may render the system unimportant, building negative attitudes towards it.

It is said that people's behavior is based on their perception of what reality is, not on reality itself. Accordingly, no matter what the reality behind the purposes of performance appraisal at the Human Resources Department, unless efforts are made to change employees' perception of the system, employees would continue to behave in similar fashion with little or no regard to what the effects of their performance ratings, which may at times lead to loss of initiative and productivity.

Table 11. Employee opinions on problems of the appraisal system

Which of the following problems apply to the performance appraisal system of your organization?

		A	B	C	D	A&C	A&D	B&C	B&D	C&D	ABC	Other combines	Total
Non supervisors	Freq	6	31	28	21	4	3	6	10	3	4	10	126
	%	5	25	22	17	3	2	5	8	2	3	8	100
Supervisors (Managers)	Freq	1	3	8	4	7	2	3	1	2	2	6	27
	%	3	8	19	11	18	5	8	3	5	5	15	100

Source: Questionnaire, December 2017.

Table 11 indicates that despite their degree of prevalence, all problems listed above were found to characterize the appraisal system of the Bank either in isolation or in combination. However, while absence of employee participation was given the highest regard by the non-supervisory respondents, comprising 25% of the total respondents, rater bias was cited as the major problem by a relatively large number (19%) of the supervisory (managerial) respondents. Problems are always prevalent in any appraisal system. It is often said that addressing the problem correctly is half way to solving the problem. Thus once the problems are addressed in this way, the Bank should look for the appropriate solutions, which inherently are implied in the problems.

Finally, the major general comments or observations of the respondents on the appraisal system of the Bank, gathered through both the questionnaire and structured interviews made with the

Human Resource Department, are summarized in the following findings:

o The link between performance appraisal and rewards would better be explicit. So far no employee has been fired in relation to performance-related problems. This was not because there were no problems but because appraisal was not strictly meeting its intended purposes.

o Supervisors be assessed on the quality of ratings (their effort to exhibit objectivity in the midst of subjective criteria) – their fairness in assessing their subordinates.

o The appraisal system would better be effective if formats were designed taking into account nature of the job employees are accomplishing, their positions, qualifications, etc. Moreover, appraisal criteria should be updated from time to time with changes taking place in the external environment and allowing employees to involve in setting performance standards so as to enhance the connection between employee job and performance criteria

o Appraisal should be conducted with a view to maximizing employee benefits

o Appropriate trainings that increase raters' understanding of the appraisal instrument and other aspects of the system should be given to raters. Alternatively, appointing knowledgeable supervisors who have the necessary competence and experience about the duty that their subordinates handle.

o Use of multiple raters instead of a single boss, possibly involving customers where appropriate.

o Giving due respect to performance appraisal, which seems neglected at present. Employees should be constantly reminded about the impact that their performance ratings would have on their future in the organization.

o The performance appraisal system of the bank has little or no contribution to the overall strategic objective of the Bank.

o Appraisers should devise ways to uniformly assess subordinates' performance over the appraisal period without being biased by recency and primacy effects

o Management should not unnecessarily interfere in the process, such as by limiting the number of employees that should fall under the extreme high and low levels of the rating scale – as is the case with the normal distribution

o Encouraging raters to conduct post assessment interviews with their subordinates

4.9 Opportunity to Participate in Designing the Form

According to Beer (1987), the form used to record the performance of the employees is blamed if it is cumbersome, not customized and if employees did not participate in the design of the form of evaluation. Accordingly, respondents were asked if they participated in design of the form and their response is presented in table 12.

Table 12 Employees' Response on whether they participate in designing the For

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	44	35	0	0
Disagree	28	22	8	30
Neutral	23	18	2	7
Agree	21	17	7	26
Strongly agree	10	8	10	37
Total	126	100	27	100

Source: Questionnaire, December 2017.

As shown in table 12 above 57% of non manager respondents disagreed they got an opportunity to participate in the design of performance evaluation form. 25% agreed they got an opportunity to participate and 18% were neutral. Similarly, 30% of managers disagreed that employees got an opportunity to participate in evaluation form designing activity. While 26% agreed they got and 7% were neutral. On the other hand, interview discussion with the HR directorate also disclosed that the bank does not have practice of participating employees in evaluation form design. The response of employees shows that they don't have an opportunity to participate in

designing the form. As Beer (1987) affirmed an evaluation form is blamed when employees do not participate in its design. When employees are evaluated by the form whose design they have not participated, they lack ownership and confidence on the form. This in turn, would increase dissatisfaction with the process of performance evaluation.

4.10. Access to See Performance Evaluation Result

It's within the employees" rights to know how they are progressing in performing the assigned tasks. They should have access to see their performance evaluation result. Table 13 presents employees" response whether they have access to see their performance evaluation result.

Table 13: Employees' Response on whether they have Access to see their Performance Appraisal result

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	0	0	0	0
Disagree	2	2	2	7
Neutral	8	6	4	15
Agree	28	22	0	0
Strongly agree	88	70	21	78
Total	126	100	27	100

Source: Questionnaire, December 2017.

92% of non manager respondents agreed that they have access to see their performance evaluation result.2 % were neutral and 78% of managers agreed that employees have access to see their performance evaluation result while 7% disagreed and 15% were indifferent. Responses of both managerial and non managerial employees (92% of non manager and 78% of managers) show that employees of the bank have access to see their Performance appraisal result. In line with this, an interview conducted with HR directorate also revealed that employees have access

to see their result and will sign on the form explaining they agree with the result or not. The fact that employees have access to see their evaluation result shows transparency of the performance appraisal process. Having access to their evaluation result also helps employees know their strength and limitations, as well.

4.11 Appealing to Higher Official if the Evaluation Result is Biased and Inaccurate

According to Mathis and Jackson (1997) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has strong dislike of certain ethnic groups, this bias is likely to result in distorted appraisal result for some people. When this happens, rates may want to appeal to higher officials. The following table depicts employees" response whether they can appeal to higher official if they believe their evaluation result is biased or inaccurate.

Table 14: Employees' Response on whether they can Appeal to Higher Official

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	4	2	0	0
Disagree	18	14	2	7
Neutral	32	25	4	15
Agree	33	26	14	52
Strongly agree	40	32	7	26
Total	126	100	27	100

Source: Questionnaire, December 2017.

The above table shows that 58% of the non manager respondents agreed that they can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 16% indicated they cannot appeal while 25% indicated they are neutral. 78% of managers agreed that subordinates can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 7% of managers indicated that their subordinates cannot appeal to higher officials and

15% indicated they are indifferent. The employees" response of managers and non managers depicts that majority of the respondents (58% of the non manager and 78% of managers) said that they can appeal to higher officials when they perceive their evaluation is biased and inaccurate. An interview discussion with HR directorate confirmed that employees can appeal to higher officials if they perceive their performance evaluation is unfair. As Mathis and Jackson (1997) stated it is likely that performance evaluation result can be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in the Bank means the management has given due focus to PA process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation process

4.12 Timely Provision of Feedback by the Supervisor

Feedback is an important part of the performance appraisals. According to Longenecker (1997), the rates should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005). Employees" response whether they receive timely feedback frequently is shown in the following table.

Table 15: Employees' Response whether they Receive Feedback from their supervisors

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	12	10	1	4
Disagree	8	6	3	11

Neutral	46	37	7	26
Agree	38	30	16	59
Strongly agree	22	17	0	0
Total	126	100	27	100

Source: Questionnaire, December 2017.

As depicted in table15 above 47% of the non manager respondents agreed that they receive timely feedback from their subordinates concerning their performance; while 16% indicated they don't receive feedback and 37% rated they are neutral. 59 % of managers, on the other hand, indicated that they provide performance feedback to their subordinates; while 15% indicated they don't and 26% showed they are neutral. The above response shows that majority of the bank's employees (Non managers 47% and managers 59%) witnessed that rates receive timely feedback from their raters. The interview discussion made with HR directorate also disclosed that employees are given feedback in timely manner during the appraisal period. Giving specific and timely feed back to the employees on their performance helps both the Bank and the employees in correcting any shortcoming manifested during work performance and motivates employees towards better future performance.

4.13. Giving Similar Ratings to Subordinates in order to Avoid Resentment and Rivalry among Employees

Respondents were asked about the existence of such a practice and their response is shown as below.

Table 16: Employees' Response whether Supervisors give Similar Ratings to All Staffs

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	14	11	9	33
Disagree	34	27	11	41
Neutral	45	36	3	11
Agree	23	18	2	7
Strongly agree	10	8	2	7
Total	126	100	27	100

Source: Questionnaire, December 2017.

As can be observed from the above table 38% of non manager respondents did not agree that their supervisors give similar ratings to all employees, while 26% agreed that they do and 36% were neutral. Of managers, 74% indicated that they don't give similar ratings to all staff members; while 14% agreed they do and 11% remained indifferent. From this can be inferred is that large number of employees (both managerial and non managerial) agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. But 26% of the non managerial and 14% of managers agreed that there is practice of giving similar rating. This means that there is practice of giving similar rating in Dashen bank S.C. which is one of the problem of Performance appraisal. When all employees are given similar ratings, high performers will get demotivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the Bank.

4.14 Supporting Performance Appraisal with Specific Incidents of Good and Poor Performances

Good and poor performances incidents focus on key factors which make difference in performing a job efficiently. The necessity of this system is to try to measure individuals'' performance in terms of incidents and special episodes which take place in job performance (Mondy, 2008). In line with this, respondents were asked if their supervisors support performance evaluation with specific good or bad performance events. The response is demonstrated in the table below.

Table 17: Employees' Response on whether Evaluators Support their Evaluation with incidents of Good and Poor Performances

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	12	10	7	26
Disagree	34	27	10	37
Neutral	51	40	3	11
Agree	21	17	2	7
Strongly agree	8	6	5	19
Total	126	100	27	100

Source: Questionnaire, December 2017.

As depicted in the above table 23% of the non manger respondents agreed that their evaluators support performance appraisal with specific events of good and bad performances; while 37% indicated they don''t support and 40% were neutral. 26% of manager respondents agreed they support their evaluation with specific events of good and bad performances; while 63% said they don''t support and 11% were indifferent. From this it is possible to say that larger number (23%

of the non mangers and 26% of managers) of respondents indicated that raters support their performance evaluation with specific events of good and bad performances. However, 63% of managers and 37% of non manager respondents indicated they don't use which Mondy (2008), advised to use this method because it is more related to job and based on individual's performance than characteristics. From this it is possible to deduce that not all raters support evaluation result with incidents of good and bad performances. According to Mondy (2008), this method is more credible for it is more related to job and based on individual's performance than characteristics. Supporting evaluation result with specific incidents of good and bad performance will alert employees that their performance is critically viewed and give due attention to carefully perform whatever they do.

4.15. Keeping File on what Employees have done During the Appraisal Period

By keeping a file of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1998). Files, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits. The following table shows employees" response whether their raters keep file of what they have done during the appraisal period.

Table 18: Employees' Response on Whether their Raters Keep Performance File

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	11	9	2	7
Disagree	21	17	5	19
Neutral	47	37	6	22
Agree	32	25	14	52

Strongly agree	15	12	0	0
Total	**126**	**100**	**27**	**100**

Source: Questionnaire, December 2017.

As shown in table 17above, 37% of non manager respondents agreed that their raters keep records; while 26% disagreed and 37% were indifferent. Of manager respondents, 52% agreed that they keep file of employees" performance during performance appraisal period, while 26% indicated they don"t keep and 22% were indifferent.

From the responses, it is possible to say that majority of the respondents (52% managers and 37% non managers), who clearly indicated their agreement and disagreement, agreed that raters keep file of what their subordinates have done during the performance evaluation period. However, the number of respondents who disagreed is not negligible (26% of non managers and 26% of managers). Rating employees without keeping records leads to recency error, focusing only on recent happenings (Saiyadain, 1999:204-207).

4.16. Clarity and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees have to be clear and objective. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table 18.

Table 19: Employees' Response on Clarity and Objectivity of the Evaluation Criteria

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	21	17	2	7

Disagree	17	13	2	7
Neutral	24	19	7	26
Agree	49	39	14	52
Strongly agree	15	12	2	7
Total	**126**	**100**	**27**	**100**

Source: Questionnaire, December 2017.

As table 19 above describes 51% of non manager respondents agreed that the criteria are clear and objective. But, 30% disagreed that they are clear and objective while 19% remained neutral. As to managers, 59% indicated their agreement and 14% respondents indicated their disagreement while the remaining 19% were neutral. The response shows that though most respondents said the criteria are clear and objective, there still were respondents who claim otherwise.

4.17. Customization of Evaluation Criteria Based On Characteristics of the Job

Respondents were asked whether the criteria against which their performance is evaluated are customized based on their job. The response is shown in table 20 below.

Table 20: Employees' Response on whether Evaluation Criteria are customized

Level of Agreement		Non mangers		Managers
Frequency		**Percent**	**Frequency**	**Percent**
Strongly disagree	14	11	4	22
Disagree	22	17	3	15

80

Neutral	44	35	8	37
Agree	32	25	5	22
Strongly agree	15	12	1	4
Total	**126**	**100**	**27**	**100**

Source: Questionnaire, December 2017.

As table 20 above shows, 28% of non manager respondents disagreed that the evaluation criteria are customized while 37% agreed and 35% were neutral. Out of manager respondents, 37% disagreed, 26% agreed and 37% neutral. Majority of non manager respondents said the criteria are customized based on characteristics of their job, whereas majority of managers indicated it is not customized. This means non manager and manager employees of the Bank have differing views with regard to customization of the criteria. As a result, it is difficult to deduce whether the criteria are customized.

4.18. Benefits of Performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. According to Reza (1997), performance appraisal helps for training and development, motivation and satisfaction, monitoring recruitment and induction and employee evaluation and control.

4.18.1 Employees' Understanding of Benefits of PA

Employees were asked whether they understand benefits of performance evaluation to them and the Bank. Their response is presented in table 21.

Table 21: Employees' Understanding of Benefits of Performance Evaluation to the Employees and the Bank

Level of Agreement	Non Managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	2	2	2	7
Disagree	13	10	2	7
Neutral	22	17	5	19
Agree	31	24	16	59
Strongly agree	59	46	2	7
Total	126	100	27	100

Source: Questionnaire, December 2017.

As can be seen from table 21, 70% of non manager respondents agreed that they understand the benefit of performance evaluation to the employees and the bank. 12% said they don"t understand and 17% indicated they are neutral. Of managers, 66% agreed that their subordinates understand what benefit performance evaluation has to the employees and the bank while 14% disagreed and 19% became neutral. This shows that majority of the employees understand the benefit performance appraisal has to the employees and the bank and have general knowledge about benefits of performance appraisal.

4.19. Employees' Perception of Performance Appraisal Process of DB S.C

Perception employees have on process of performance appraisal will indicate how the practice in DB S.C. is. Employees" response with this regard is depicted in table 22 below.

Table 22: Employees' View Whether Performance Appraisal process of DB is Worthwhile

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	19	15	9	33
Disagree	21	17	18	67
Neutral	27	21	0	0
Agree	38	30	0	0
Strongly agree	21	17	0	0
Total	126	100	27	100

Source: Questionnaire, December 2017.

As table 22 shows, 47% of the non manager respondents agreed that performance appraisal process of the bank is worthwhile. 21% indicated they are neutral and 32% disagreed that it is worthwhile. As to managers, all manager respondents agreed that the performance appraisal process worthwhile. This shows that the current performance appraisal process of the Bank is productive and helped in realizing the benefits of performance appraisal to the employees and the organization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

5.1 Summary of the Major Findings

Based on the discussion and data interpretation undertaken in the previous chapter, the following summaries of finding are derived. Most of the respondents showed that they receive performance feedback from their Supervisors timely during the appraisal period. Respondents agreed that they have access to see their performance evaluation result.

• Non negligible respondents were indifferent, however. Employees agreed that they can appeal to higher officials when they perceive their Performance evaluation is biased and inaccurate even though reasonable numbers of respondents were neutral. Assessment of Performance Appraisal Practice Dashen Bank Share Company It was identified that employees don't have opportunity to participate in designing performance evaluation form. Still there were respondents who said they got an opportunity to participate in designing of performance evaluation form. Both managerial and non managerial employees agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. Nevertheless, there was meaningful number of respondents who agreed that there is practice of giving similar ratings to all employees. Though most of the respondents agreed that their evaluators keep file of what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances, there still were reasonable number of respondents indicating that their evaluators do not keep file. Most of respondents are comfortable with current frequency of conducting performance evaluation twice a year with significant number of respondents seeking it to be conducted trice and every 3 months. No reason is stated for current practice of conducting performance appraisal biannually than say that the Policy document dictates. It was learned that Performance evaluation result is used for salary increment, bonus and promotion purposes. Respondents indicated that performance evaluation is

being done by immediate supervisors. There are few respondents who believe that performance evaluation should be done by colleagues and customers. It was found that the criteria used to evaluate employees˝ performance are clear and objective. But, there were meaningful number of respondents who said it is not objective and clear. Respondents indicated that there are performance evaluation criteria that should be added to and removed from the current form used by the Bank. It was discovered that respondents have differing opinion about customization of criteria. While majority of non manager respondents said the criteria are customized based on characteristics of their job, large number of managers indicated it is not customized. Respondents agreed that performance appraisal process of the bank is worthwhile albeit non negligible number of respondents said it is not worthwhile

5.2 Conclusions

The study was conducted with main objective of assessing the performance appraisal practice Dashen Bank Share Company. In order to answer the basic research questions data were collected from managers and non managers using questionnaires and unstructured interview; the data were analyzed using SPSS version 16.0 and interpreted.After careful analysis of performance Appraisal practice at Dashen Bank the following conclusions are made. The Bank is conducting Performance appraisal twice a year. It is an immediate supervisor who is responsible to conduct performance evaluation. Employees are given feedback during appraisal period; are allowed to see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The Bank's raters use file of what employees have done during the performance evaluation period and support their performance evaluation with specific events of good and bad performances. The results of the study do not confirm the existence of problems indicated in the statement of the problem. The Bank is using Performance evaluation result for the purpose of salary increment, bonus and promotion. The criteria used to measure performance of employees are objective. But, among the criteria are some which don't have direct connection with the actual work and vague to understand. Employees of the Bank perceive that performance appraisal has benefits to both the employees and the bank and the current performance appraisal process of the Bank is productive and helped in realizing the benefits of performance appraisal.
 o Problems related to lack of rater ability (training) to evaluate performance, absence of employee participation in setting performance evaluation criteria, rater bias in evaluating performance, weak linkage between some evaluation criteria and employee job were found to

characterize the appraisal system, although their degree of prevalence as commented by the two categories of respondents was found different. Overall, employee performance appraisal practice in the Bank is found that it is not given the attention it deserves. No clear guidelines and procedures are outlined in the personnel administration manual regarding this subject and nor its purposes explicitly stated in any part of the manual or other related document. There are also no clear guidelines regarding as to what the minimum rating expected of employees for them to be eligible to stay with the Bank and nor regarding the penalties and rewards for underperformance and exceeding certain performance levels, respectively. The management's reliance on performance appraisal results in taking administrative and developmental decisions is found limited owing to the subjectivity embodied in the system. Most employees also have a distorted built-in perception of the appraisal process as they couldn't draw clear connections between the level of performance they achieved (as measured through the ratings they earned) and the rewards they expected to receive. There is no doubt that these deficiencies in the appraisal system would affect employee motivation, productivity and tenure. Generally, it seems safe to conclude that non-performance measures such as seniority and qualification take the priority in guiding personnel decisions.

The major Problems of Performance Appraisal at Dashen S.C. are lack of rater ability to evaluate employee performance, rater bias in evaluating performance, lack of communicating performance standards and expectations to the employees, no link between some evaluation criteria and employee job, absence of employee participation in setting performance evaluation criteria and lack of focus and carelessness by some branch managers.

5.3 Recommendations

If employees are expected to exert their maximum efforts towards realization of organizational goals, it is essential that a sound performance appraisal practice be put in practice. In situations where employees are not well informed of what they are expected to perform and the consequences that their performance would bring to them, it is difficult to imagine getting their firm commitments. Thus the need for a properly designed appraisal system that is well aligned with the organization's strategic plans and objectives and has got the acceptance of all concerned is not to be compromised. If the appraisal system is required to be effective, it should be used as an instrument of motivation rather than of punishment. Thus, the administrative and developmental purposes of appraisal need to be given concern.

The following recommendations are forwarded to help improve the weaknesses identified in the existing appraisal system

o The practice of having file on what employees have done during the appraisal period⌉ should be followed by all raters. With this regard the bank's HR directorate should follow up those who are not having file and encourage those using it currently.

o Performance evaluation should be conducted 3 or 4 times a year than making it twice a year by taking into account the necessary resources required. Because frequent evaluation can avoid surprises and therefore problems later when the evaluation is communicated. On top of this the bank's management should motivate its supervisors and managers to give subordinates frequent feedback as much as possible, than waiting the appraisal period. It is this way that employees can continuously improve their performance.

o Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated. Better to use combination of evaluators than solely depend on immediate supervisors. Using combination of evaluators alleviates subjectivity and other problems encountered with single evaluator. The bank's management has to acquaint raters with different types of performance evaluation methods; particularly with the one the bank is employing so that they will clearly identify the strengths and limitations of the method they are using. It is impossible to avoid rater bias for it is human nature to get biased

somehow. But it is possible to reduce its magnitude through continuous training. Hence, the bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters" ability to evaluate and alleviate raters" bias.

o In order to enhance focus given by branch managers the bank's management should persuade them of importance of Performance evaluation towards achieving organizational goals. The HR directorate should well communicate employees of performance standards and expectations when they are placed in their respective job positions.

o Criteria in the existing appraisal format need to be revised so as to reflect changes in the operational environment. The more the criteria become job-related, transparent and clearly defined, the better their measurability and objectivity in assessing employees' efforts and the higher will be employees' motivation and commitment to exert their maximum efforts and see as to how their efforts are valued by the organization.

 o The link between performance appraisal and rewards should be explicit. The performance evaluation system should be well aligned with other HR functions (reward system and training and development). Performance appraisal should be a major consideration in making administrative and developmental decisions related to employees. Developmental benefits of performance appraisal should be given due emphasis as they enhance employee motivation and contribute to changing employees' perception of the process.

o Appropriate performance management policy and strategy, whereby employees are encouraged to participate in the formulation of standards against which their performance is evaluated and the employees along with their supervisors closely follow progress towards accomplishment of objectives, would be an advantage. However, given the large number of employees and the high variability of tasks performed, setting performance objectives for each and every employee may be confusing and impractical. Hence a sort of team-based evaluation, whereby objectives are set for the teams (may be for the whole of departments or area banks or subunits in them) and individuals' roles in the teams of which they are a part are defined, would be advantageous from practical point of view. This would also allow to assess member's as well as team's overall performance. Team-based evaluation can be justified owing to the nature of banking that involves team work and the similarity of activities within different work areas. Thus, performance appraisal formats with criteria that satisfy the needs of different teams and

individuals within them should be designed so that objectivity in rating can be enhanced results be more relied up on for any subsequent decision-making.

o While the bi-annual appraisal frequency has got the support of most respondents, the Bank may consider more frequent programs given the feasibility of added time and cost considerations. Supervisors should be encouraged to engage in day-to-day coaching of their subordinates' performance (with emphasis to poor performers) and strengthen mutual relationships that would be of help in enhancing employee motivation and development.

o Given the increasing complexity of the business environment, giving due respect to performance appraisal, which seems somehow neglected at present, is a must. Thus, management of the Bank may consider evaluation by other parties apart from the existing practice of evaluation by immediate supervisors. Objectivity of the system and consequently its effectiveness can be enhanced provided other parties having direct or indirect work relations with employees were allowed to participate in evaluating performance of the employees. As a service giving organization, it is worthwhile to consider introduction of a system that allows for customer participation (for those organs of the Bank and jobs that involve customer contact) in the appraisal system. This would boost customers' sense of belongingness to the Bank and also contribute to the increased quality of service rendered by the Bank. Customers' evaluation of each employee is a difficult task leading to higher costs. Hence, departments/groups/task should be the subjects for evaluation. The customer can also be given the freedom to comment about an individual employee's performance, if he/she wishes. However, the Bank should take into account the added costs in relation to the benefits to be derived from involving multiple raters. If the Bank has to stick to the single-boss appraisal system, raters should be encouraged to talk to customers and peers, review documentation, and incorporate other feedback if available, to ensure complete picture of employees' performance.

o Appropriate and practical trainings that aim at increasing raters' knowledge of the subject matter of performance appraisal should be among the priorities in the Human Resource Department's periodic training and development plans. Practice and feedback training in which raters are given the opportunity to practice rating and they are allowed to compare their ratings with those of experts in the field or a predetermined 'true score' may be preferred.

o Providing employees with timely feedback on their past performance and conducting post assessment interviews must be done to all employees. Rater training suggested above should also

enhance the ability of raters in handling these interviews in a way that promotes a conducive work environment where harmony presides over dispute regarding performance appraisals.

o Finally, the Bank should appreciate and value individual employee or team participation in its entire move to introduce a new performance appraisal system since the employees are the subjects of performance and any system cannot be expected to be effective without first involving all the parties that have a stake in it.

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WEB

www.dashenbanksc.com

APPENDICES

St Mary's University

School of Graduate Studies MBA Program

Questionnaire to be filled by Managerial Employees

Dear respondent,

My name is Muluwork Melkamu , prospective graduating student of MBA at Saint Mary"s University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "Assessing the Performance Appraisal Practice at Dashen Bank S.C." as partial fulfillment of Master"s of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

Please use tick mark ( ) in the boxes provided to choose from the options given and answer in writing where appropriate.

You don"t have to write your name.

Part I: Respondent's Profile

1. Gender: Male Female

2. Age: Below 25 ☐ 25-35 ☐ 36-45 ☐ 46-55 ☐ Above 55 ☐

3. Academic Qualification:

High School Complete ☐ Diploma ☐ B.A Degree ☐ Master"s and above ☐

4. How many years have you been working in the bank?

2-5 years ☐ 5-10 years ☐ above 10 years ☐

5. Name of your department or area bank _____

PART II. QUESTIONS ON PERFORMANCE APPRAISAL

1. How often do you evaluate your subordinates in a year?

(A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

2. How often do you think performance appraisal should be performed to ensure effectiveness in a year?

 (A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

3. Do you provide those employees working under your supervision with job descriptions and clear performance expectations?

Yes ☐   No ☐

4. It is a well known fact that an employee who is assigned to work on a job in which he/she is not interested would not have effective performance, at least in the long run. In this regard, do you make efforts to make sure that your subordinates are in their right career path that would allow them to meet their personal as well as organizational goals?

_____

_____

5. In your opinion, who should evaluate an employee's performance? You may choose more than one).

A) Immediate supervisor? B) Colleagues C) Subordinates

D) The employee himself/herself E) Customers F) Others, specify _____

_____

6. Do you think that the performance appraisal in your organization is strictly meeting its intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?

Yes ☐ No ☐

7. Do you think that weights assigned for the criteria in the appraisal form are appropriate in judging the real worth of a subordinate? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?

Yes ☐   No ☐

8. Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express their complaints or any suggestions regarding their rating results?

Yes ☐ No ☐

9. Have you ever been engaged in any sort of dispute with your subordinates due to the latter's dissatisfaction on your performance ratings?

Yes ☐ No ☐

If yes, did you try to manage the conflict in the post appraisal period?

_____

_____

10. In your opinion what criteria must be added to the content of the existing appraisal form and which criteria must be removed there from to ensure maximum use of the appraisal system?

_____

_____

_____

11. How do you perceive the performance appraisal system in your organization? (You may tick more than one)

(A) As a mere evaluative tool that aims at magnifying subordinates' performance weaknesses in Which case it creates frustration in their future performance as well as in your feedback

(B) As a developmental tool that reinforces positive behaviors and creates the ground for improvement of weaknesses in future performance

(C) As a process that adds to the paper work of managers without benefits sought

(D) As a management tool on which various administrative decisions are based

(E) Other, specify

_____

12. Which of the following problems apply to the appraisal system of your organization?

(A) Lack of rater ability (training) to evaluate performance

(B) Absence of employee participation in setting performance evaluation criteria

(C) Rater bias in evaluating performance

(D) No link between some evaluation criteria and employee job

(E) Others, specify

_____

_____

13. Any suggestions on the employee performance appraisal practice of the bank and on how to improve its effectiveness. (You may also suggest any possible alternatives to performance appraisal if you believe that the latter has no real benefits to success of the whole organization)

Part III: Information on Performance Appraisal Practice

Please mark ( ) or tick the statement that indicates your **level of agreement** in the responses box. Please note that:

5=Strongly Agree   4=Agree   3= Neutral   2=Disagree   1= Strongly Disagree

STATEMENTS	5=Strongly Agree	4=Agree	3=Neutral	2=Disagree	1=Strongly Disagree
1. Employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance.					
2. My subordinates have access to see their performance evaluation result					
3. Employees can appeal to the higher official if they perceive their result is biased and inaccurate					
4. I frequently provide feedback to the subordinate in a timely manner during the appraisal period					
5. In order to avoid resentment and rivalry among employees, I give them equivalent ratings					

6.I generally support my evaluation with specific incidents of good and poor performances				
7. I usually keep a file on what my subordinates have done during the appraisal period to evaluate their performance.				
8.The performance evaluation criteria used to measure my subordinates" performance are clear and objective				
9.The performance evaluation form used to evaluate my subordinates" performance is customized based on the characteristics of their job.				
10. I know that employees understand benefit of Performance evaluation to the employees and the bank.				
11.I think the performance appraisal process is worthwhile				

If you have any suggestions/ comments on the appraisal practices of the bank, please specify.

_____

_____

_____

Thank you for your time!

St Mary's University
School of Graduate Studies MBA Program

Questionnaire to be filled by Non-Managerial Employees

Dear respondent, My name is Muluwork Melkamu , prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "Assessing the Performance Appraisal Practice at Dashen Bank S.C." as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

 Please use tick mark ( ) in the boxes or circle provided to choose from the options given and answer in writing where appropriate.

 You don't have to write your name.

Part I: Respondent's Profile

1. Gender: Male ☐ Female ☐

2. Age: Below 25 ☐   25-35 ☐   36-45 ☐   46-55 ☐   Above 55 ☐

3. Academic Qualification:

High School Complete ☐   Diploma ☐   B.A Degree ☐   Master's and above ☐

4. How many years have you been working in the bank?

2-5 years ☐   5-10 years ☐   above 10 years ☐

5. Name of your department or area bank _____

PART II. QUESTIONS ON PERFORMANCE APPRAISAL

1. How often is your performance evaluated in a year?

(A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

2. How often do you think performance appraisal should be conducted in a year?

A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

3. Do you clearly know what you are expected to perform in your present assignment, i.e., are your performance goals clearly communicated to you by your supervisor(s) via job descriptions and clear performance expectations?

Yes ☐   No ☐

4. Do you feel satisfied with the kind of job you are performing? In other words, is your present assignment in line with your career plans to move up the organization hierarchy?

Yes ☐   No ☐

5. In your opinion, who should evaluate an employee's performance? You may choose more than one).

(A) Immediate supervisor?

(B) Colleagues

(C) Subordinates

(D) The employee himself/herself

(E) Customers

(F) Others, specify _____

6. Do you think that the performance appraisal in your organization is strictly meeting its

Intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?

Yes ☐ No ☐

7. Do you think that weights assigned for the criteria in the appraisal form are appropriate for the kind of job you are handling? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?

Yes ☐ No ☐

8. Do your supervisors call for appraisal interviews wherein you are encouraged to freely express your complaints or forward any suggestions regarding your appraisal results?

Yes ☐ No ☐

9. Is there any possibility of misusing the appraisal system by your supervisor, like giving lower? Results to those employees whom he/she thinks are competent enough to stand as a threat to his/her position?

Yes ☐   No ☐

If "yes", what do you suggest to make it impossible?

_____
_____
_____

10. In your opinion what criteria must be added to the content of the existing appraisal form and which criteria must be removed there from to ensure maximum use of the appraisal system?

_____
_____

11. How do you perceive the performance appraisal system in your organization?

(A) As a mere evaluative tool that aims at magnifying your performance weaknesses in which case it creates frustration in you

(B) As a management tool targeted for employee development through reinforcing positive behaviors and creating the ground for improvement of weaknesses in future performance

(C) As a paper work that doesn't affect your stay with the organization

(D)As an administrative tool on which your promotion, salary increment and other benefits are based

(E) Other, specify _____

12. Which of the following problems apply to the appraisal system of your organization?

(A) Lack of rater ability (training) to evaluate your performance

(B) Absence of employee participation in setting performance evaluation criteria

(C) Rater bias in evaluating performance

(D) No link between some evaluation criteria and employee job

(E) Others, specify

_____

_____

13. Any suggestions (recommendations) on performance appraisal practices of the bank (You may also consider any management practice that may stand as an alternative to performance appraisal.

_____

_____

_____

_____

Part III: Information on Performance Appraisal Practice

Please mark ( ) or tick the statement that indicates your **level of agreement** in the responses box. Please note that:

5=Strongly Agree   4=Agree   3= Neutral   2=Disagree   1= Strongly Disagree

STATEMENTS	5=Strongly Agree	4=Agree	3=Neutral	2=Disagree	1=Strongly Disagree
1. I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
2. I have access to see my performance evaluation result					
3. I can appeal to the higher official if I perceive my result is biased and inaccurate					
4. My supervisor frequently provides feedback in a timely manner during the appraisal period					
5. In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings					
6. My supervisor generally supports his/her evaluation with specific incidents of good and					

poor performances.				
7. My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.				
8.The performance evaluation criteria used to measure my performance are clear and objective				
9. The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job.				
10.I understand benefit of Performance evaluation to the employee and the bank				
11.I think the performance appraisal process is Worthwhile				

If you have any suggestions/ comments on the appraisal practices of the bank, please specify.

_____

_____

_____

 Thank you for your time!

St Mary's University
School of Graduate Studies MBA Program

Interview Questions

for Human Resource Staff Name of Student: - Muluwork Melkamu How do you see the performance appraisal of the bank in respect of its contributions to the achievement of organizational mission and goals? Have you formulated these objectives of performance evaluation? If so, what are they?

1. To what extent is performance appraisal system of the bank meeting its intended purposes? Fore example it sometimes may happen that decisions that have to be made on the basis of performance appraisal (such as bonus declaration) would be taken before employee appraisal results have reached the human resources department.

2. What efforts have been made to improve or otherwise change the appraisal practices of the bank? It is well known that a number of organizations, particularly those in the public sector, are introducing a number of performance management practices such as, the result-oriented performance appraisal system (ROPAS), integrated performance management systems and most recently the balanced score card performance management systems. In this regard, how do you see the effectiveness of the bank's existing rating scales method of performance appraisal?

3. What employee performance-related problems have you come across so far – like in terms of number of customer complaints, turnover, absenteeism, lack of motivation following unfavorable supervisor ratings etc?

4. How do you see the capability of existing raters and the dependability of the rating results for decision –making purposes? Have there been any attempt to develop rating skills of appraisers though formal training programs?

5. What are the contributions of the bank's human resource department in insuring implementation of periodic performance appraisals by the Bank's different organs on a timely basis? What procedures are in use for this purpose?