



PRACTICES AND CHALLENGES OF EMPLOYEES' PERFORMANCE APPRAISAL:
THE CASE OF COMMERCIAL BANK OF ETHIOPIA

St. Mary University
School of Graduate Studies (MBA)

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Acronyms/ Abbreviations

PA - Performance Appraisal

PAS - Performance Appraisal System

CBE - Commercial Bank of Ethiopia

HRD - Human Resource Development

EPA - Employees Performance Appraisal

TNR -Total Number of Respondents

VP - Vice President

CATS -Customers Accounts and Transaction Services

NR - Number of Respondents

EMI -Ethiopian Management Institute

PMS - Performance Management System

Abstract

This study is designed to investigate practices and challenges of employee's performance appraisal at Commercial Bank of Ethiopia. It investigates the level of opinions of the employees regarding the practices and challenges of employee's performance appraisal by describing the processes with its attributes. To address these objectives, descriptive research design has been organized by using both quantitative and qualitative research approach. The total number of clerical staff in CBE at head office is 4236 and this study uses simple random sampling technique to take 342 employees to fill in the questionnaire, which is the main data collection instrument. The data gathered from the questionnaire were processed using SPSS-v 20 software. Data gathered from interview were analyzed contextually. The findings illustrate that, the current performance appraisal system of the bank as a system is not providing fair appraisal to its employees due to different challenges. Further, the study identified some major gaps in the implementation of the bank's appraisal system: no appropriate rewards are given to high performers, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation criteria. It is recommended that CBE should revisit and redesign its appraisal system that is aligning to its vision and mission towards the attainment of its organizational goals.

Keywords: *Performance Appraisal, Performance Appraisal System, Fairness, Employee's Participation, Challenges of PA, Performance Standards*

CHAPTER ONE

Introduction

This chapter consists of background of the study, operational definitions of key terms, statement of the problem, objectives of the study, significance as well as scope of the study and finally it incorporates organization of the paper with ethical considerations.

1.1 Background of the Study

Employee's performance appraisal is a subject of massive attention in any organization. In every organization, employees play a critical function in determining its continued existence. Therefore, performance appraisal practices are now considered as one of the key contributing issues to the accomplishment of an organization. Based on *Radnor* the word performance appraisal is sometimes recalled as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating (*Radnor, 2004*). Performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set objectives or purposes. Here, performance appraisal can be seen as the methodical explanation of individual job-relevant strengths and weaknesses for the purpose of making a decision about the individual. In another term, performance appraisal is a process of evaluating the behavior of the employees in the place of work, or can also be referred as a process of giving reaction on employees' performance. As we understand from our general experiences appraising employee performance in organizations is a multifaceted and difficult task.

Here in the case of commercial bank of Ethiopia it is relatively a new concept of HR practice. Nowadays CBE tries to put increased emphasis on performance appraisal to recognize the strengths and weaknesses of its employees to progress their productivity, which in turn helps itself to gain competitive advantage with human resources. It has already believed that a well developed

performance appraisal process can be useful for assessment of employee training needs, employee merit appraisal, and formative of employee salary, feedback and idea for performance development; however, it doesn't perform as expected. *Thomas & Bretz* explains it as performance appraisal can be used as inspirational tool for communicating performance expectations to workers and providing them with criticism (*Thomas & Bretz, 1994*). So, like any other organizations, performance appraisal plays a vital role in commercial bank of Ethiopia. As different manuscripts of this bank indicate, employees refuse the result of their appraisals, standards doesn't meet with employees expectations i.e duties as well as responsibilities and the cause for turnover can be related with the performance appraisal process; see the banks' annual report of (*2009*). As explored by my investigation the research done in this issue can't absolutely solve in the case of commercial bank of Ethiopia. Again as some educated individuals in this bank said even the performance criteria used by CBE are not appropriate to measure its' employees. With this background, the present study will attempt to explore major challenges in the performance appraisal process and it will make a critical analysis of the existing performance appraisal practices and challenges of CBE.

1.2 Statement of the Problem

As CBEs' different historical document indicates the performance appraisal and practice was started at the establishments of the bank itself but in a specialized form it was started in July 1, 2014. However, still supervisors and sub ordinates have been in inconsistency with each other during and after the quarter as well as annual appraisal period. Every year during the annual appraisal it experience several pressure among staff members which lead to disagreement among or between staffs and supervisors which results low spirits as well as lack of fulfilling obligation among employees. In addition to these nowadays those challenges are rise to point that some employees refused to be appraising (*see progress reports of CBE, 2012/13, 2013/14*). These are because of performance appraisal process used by this bank have a problem which makes the appraisal result being unacceptable. This is telling us they are hurt by the preceding performance appraisal practice as well as results and most of the employees are not also agreed with standards which appraise them. Therefore, the researcher will focused on the practice being used and to identify the challenges related with employees' performance appraisal process used by CBE because there are complaints of employees

inside and customers' displeasure about services rendered by it. The study also will required to recognize the challenges and drawback that the organization have in using them, and examine the benefits received from, and the challenges come across in, their performance appraisal systems. Because, if these institution will not use this tool or will not use it effectively with its' staff, it will have been failing to notice the considerable advantages that a performance appraisal system is able to generate. Using performance appraisal will provide one way for them to address the growing accountability interests they are experiencing from strategic plan makers and to produce organizational interior and accomplish the consequences they wish to attain. This is generally true in times of upheaval when performance appraisal can be helping organizations use their resources more wisely.

Holding the above idea, this study attempted to assess the practices& challenges of performance appraisal associated with the performance appraisal process that is used by CBE.

Specifically the study is designed to address the following basic questions.

- Does CBE have established its' own employees performance appraisal processes?
- Are employees participating in formulating performance appraisal standards?
- How the performance appraisal standards are practiced by CBE aligned with employees' expectations?
- What are the purposes of employees' performance appraisal that is conducted by CBE?
- Do employees aware enough regarding performance appraisal standards?
- Are performance standards of CBE really measure the actual performance of its' employees?
- What are the challenges encountered in implementing the performance appraisal standards effectively?
- What are the remedial solutions taken to challenges that lead to employees' frustration relating to their performance appraisal?

1.3 Objectives of the Study

These research objectives will address a specific, concrete, and achievable goal in conducting final research. Hence it will include both general and specific objectives as follows:

1.3.1 General Objective

The general objective of the study is to find out the practices and challenges of performance appraisal system in the case of commercial bank of Ethiopia.

1.3.2 Specific Objectives

The following are specific objectives of the study which are derived from research questions as stated under the statement of the problem.

- To analyze the performance appraisal process that is conducted in CBE.
- To investigate degree of employees' involvement in formulating performance appraisal standards that appraises them.
- To explore coalition of performance appraisal standards with employees' expectation.
- To ascertain the objectives of taking performance appraisal to Commercial bank of Ethiopia.
- To examine whether performance standards of CBE actually measure the real performance of its' employees or not.
- To demonstrate the extent of challenges that affect performance appraisal practices within this bank.
- To find out major reasons that leads to employees' frustration relating to performance appraisal in CBE.
- To investigate the possible remedial solutions for challenges created in the process and practices of performance appraisals in CBE.

1.4 Significance of the study

This research will intend to fill the literature gap related to assessment of employees' performance appraisal system. Specifically this research would serve as preliminary work or a pace base for further study on the issue. Moreover, it would benefit commercial bank of Ethiopia to review its performance appraisal practices and appraisal standards. Generally, the result of this research would benefit several stakeholders such as organization itself, employees, other researchers to use as input for their study, and clients as well as society as a whole.

1.5 Scope of the study

The researcher believe that it will have been good, if the study conducted at the whole private and public banks at the country level, however, this study will be limited to practices and challenges of employees performance appraisal system in the case of CBE because to do it with all banking sectors in Ethiopia will be vast, needs long period of time and a lot of finance meaning it will takes time and

effort to master it. Even if it will not include all banking sectors, the researcher believes that the objective of the research would be meeting at the end. The study also mainly focuses on the appraisal process of this bank. The researcher would also want to see the banks appraisal system practices and its challenges to investigate the possible recommendations to solve the problems.

1.6 Limitation of the Study

In regard to limitation of the study which will affect the process of the study would be respondents' unwillingness to give sufficient information and lack of clear and well handled information. The methodology used by the researcher would not really fit with the desired data. Some of the figures need would not be available and there would not underlying and up to date theories that help the researcher to identify which items to look at and to guide in establishing the benchmark. Annual reports would be less purposeful because they would make by the bank management to illustrate best picture to their potential of their performance appraisal system. In addition to the above, financial shortage & time might be difficulties in the study. Even if such kind of difficulties would exist, the researcher would try to narrow the gap by minimizing difficulties.

1.7 Organization of the study

The overall organization of the paper would be consists of five consequential chapters. The first chapter would deals with the introduction part comprising statement of the problem, objectives, scope, significance of the study and other relevant introductory issues. The second chapter would focus on related Literature review. Here, all of the significant literature in relation to the topic under discussion will be made. The third chapter would concern with the research design, approaches used to go through with the data collection and analysis. The Fourth chapter would present the institutions background with overall operation as well as performance appraisal practices of commercial bank of Ethiopia. Research results i.e key problems, their impact and evaluations of management attempt to solve the challenges will evaluate in this chapter. The last chapter, chapter five would encompass the conclusion and recommendation part of the paper. So, in chapter five an attempt would do to draw conclusion from the previous chapters' presentation and analysis part. Based on that, recommendations would be forwarded to simplify the previously existing challenges.

1.8 Ethical issues

To be honest, the researcher is already familiar with the ethical issues of research guidelines. Thus, the researchers would detect the principles of ethical issues like confidentiality and dignity of the

participants, integrity, on no account plagiarism, and never fabricating and destroying data to maximize the quality of information obtained. It also

- ❖ Would recognize guidelines which is given by advisor
- ❖ Would use ethical practices throughout research i.e avoiding any act of plagiarism
- ❖ Would use respectful data collection procedures
- ❖ Finally would give respect to audiences who read and use research study.

CHAPTER TWO

2. Related Literature Review

This section discusses related literatures which would be significant to brief the area of the study. It helps to know theoretically about performance appraisal which would used to expand understanding

about the topic itself. Therefore, the authors' idea would interpret by the researcher to indicate its association and relationships with the study.

2.1 An overview of Performance Appraisal

2.1.1 What is performance Appraisal?

According to Fletcher, Performance appraisal is a process of obtaining, analyzing and recording information about the relative worth of an employee. It is a systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his or her present job and potential for a better job. The author also indicates Performance appraisal has progressively become part of a more deliberate approach to amalgamating human resource activities and business policies and may now be seen as a general term covering a variety of activities through which organizations seek to assess employees and develop their competence, improve performance and allocate rewards (*Fletcher, 2001*). From this one can easily understand that the term performance appraisal is not only refers to measure employees worth but also includes employees future personal development in their respective career.

Based on Michael Armstrong, performance is accomplishment, execution, carrying out, and working out of anything ordered or undertaken *Armstrong (2010)*. This definition implies that outputs/outcomes (accomplishment), but also affirm that performance is about doing the work as well as being about the outcomes accomplished.

He further elaborates it as Performance is certainly often regarded as simply the end achievement of a record of a person's activities. Again he argued that performance is something that the person leaves at the back and that exists apart from the rationale (*Armstrong, 2010*).

The other famous authors like Levy and Williams said, Performance appraisal has also been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (*Levy, P. E. and Williams, J. R. (2004)*).

This also indicates that appraisal evaluates not only the employees' performance but also the potential for development. So the primary objectives of an appraisal are to assess past performance, identify training needs, set and agree on future objectives and standard as well as to facilitate the achievement of these goals.

Bernardin (1995) believe that Performance should be defined as the outcomes of work because they provide the strongest association to the strategic goals of the organization, customer satisfaction, and

economic contribution. He also defines appraisal as the process through which an organization gets information on how well an employee is doing his or her job. **Mathis and Jackson (2005)** extended this definition by adding that performance should be measure up to a set of standards and then correspond with the employees. Here, they conclude Performance appraisal as employee rating, employee evaluation, performance review, performance evaluation, and result appraisal (**Mathis and Jackson, 2005**). According to **Grote (2002)**, it is an objective way to evaluate employee work-related behavior. Grote said that Performance appraisal is widely used for determining wages and salaries, promotion, training and development, providing performance feedback, and identifying employee strengths and weaknesses (**Grote, 2002**). From those definitions, one can notice that performance appraisal is extensive, very exclusive, counterproductive exercise. Therefore, it is typically carry out with good intentions to manage get better the performance of individual employees and show the way to enhanced taken as a whole organizational efficiency and effectiveness.

Now a day's Performance appraisal activities are determined as one of the major benefiting factors to the achievement of an organization. But still especially in Ethiopia Very few organizations have attentions for increased underline on performance appraisal to recognize the strengths and weaknesses of their employees to progress their efficiency, which again helps the organizations to gain aggressive improvement with human resources. These only few organizations have understand that a healthy developed performance appraisal process can be helpful for evaluation of employee training requirements, employee worth assessment, setting of employee salary, reaction and implication for performance development (**Bernardin, 1995**).

Therefore, this explanation also helps to support the idea of performance appraisal can be used as a motivational instrument for correspond performance prospect to employees and providing them with response.

2.1.2 Performance management and performance appraisal

Even if these two concepts are seems like the same, they are not identical in their definitions because they have slight differences between them. Performance management is focuses on ways to inspire employees to develop their performance and the goal of the performance management process is performance improvement, initially at the level of the individual employee, and ultimately at the level of the organization. Performance management refers to 'a general set of activities which are carried out by the organization to improve employee performance'. Although performance management is

typically reliant on performance appraisals, performance management is a broader and more encompassing process and is the ultimate goal of performance appraisal activities.

Performance appraisal is a technique that has been credited with improving performance therefore; the ultimate goal of performance appraisal should be to supply information that will best allow managers to develop employee performance. Thus, ideally, performance appraisal provides information to help managers manage in such a way that employee performance improves. It is the systematic observation and evaluation of employees' performance (*Grote, 2011*).

2.2 The performance appraisal process

While research and experienced practitioners like *Elaine D. Pulakos* have identified several characteristics that are prerequisites for effective performance appraisal systems, there are also many decisions that need to be made to design a system ideally suited for a given organization's needs. One such decision is what purpose(s) the system will serve. For instance, performance appraisal systems can support pay decisions, promotion decisions, employee development and reductions in number of employees. Here, there is no one type of system or set of objectives that is best suited for all Performance appraisals of organizations. The purposes for a given performance appraisal system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems. Therefore, effective performance appraisal systems have a well-articulated process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees. As result of these, different author depicted different steps of performance appraisal (like Aguinis, 2007; Armstrong, 2010; Brumbach, 2003) but, as a general perspective performance appraisal process consist six interconnected steps as follows:

2.2.1 Establishing performance standards

The first footstep in the process of performance appraisal is the formulation of the standards which will be used as the base to compare the actual performance of the employees. Here as a principle the standards set should be clear, easily understandable and in measurable terms.

2.2.2 Communicating standards and expectations

Following establishment of standards, it is the duty of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should

be clearly explained to them. Therefore, this allows employees at least to speak their feelings regarding the standards.

2.2.3 Measuring the actual performance

The most complex part of the performance appraisal process is measuring the actual performance of the employees that is, the job done by the employees during the particular period of time. It is a continuous process which involves monitoring the performance throughout the year. Hence, this indicates that raters should care when they appraise others.

2.2.4 Comparing with standards

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. Here, if there are deviations the next step may continue.

2.2.5 Providing feedback

The outcomes of the appraisal is communicated and discussed with the employees on one-on-one bases with the focus of communication and listening.

The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. Therefore, this step shows the purpose of the meeting should be to solve the problems faced and motivate the employees to perform better but not aim to harm.

2.2.6 Taking corrective actions

The final step of the process is to take decisions which can either improve performance of the employees, take the required corrective actions or the related HR decisions such as rewards, promotions, demotions, transfers etc

2.3 Purposes of Performance Appraisal

2.3.1 What are the justifications to take performance appraisal?

The performance appraisal has multiple purposes, but the primary goal is to improve organizations overall performance. It is very important to clarify the objectives that performance appraisal system is attempting to achieve. Fletcher signifies that Performance appraisal has become a term used for a variety of activities through which organizations try to find to assess employees and develop their ability, enhance performance, and distribute benefits (*Fletcher, 2001*).

Grote (2002) extended the justification by identified purposes of performance appraisal as providing feedback to employees about their performance, facilitating decisions concerning pay increases, promotions, layoffs, encouraging performance improvement, setting and measuring goals, determining individual and organizational training and development needs, confirming that good hiring decisions are being made, provide legal support for personnel decisions, improving overall organizational performance (**Grote 2002**).

Murphy and shah (1995) set out the justifications of taking performance appraisal in the following aspect. Based on him, taking performance appraisal can improve organizational decisions including reward allocation, promotions, layoffs and transfers.

Again he said that taking performance appraisal can improve individual career decisions and decisions about where to focus one's time and effort. Here individual employees must make many decisions concerning their present and future roles in an organization. They must decide how, or if, they will develop future strengths and what sort of career goals they should pursue. Performance appraisal must prevail and provide truthful, timely and comprehensive feedback to assist in the quality of these decisions.

Another way that **Murphy** and **shah** suggest that taking performance appraisal can assist organizations by providing a set of tools for evaluating the effectiveness of current or planned ways of operating. Finally, they stated the benefits of performance appraisal as it can impact employees' views of and commitment to their organization.

As a result the above explanations give insights to us to think about on quality of performance appraisal and feedback which has a role in the perceptions of the fairness, legitimacy, and rationality of a wide range of organizational practices.

Generally speaking, we can argue that Performance appraisal allows organizations to inform their employees about their rates of growth, their competencies, and their potentials.

Because, it enables employees to be deliberate in creating their individual developmental goals to help in their personal growth attached with their organizational development. However, there is little disagreement that if performance appraisal is done well, it serves a very useful role in matching the needs of the individual and the needs of the organization.

2.4 Methods of Performance Appraisal

There are many alternative performance appraisal methods that currently organizations used each with their own strengths and weaknesses that make them more appropriate for use in some situations

than in others. Performance Appraisal methods can be generally seen as Past oriented methods (Ranking, Graphic Rating Scales, Critical Incident, and Narrative Essay) and future oriented methods (Management by Objectives, Behaviorally Anchored Rating Scales, Humans Resource Accounting, Assessment Center, 360 Degree, 720 Degree).

As the name signifies past oriented methods are concentrated only on the previous performance where as future oriented methods concentrated on the future but also formulated to improve the conventional methods and tried to enhance the shortcomings of the old methods such as biasness and subjectivity.

According to Adnan Shaout & Mohamed K. Yousif (2014) these methods are briefly described as follows:

2.4.1 Ranking Method

The ranking method is a performance appraisal method that is used to evaluate employee performance from excellent to awful. Under the ranking method, the manager compares an employee to other comparable employees, rather than to a standard measurement. Superior makes position his employees based on merit from best to worst; however how best and why best are not elaborated in this method.

2.4.2 Graphic Rating Scales

It is a scale that lists a number of traits and a range of performance for each. The employee is then graded by finding the score that best defines his or her level of performance for each trait. The graphic rating scale form is a performance appraisal checklist on which a manager simply rates performance on a continuum such as excellent, good, average, fair and poor.

2.4.3 Critical Incident Method

In this case, it concentrated on certain critical behaviors of employee that makes significant difference in the performance. This means that Critical incident evaluation techniques require the assessor to record statements that describe good and bad job-related behavior (critical incidents) exhibited by the employee

2.4.4 Narrative Essay

Here the rater writes an explanation about employee's strength and weakness points for improvement at the end of evaluation time. This method primarily attempt to concentrate on behavior for example overall impression of performance, existing capabilities & qualifications, previous performance, and suggestions by others.

2.4.5 Management by Objectives (MBO)

Under MBO performance is graded against the achievement of the objectives specified by the management. It includes object formulation, execution process and performance feedback. It is a process in which managers and employees jointly set objectives for the employees, periodically evaluate performance, and reward according to the results. However, one difficult part of MBO is that in many situations, most, if not all, employees will have different goals, making MBO more difficult and time-consuming than using a standard assessment form.

2.4.6 Behaviorally Anchored Rating Scales (BARS)

It is a performance appraisal that provides a description of each assessment along a continuum. It contrast an individual's performance against specific examples of behavior that are anchored to numerical ratings and utilize behavioral statements or solid examples to explain various stages of performance for each element of performance. BARS like, rating scales, continuum often includes a numerical scale from low to high.

2.4.7 Humans Resource Accounting (HRA)

In this method, the performance appraisal is judged in terms of cost and contribution of the employees.

2.4.8 Assessment Center

An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of selection of exercises or work samples. Appraisers are requested to

participate in in-basket exercises, work groups, computer simulations, fact finding exercises, analysis/decision making problems, role playing and oral presentation exercises.

2.4.9 360 Degree

It is a popular performance appraisal technique that includes evaluation inputs from a number of stakeholders like immediate supervisors, team members, customers, peers and self. Here performance evaluation information can be obtained from managers, peers, direct reports or customers.

It analyzes individuals' performance from all sides i.e from their supervisor's, from their subordinates', from customers' (if applicable), and from their peers' perspectives. Here, obviously it would give us the most accurate, best possible analysis of individuals and their performance within the company but takes effort, time and money

2.4.9 720 Degree

This method concentrates on what matter most, which is the customer or investor knowledge of their work. In 720 degree appraisal feedback is taken from external sources such as stakeholders, family, suppliers, and communities. It is 360 degree appraisal method practiced twice.

As a result, as we have observed from each characteristic, each appraisal method has their own strength however; they have also their own shortcomings. Therefore, to minimize cons and to improve the pros using multiple appraisal method is preferable because multi-source assessments can be more convincing and tend to be viewed as more credible for communicating development needs. With multiple raters, the manager is taken out of the role of sole judge and evaluator and can assume a greater role as a performance coach and helper.

2. 5 Performance Appraisal Criteria

Based on Grote, Performance appraisal has five main distinctive criteria in conducting performance appraisal namely validity, reliability, responsiveness, flexibility and equitableness (**Grote, 2002**). According to **Mathis and Jackson (2005)**, the criteria for reviewing performance should be in sight with achievements and competencies. Again based on them, decisive factors for appraise job performance can be categorized as trait based, behavioral based or result based.

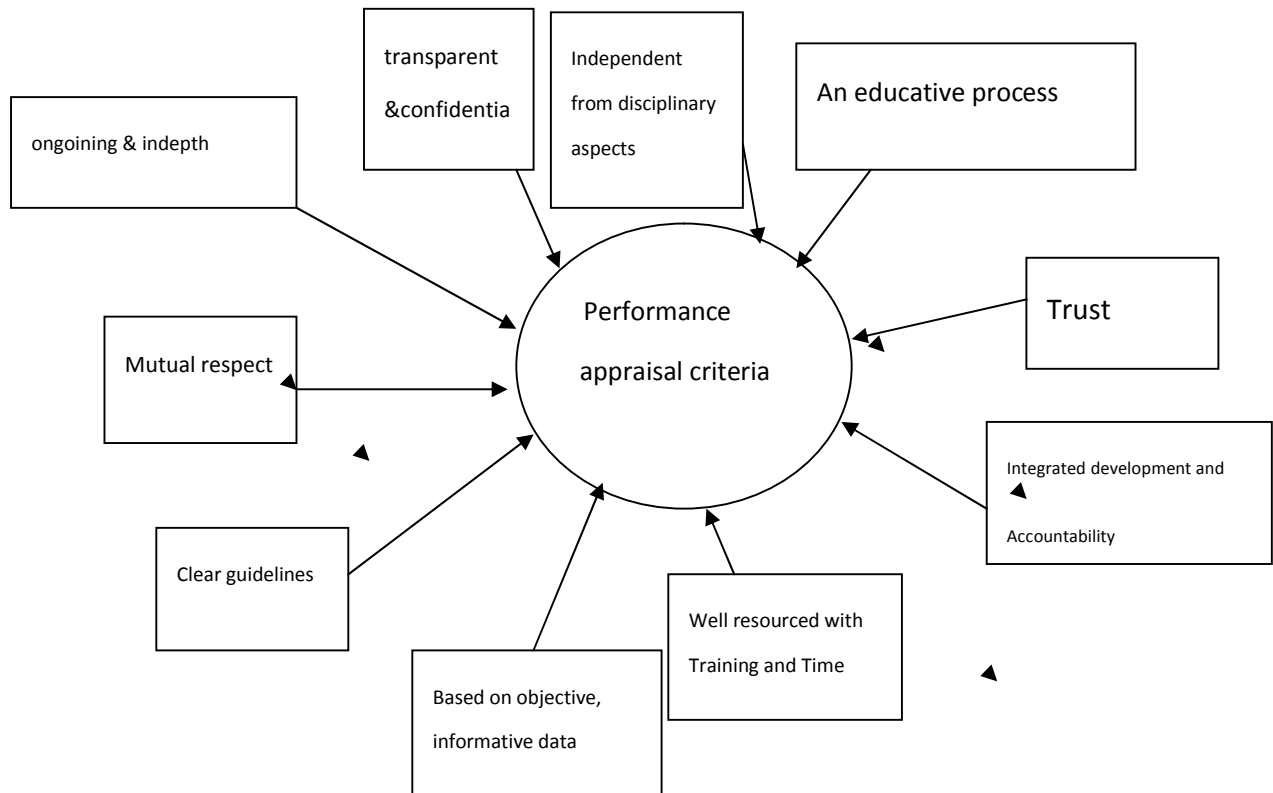


Diagram 2.1. Elements of appraisal effectiveness by Piggot-Irvine (2003,)

As Enkhjin Chuluunkhuu (2010) cited Piggot-Irvine's terms, effectiveness refers to when performance appraisal interactions are non-controlling, non-defensive, supportive, educative and yet confidential. Effective appraisal, therefore, is supported by a relationship of respect and has results directly linked to improved work performance. Therefore, information of appraisals process should be clear, objective, and have high integrity and ultimate goal of deep development.

2. 6 Challenges of Performance Appraisal

2.6.1 The main challenges in taking performance Appraisal

According to different writers, performance appraisal systems tend to have several problems which results in inconsistent, unreliable, and invalid evaluations. Most of the time these problems are emanates from the appraisal system itself. Due to the problems, organizations and particularly employees generally have unsure attitudes, at best, toward performance appraisal (**Grote, 2002**).

Therefore, even though most would recognize the supposed benefit, in principle, of documenting, communicating, and setting goals in areas of performance, many are also irritated concerning the genuine benefit received from performance appraisal in their organizations.

Grote again suggests that when the typical performance appraisal system consume overwhelming amounts of time and energy then it leads to depresses and demotivates employees, destroys trust and so on.

Shah, J. B., & Murphy, J. (1995) also mentions several pitfalls that are common to performance appraisal systems as they demand too much from supervisors, standards and ratings vary widely and sometimes unfairly, personal values and bias can replace organizational standards, employees may not know how they are rated due to lack of communication, the validity of ratings is reduced by supervisory resistance to give the ratings particularly negative ratings, negative feedback can demotivate employees, and they interfere with the more constructive coaching relationship that should exist between superiors and their employees.

In addition to this, **Shah&Murphy (1995)** found that there are a number of ways that performance appraisal can hurt an organization. First, the system can overemphasize the work of the individual and underemphasize the work of the team. Second, performance appraisal can often send mixed messages about the most and least important aspects of job performance and about the importance of performing well. Third, performance appraisal is often a source of discontent for the manager and the employee being appraised.

Here, one can conclude that performance appraisal give employees feedback on performance, to identify the employees' developmental needs to make promotion and reward decisions, to make demotion and termination decisions and to develop information about the organizations selection and placement decisions as well as it helps to attain organizational effectiveness and efficiency when it far from extended pitfalls.

Furthermore, **Feticher (2001)** point out several challenges which arise in the practice of performance appraisal activities. According to him, the main issue in the practice of performance appraisal activity is the fairness of the evaluation decision. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system. Employee's dissatisfaction can be emerged from that

raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because bias, unfairness and unreliability may occur. On the other hand although there is a formal evaluation form and a set of standards to be followed, employees seem not to trust the tools of evaluation. Therefore, as a result of these problems the appraisal decision nowadays is confronted with a great deal of criticisms and comments from the employees and their unions.

Regarding this topic Feticher supposed that there are several issues being put forward such as the raters' ability, accuracy of the system, fairness, discrimination, and other aspects (**Feticher, 2001**). The other challenge to be seen carefully is that problems existed because of raters. Sometimes raters are not cooperative and capable to take correct measuring in completing employees' performance appraisal.

Concerning this, **Deblieux (2003)**, also said strictness, central tendency, halo effect and recency of events as common rating errors.

i.Strictness or Leniency

This tends to give constantly higher or lower ratings than the subordinate deserves, which may affect other subordinates. However, these distortions may be often the result of vague performance standards & the consequence of the evaluator's attitudes.

ii. Central Tendency

The problem of raters that are reluctant to rate subordinates as very high or very low. This type of raters are dislike being too strict with anyone by giving them an extremely low rating, and they may believe that no one ever deserves to get the highest possible rating, rather than measuring all around an average. Thus raters assume that average appraisals can avoid extremes that could cause conflict or require an explanation.

iii. Halo Effect

This is a problem of affected by a single positive or negative dimension of a subordinate's performance which may leads to that subordinates are rated consistently high, medium, or low on all performance appraisal dimensions. In other words this is the tendency to rate a man uniformly high or low in other traits if he is extra-ordinarily high or low in one particular trait.

iv. Recency of Events

As the name indicates some raters likely to consider recent performance more strongly than performance behaviors that occurred earlier rather than to include all performance behaviors in the performance appraisal of a subordinate. In other words it is influenced by the most recent behavior ignoring the commonly demonstrated behaviors during the entire appraisal period.

Here one can understand that evaluation is a sensitive matter, often eliciting negative psychological responses such as resistance, denial, aggression, or discouragement, particularly if the assessment is negative. Thus high perceptions of evaluative performance appraisal use may result in negative feelings about the appraisal that affects both the individual and the organization. Therefore, this indicates that challenges are emanates from the raters, the system of performance appraisal and raters itself.

This also shows us the employee reactions to appraisals can be an important condition to improve the employee's performance and that employee emotions as well as perceptions are significant in determining the efficacy of performance appraisal systems.

2.7 Empirical literature Review

The researcher has been read certain number of empirical literatures which has close relation with the present studies as well. So that the following selected literatures are believed to have generate contribution to the study by extending the sight of the researcher regarding the research questions and objectives.

Melat Yilma (June 2014), conducted a thesis on performance management practices & challenges at Ethiopian management institute. Here, main purpose of her study is to assess and describe the performance

management practice and challenges in Ethiopian Management Institute. She tries to address the basic questions of how the alignment is made between organizational goal with that of the departmental and individual goal, how the planning, execution, assessment and review process was handled and identifying the purpose of having PMS in EMI and challenges faced while implementing performance management. To answer these questions she uses descriptive survey research design deployed by both quantitative and qualitative research approach. In general the finding of her study revealed that organizational goals were not fully aligned with departmental and individual goals, participation of employee's in the planning stage of performance management is not across all staff of EMI, lack of regular feedback, lack of uniformity in gathering information about employee's performance and lack of software for automating the PMS are the major problems noted. In order to fill the identified gap, she was forwarded the following recommendations to align organizational goals with departmental and individual level, to improve the level of employee's participation in the employees performance appraisal process, to enhance the awareness of employees about the purpose of PMS, goals should be set in mutual agreement, letting employees to assess their own performance using self-appraisal method, gather information about the performance of an employee from different sources. She also recommends the institute should create a room for the practice of setting goals and standards of performance measures on the basis of mutual agreement between employees and supervisor and let employees to agree on the goals they are expected to achieve and the standards which they will be evaluated. The act of jointly setting goals and standards will provide a clear direction in the form of increasing effort, persistence towards goal accomplishment and have some motivational benefits. Finally, she suggested making the evaluation criteria to be very objective and conduct the evaluation at the right time.

Fisseha wujra (june 2013), on his thesis carry out to assess the performance appraisal practice on development bank of Ethiopia find out the appraisal system in the case study lacks the appropriate quality to effectively appraise employees due to inappropriateness of the standards itself. Therefore, exiting performance appraisal practice doesn't convince the employee attitude about the attributes used to measure their contribution and merit to the organization. This also results in the existence of weak tie between the existing performance appraisal practices and reward schemes. He also investigate that this is true the fact that the existing employees performance appraisal system suffers subjectivity problem which is management based system without the participation of employees. For those he recommends it is important to revise its traditional method of appraisal process and advised to replace it with better and powerful method of appraisal process. Therefore, having those insights and others the researcher makes the study more comprehensive as much as possible.

2.8 Conceptual Framework

The performance appraisal steps provide a framework as a model for the study to evaluate the performance appraisal system on the employees even if the process may differ from one organization to the other. The conceptual framework of the study will therefore present in the Figure 2.1 below.

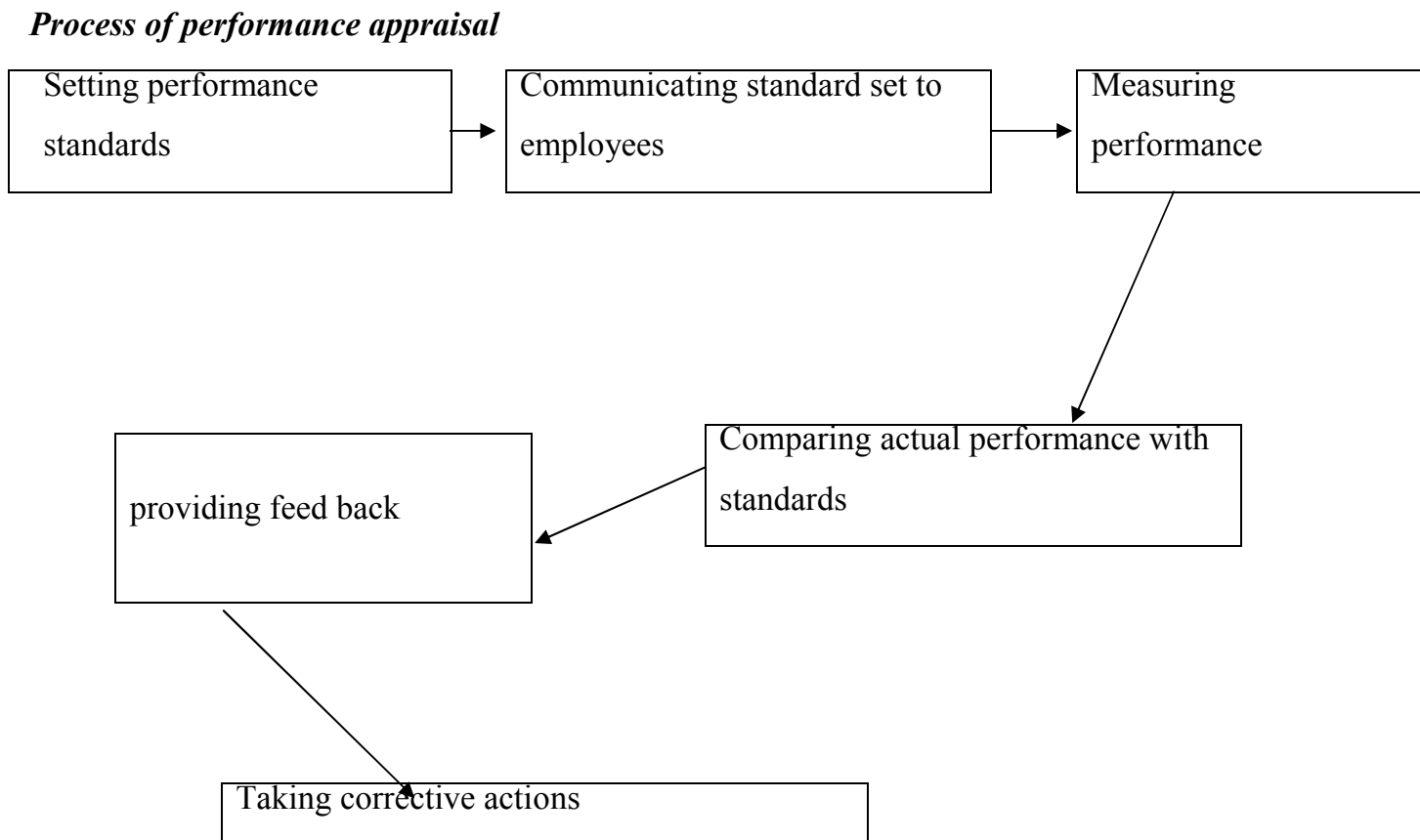


Figure 2.1 Conceptual Framework (source: Brumback, 2003,)

CHAPTER THREE

3. METHODOLOGY OF THE STUDY

As explained the previous part of this study, the main purposes of this study would to investigate practices and challenges of performance appraisal at commercial bank of Ethiopia. Hence, this part of the research would concern and deals with over all approach of the research. And it would, therefore, discusses research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study is use in its entire part. As a result, this chapter is focuses on justifying the study's research methodology, explaining the research methodology that is used in the study and demonstrating how data collection and analysis is utilized in this study to answer the research questions and to meet objectives outlined in chapter one.

3.1 Research Design

A researcher is use descriptive research design to conduct the study using both qualitative and quantitative method. i.e it describes the performance appraisal practices and challenges which leads to give conclusions regarding it. Therefore, the study uses descriptive research design because the researcher has no control or effect on the variables of the study. This design assists to describe and interpret the actual events that exist now and existed in the past and that have influences on the present employee

performance appraisal system of CBE. Descriptive study is also helpful when a researcher desires to come across into observable fact or a process in its usual circumstance in order to acquire its general representation instead of taking one or some of its feature and an artificial situation. As cited by *Alem G/medhin* in his study Descriptive design is helpful when a researcher wants to look into a phenomenon or a process in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting (*Seiliger and Shohamy 1989; McDonough 1997*). Thus, descriptive study would be special to find out practices & challenges of performance appraisal in this organization.

3.2 Sources of data and Type of Data collection

3.2.1 Sources of data

For the purpose of getting sufficient data from the target group, the researcher use both primary (through questionnaire & interview) and secondary (books, journals, reports...) sources of data. According to *Biggam (2008)*, primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data collection is that it is collected with the research's purpose in mind. This means that the information resulting from it is more consistent with the research questions and purpose. To collect data and information from target population questionnaire, interview, document analysis and observation is used. Close-ended questionnaire is used to collect data from the main role players of this research i.e. employees of CBE at head office branches. Data on indicators of performance appraisal processes is collected with the help of this method. In addition, interview is used to collect data from managers of head office department who has a direct participation in performance appraisal system of the bank. More over data will also collect from documents generated by the organization and meanwhile data on employee interaction, and related issues complement with observation. Here, before distribute questionnaires it is checked to understand its reliability and then after choosing to make interviews the researcher has develop an interview guide. This guide will be a list of all the different topics that needs to be discussing during interview which

helps the interviewer to make sure that no topic is forgotten. This guide also helps the respondents to talk openly and freely about each question if something is not clear.

3.2.2 Type of Data collection

The study uses both primary and secondary type of data. The primary data is obtained from employees of CBE through questionnaire and secondary data is also gathered from relevant document review as well as other literatures which support the study.

3.3 Target population and Sampling Techniques

3.3.1 Target population

The researcher believes that conducting this research both on government and private owned banks at the country level is necessary to hold comprehensive outputs. However, it is impossible in practice due to different shortcomings. Therefore, here selecting appropriate study area and taking a sample is necessary by formulating a sample design. As you have notice, even if the bank has both clerical and non-clerical staffs, this study is take its sample from clerical staffs of the bank only at head office because they have a direct outcome regarding this study. The sample is also derived from head office because almost all the bank performance standards are formulated and it is believed to be representing all branches of CBE. The current total population of clerical staffs at head office is **4236**. However, the study takes its sample from a population who have three year and above service years because they believed to have knowledge about practice as well as challenges of PA system in CBE. So Employees who has less than meaning below three service year are excluded because they have no experience in appraisal practices of the bank as well as they have no adequate knowledge regarding CBEs PA system. Therefore, among **2376** employees (who have three and above service year in CBE at head office), **342** respondents are selected and from **32** main & sub process managers 12 respondents are selected as well for interview purpose. Hence, the above target area is selected because of its true representativeness of almost all employees of CBE, convenience of geographical

location to the researcher and have long period of experience on performance appraisal activity in CBE as well as it will have better written materials regarding performance appraisal which is used as an input for the study. Therefore, the possible respondents of the researcher are from employees and higher officials of the bank at head office. At final stage data collected through interview is used to cross check with the accuracy or difference of data collected from employees.

3.3.2 Sampling Technique

Sampling Technique is the assortment of a part of population or a material to represent the whole population. The objective of sampling is to make correct inference about the aggregate and is only justified if the selected part (the sample population) is a true representative of the main population (*Biggam (2008)*). To save time and cost, among others, the researcher is use simple random sampling method to select the above sample since it is non discriminatory (unbiased) source of data collection i.e. it enables to select the sample population out of the staff members on lottery basis. In addition purposive sampling technique would implement in interview for those who are directly responsible with performance appraisal system. It is the researcher belief that purposive sampling method would enable to have in-depth knowledge from those who are in a position to give about the practice of performance appraisal system at CBE. In doing so, the researcher used” Yamena Taro (1967)” formula to determine the sample size at 95% confidence level, degree of variability = 0.5 and level of precision/sampling error = 5%.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = 2376 / (1 + 2376(0.05)^2)$$

Where; “n” is the sample size, “N” is the population size and “e” is the level of precision. By using the above formula from the total study population of 2376 participants, 342 participants are selected as a sample.

3.4 Data Collection Instruments

As indicated at type of data collection above, the researcher would mainly employ two primary data collection instruments which will help to gather relevant information for the objective of the study. These would be questionnaire and interview but also the researcher would give attention for secondary data. For gathering primary data **Likert Scale** questions (ranging from strongly disagrees to strongly agree) will develop and distributed to the selected sample. The reason for using questionnaire is responses would gather in a standardized way, it is more objective, definite more than interviews. Generally it is moderately quick to collect information using a questionnaire. Using questionnaires information can be collected from a large portion of a group, and it is also cost effective, easy to analyze and reduces bias. Therefore, appropriate questionnaires & interview would prepare and use for the survey. Here, respondents would be told what the research is all about in the language that they be able to understand and able to notice. The questionnaire would also consist two parts namely the first one asks demographic aspects of the respondents, age, educational qualification and their work experience. The second part consist likert scale questions ranging from strongly agree up to strongly disagree to tick 1-5 accordingly. For interviews, face-to-face interviews would conduct with written confirmation from the bank. Moreover, respondents would request to elaborate on the practices and challenges of employees’ performance appraisal and to forward their professional and subjective opinions that would help to use as an input to develop the method of performance appraisals.

In case of secondary data, in order to augment the reliability of the data collect by the questionnaire and interview survey and to supplement the data missing in the questionnaire survey,

information would acquire from previous works and from different publications which was performed before. In addition, official but unpublished reports and summaries of the bank would be used as sources of secondary data including the above listed sources.

The researcher was designed before distributing to all sample populations the questionnaire would be given to 20% of the sample for pilot test. Here, the response gained from them believed to

help the researcher to check the reliability of the questionnaire. At this time since more than 79% of validity of the questionnaire is acceptable, it is distributed for all just as it is.

3.5 Analysis of Data

The analysis part of the study would give meaning for the study. The study would conduct by using descriptive research design and would use both qualitative & quantitative approach of data analysis to get the advantage of both. For the purpose of reducing chance of confusion of questionnaires and ensuring those for validity and correctness some pilot tests would be taken by distributing the questionnaires as described above and some unrelated and unnecessary questions would reduced as well as avoided before actual distribution of the questionnaires. Prior to analysis of the data collects using primary and secondary sources, they would check for accuracy, usefulness and comprehensiveness, well-matched with the objective of the study. Here, the interviews & questionnaire responses would also organized in a way to complement or supporting the quantitative analysis after they will be arranged depending on the intended objective and responses that would be accepted. Therefore, the data collects through interview would be analyzed by using qualitative analysis and the data collected through questionnaire would be analyzed through quantitative techniques.

To accomplish the task of data analysis for qualitative, the researcher would organize and prepare the data for analysis. Quantitative data would again organize process and interpreted by using tables, percentage and charts for better understanding and interpretation of the data gathered through the questionnaires. Here the researcher would use secondary source of data by reviewing related literatures such as books, articles, journals, magazines, bulletins, brochures, and the Commercial bank of Ethiopia performance evaluation formats. In doing so, statistical package for social Science software (*SPSS*) simple statistical analysis would be used to generate the data output. The data gained from interview and document review would analyzed contextually based on the research basic questions. Moreover, other

methods of data analysis such as tables, charts and other type of statistics such as mean, SD with percentages would utilize in the study for more explanation.

3.6 Administration of Data Gathering Instruments

Data gathering instruments would be administered by direct involvement of the researcher. So, the researcher would execute observation, examine documents from secondary sources, make discussion with respondents, coordinate the data gathering process and would supervise data to record the study. In the administration time unrelated sources for the research objectives would not be included.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTREPRETATION

This study is, as described in the abovementioned chapter, aiming at investigating the practices & challenges of employee performance appraisal at CBE. The data is collected from employees and managers of CBE at head office using questionnaire and interview respectively. Therefore, this chapter deals with the analysis and interpretation of data gathered through questionnaire and interview. In order to increase the validity of the information obtained, interviews are made with the Performance management team leaders and sub process owner. Therefore, the data collected from the target population of the study through these instruments are presented and discussed in this chapter. In doing so the researcher has distributed questionnaires for 342 respondents' i.e employees of CBE at head office. However, from 342 distributed questionnaires 312 (91%) of the questionnaire are returned. The unreturned 30 questionnaire are recorded due to inappropriateness of fill up and the other is respondents have no time to fill it as per they said. Here, since 91% of it is returned so far the researcher believes that the gathered data is adequate enough to address objectives of the study. As a result this chapter generally consists data gathered through the questionnaires presented using tables as well as charts, presentation of statistical results obtained, discussion of the results obtained from questionnaires and interviews are conducted.

4.1 Demographic characteristics of the Respondent

Under this part, demographic characteristics of the respondents namely gender, age, marital status, level of education, work experience, current position and monthly salary of the respondents are described from number 1-7 using separate tables or figures followed by the analysis to show their implication to the objectives of the study.

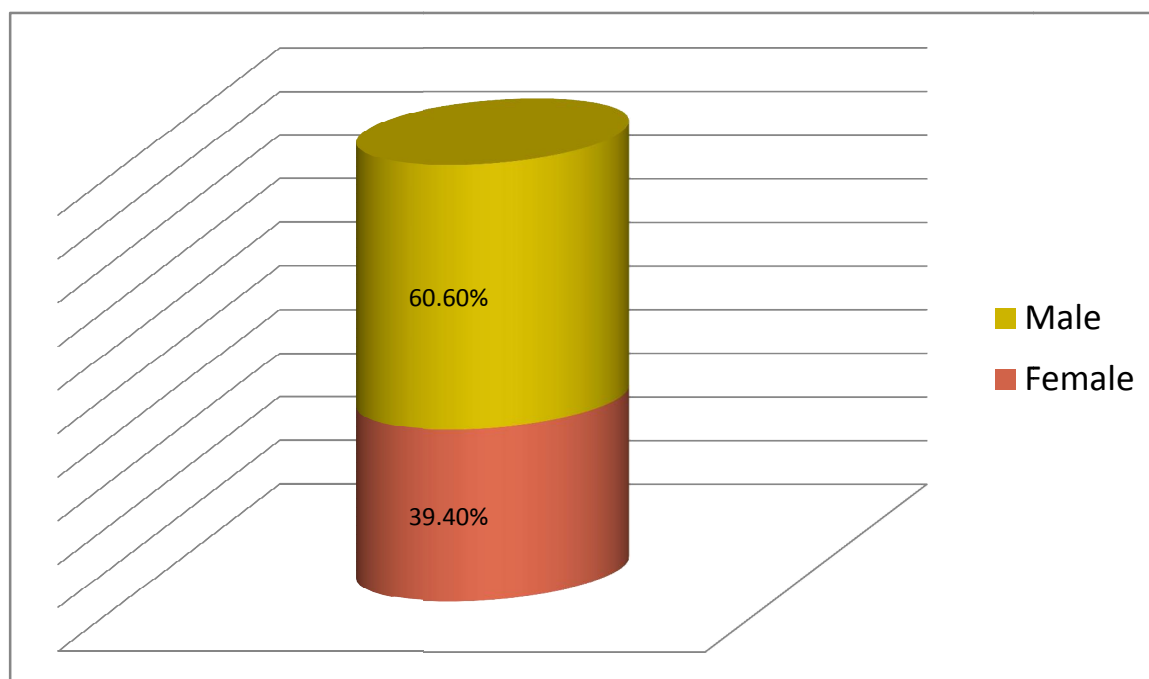


Figure 4.1.1 ***Shows Gender of the Respondent***

Source: Primary Data (2016)

As the above figure shows, from 312 respondents 189 (60.6%), 123 (39.4%) are male and female respondents respectively. So, the results most likely suggest that the respondents of the questionnaire are more of male than females and the institution (CBE) has more male employees than females. Here, even if the number of male respondents is going to be greater than female respondents, the number of female respondents is also significant; so that it doesn't have a greater impact to the study. Therefore, this leads to be optimistic in data collection to eradicate the problem of gender bias.

Table 4.1.1: Marital status of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	116	37.2	37.2	37.2
Single	162	51.9	51.9	89.1
Widow	13	4.2	4.2	93.3
Divorced	21	6.7	6.7	100
Total	312	100	100	

Source: Primary Data (2016)

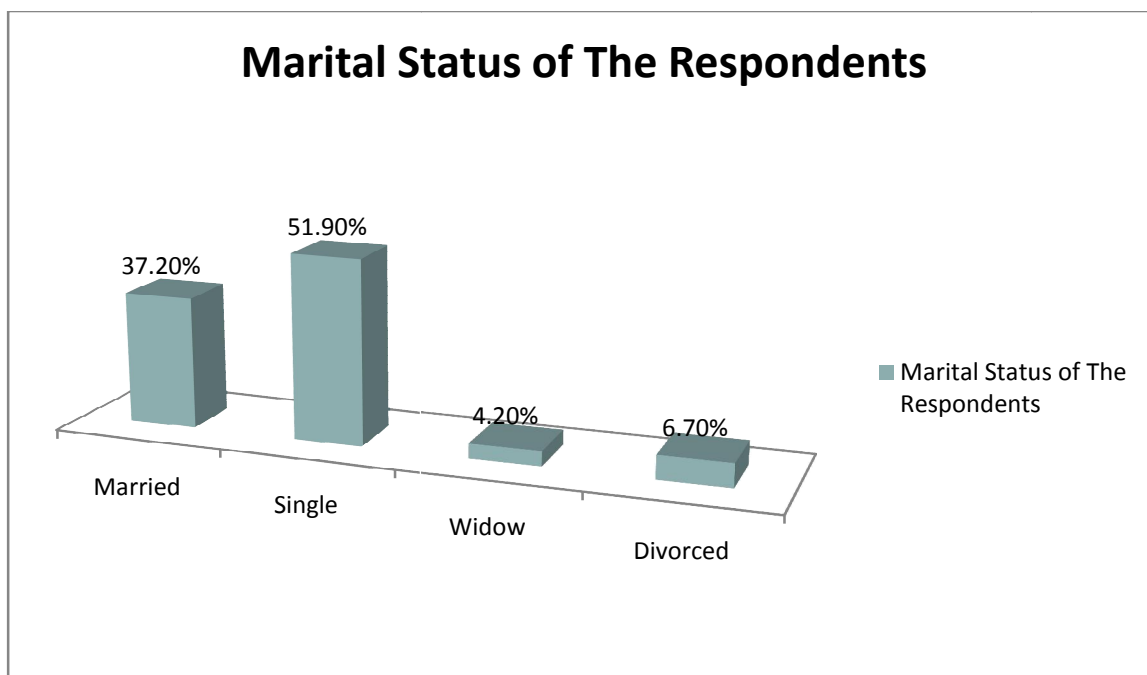


Figure 4.1.2: Shows marital status of the respondents

Source: Primary Data(2016)

As per the above data indicated by table 2, from 312 respondents 116 (37.2%), 162 (51.9%), 13 (4.2%), 21 (6.7%) of them are married, single, widow and divorced correspondingly. These data shows that most of the respondents are single, however considerable number of respondents are also married.

Table 4.1.2: Shows Age of the Respondents

items	Frequency	Percent	Valid Percent	Cumulative Percent
under 30 years	140	44.9	44.9	44.9
30-45 years	129	41.3	41.3	86.2
46-60 years	43	13.8	13.8	100.0
Total	312	100	100	

Source: Primary Data (2016)

It can be observed from table 2 above that 44.9%, 41.3%, and 13.8% of the respondents are under 30, between 30 to 45 and 46-60 correspondingly.

Therefore, the result shows that the bank has a young workforce who can adopt a new vision as well as performs their duties energetically with a superior performance level. This indicates that there is also a potential advantage for this bank to achieve its future objectives. From this it can be again possible to infer that the workforce composition of the respondent are young and thus may require a strong HRD programs especially regarding its performance appraisal practices.

Table 4.1.3: Shows Educational status of the Respondents

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Degree	281	90.1	90.1	90.1
MA	30	9.6	9.6	99.7
PhD	1	0.03	0.03	100
Total	312	100	100	

Source: Primary Data (2016)

Regarding educational status of the respondents, out of 312 respondents, 281 (90.1%) of the respondents are first degree holders, 30 (9.6%) of the respondents are second degree holders where as 1 (0.03%) of them is PhD holder. This implies that it is a good advantage for the bank to understand well about its practices & challenges of performance appraisal that gives it ready for action as an advantage because now days the bank industries are in highly competitive market. In addition, all

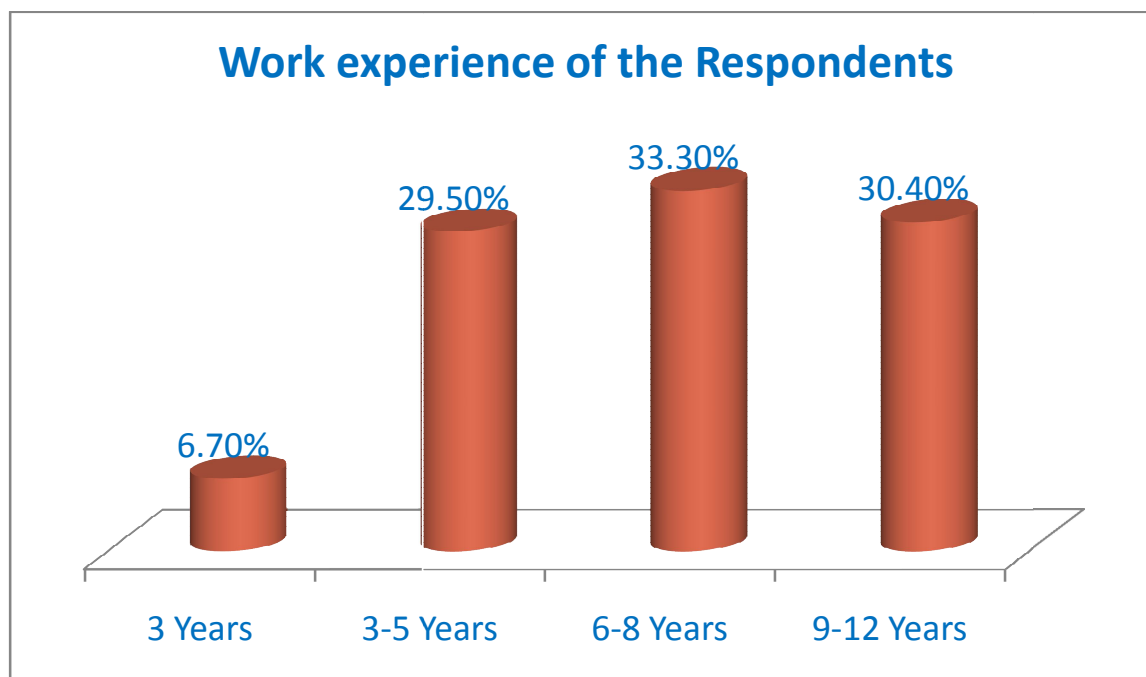
respondents are able to understand the questionnaire and respond correctly which avoids the problem of missing data; moreover they can be able to know the intention of the question.

On the other hand, it is not suspicious that employees give high concern for their education and professional development. But, this can create burden on the bank in satisfying employees' with regard to their performance appraisal results and also give an option for it in enhancing employees' satisfaction through designing an effective performance appraisal system that allow employees to perform their duties as well as responsibilities in a well manner.

Table 4.1.4: Shows Work experiences of the Respondents

Items	Frequency	Percent	Valid Percent	Cumulative Percent
3 years	21	6.8	6.8	6.8
3-5 years	92	29.5	29.5	36.2
6-8 years	104	33.3	33.3	69.6
9-12 years	95	30.4	30.4	100
Total	312	100	100	

Source: Primary Data (2016)



Mean= 2.88, SD = 0.925, Variance=0.85

Figure 4.1.3: Shows respondents work experience at CBE

The above table 4 and figure 4.3 indicates that the majority (n=104, 33.3%) followed by 95 (30.4%) and 92 (29.5%) of the respondents indicated that they have been working in the bank between 6-8, 9-

12 and 3-5 years respectively. However, 21 (6.8%) of the respondents indicated that they have tenure with the bank only for 3 years. Here, the researcher believes that long years of experience in one organization shows that there is a relatively potential of knowing the practices and its challenges about their organization. Particularly in this study they have a probability of knowing about practices and challenges of employee's performance appraisal that is implemented by CBE. Therefore, the results suggest that the bank has lower attrition rate, considering that about 63.3% of the respondents had stayed with the institution for over six years. This gives them an opportunity to reflect their opinion on the achievements desired to be obtained from the study and clearly understand the current performance appraisal practice of CBE to identify the weaknesses and strengths of the PA system by observing current performance appraisal practices.

Table 4.1.5: Shows Job positions of the Respondents in current time at CBE

Items	Frequency	Percent	Valid Percent	Cumulative Percent
CSO	63	20.2	20.2	20.2
SCSO-I	51	16.3	16.3	36.5
SCSO-II	172	55.1	55.1	91.7
SCSO-III	23	7.4	7.4	99
Other	3	1.0	1.0	100
Total	312	100	100	

Source: Primary Data (2016)

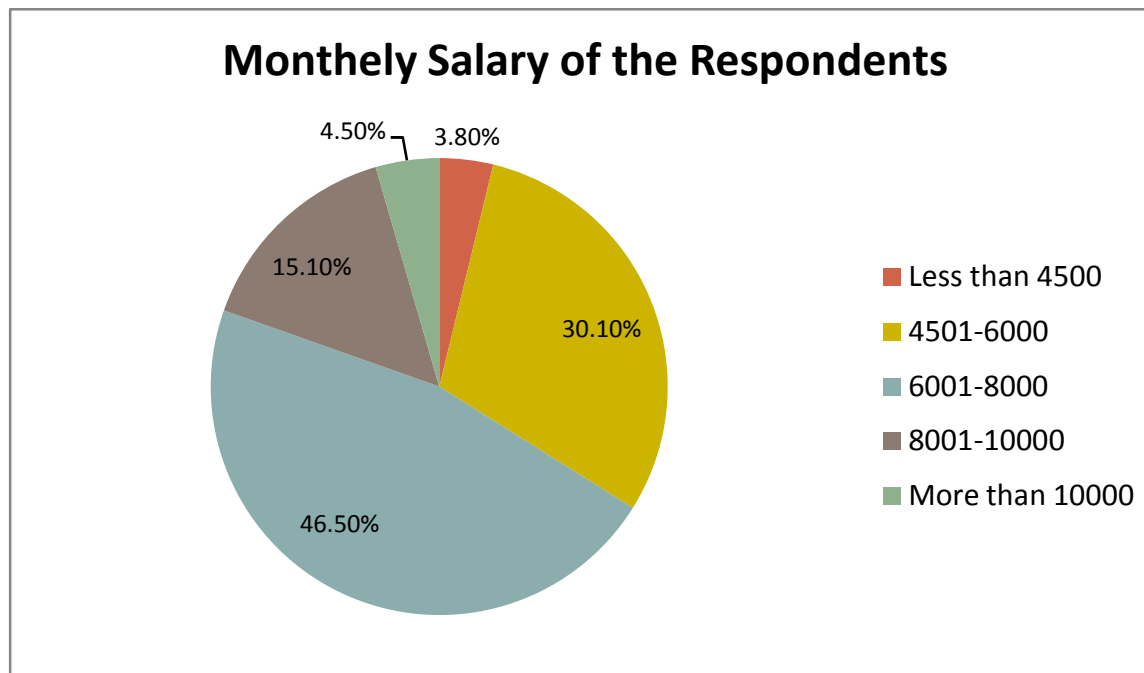
As it is possible to observe from the above on table 5, from 312 respondents (n=312, 100%) of the respondents are CSO, 51 (16.3%) of them are SCSO-I, the majority of respondents (n=172, 55.1%) are SCSO-II, whereas 23 (7.4%) of the respondent are now days SCSO-III and the remaining 3 (1%)

mentioned their current position to the items described in the questionnaire as ‘other’. Therefore, the result indicates that the category of position classification; the larger share of the respondents goes to professionals and other support staff members. This shows that since CBE has majority of professionals it will be easy to transform the PAS knowledge and skill they have to their organization.

Table 4.1.6: Monthly salary of the Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
less than 4500	12	3.8	3.8	3.8
4501-6000	94	30.1	30.1	34.0
6001-8000	145	46.5	46.5	80.4
8001-10000	47	15.1	15.1	95.5
more than 10000	14	4.5	4.5	100.0
Total	312	100.0	100.0	

Source: Primary Data (2016)



Source: Primary Data (2016)

Figure 4.1.4 shows monthly salary of the respondents

As it can be showed from table 6 and figure 4.5 above from 312 respondents, 12 (3.8%) gets monthly salary less than 4500 birr, 94 (30.1%) obtain a monthly salary of between 4501-6000 birr, majority of the respondents 145 (46.5%) receives between 8001-10000 birr per month while the remaining 14 (4.5%) are receive more than 10000 birr per month. This result explains that most of the employees get between 8001-10000 Ethiopian birr which reflects that relating with the salary doesn't negatively affect the quality of the research and then since they receives a good salary, as a result of this salary moderately doesn't have also a negative impact to PA results of employees.

4.2. Respondents' opinion on practices and challenges of employee performance appraisal at CBE.

In this section, opinion survey data are presented against the study objectives and frame works. These data are mainly signifies practices and challenges of employee performance appraisal at CBE. Here, the data are revolving around performance appraisal process which consists of six sub parts namely establishing performance appraisal standards, communicating the standards & expectations, measuring the actual performance, comparing actual performance with standards, providing feedbacks, and

regarding taking corrective actions. Here, responses are measured on five point Likert scale with **1= Strongly Disagree; 2= Disagree; 3= Undecided; 4= Agree; and 5 = Strongly Agree**. Therefore, this section examines the performance appraisal process of CBE and the examination is to be able to identify components of the performance appraisal process in the bank with its practices and then how this challenges the appraisal process.

4.2.1 Establishing performance Appraisal standards

Table 4.2.1: Shows questions to grasp opinions of respondents about establishing EPA

s.no	Items	TNR= 312	1=Strongly Disagree		2=Disagree		3=undecided		4=Agree		5=Strongly Agree	
			N. of Respo	%	N.of Respo	%	N. of Respo	%	N. of Respo	%	N. of Respo	%
8	There are formally setted employee's performance	Mean =3.63	23	7.4	31	9.9	13	4.2	216	69.2	29	9.3

	appraisal standards.	SD=1.031										
9	EPA is said to be clear, easily understandable and in measurable terms	Mean = 1.74 SD=0.772	122	39.1	167	53.5	6	1.9	15	4.9	2	0.6
10	PA standards are used as a base to compare actual performance of the employees.	Mean = 1.6 SD=0.791	165	52.9	125	40	3	1	19	6.1	0	0
11	You are participating in formulation of PA criteria in discussion with your appraisers.	Mean = 1.74 SD=0.636	106	34	189	60.6	9	2.9	8	2.6	0	0
12	PA standards are comprehensive to signify major expectations	Mean = 1.87 SD=0.783	96	30.8	182	58.3	12	3.8	22	7.1	0	0

Source; Primary Data (2016)

As described table 4.2.1 above, majority of the respondents 216 (69.2%) said that agree to say there is formally written employee performance appraisal standards in CBE, 29 (9.3%) of the respondents also said that strongly agree with the statement whereas 23 (7.4%) and 31 (9.9%) of them said strongly disagree, & disagree respectively to say there is no formally written employees performance appraisal standards. The remaining 13 (4.2%) of the respondents replied that Undecided to disclose they have no articulation regarding the statement; with the mean 3.63 and SD of 1.031. As a result of this, the researcher able to conclude that in CBE there is formally written employee performance appraisal standards. Therefore, the existence of these standards can help its employees to perform their duties and responsibilities according to the expectations depicted. As indicated table 4.2.1 there is more than enough evidence to suggest that CBE has an appraisal system. This is established based on the finding that about 69.2% agree & 9.3% strongly agreed to the statement that sought to find out whether there is an appraisal system in CBE.

The researcher also illustrate the statement to the respondent as “Employee’s performance appraisal standards formulated in CBE is said to be clear, easily understandable and in measurable terms” to investigate whether the formulated standards are clear, easily understandable and can be measurable or not. With regard to this statement from 312 respondents, 122 (39.1%), 167 (53.5%) of them responds that strongly disagree & disagree in that order with the statement to utter the employees

performance standards are lacks clarity, understandability as well as measurability. Here, 6 (1.9%) Of the respondent thought that undecided on this, 15 (4.9%) and 2(0.6%) of them supposed that agree and strongly agree with the statement. Therefore, as the mass data prevails, there are problems of clarity, measurability and understandability of standards to the employees. Hence, this dilemma might leads to the employee being worried because they don't have clear PA standards, the standards can't also measure their performance since lacks measurability by itself, and given that the employee can't be understand what the standards needs, so that they might perform in different manner which results in inconsistency with the banks objectives.

Again under establishment of PA standards the researcher examine if PA standards are used as a base to compare actual performance of the employees or not. As can be seen from the above table (table 4.2.1), 165 (52.9%) replied that strongly disagree, 125 (40%) said that disagree, 3 (1%) supposed that undecided, 19 (6.1%) of the respondents are said agree; however, no one said that strongly agree. The mean for this result is accounted 1.6 and with SD of 0.791. Therefore, the standards formulated by CBE can be said that unable to use as a base to compare actual PA of the employee which results in simply write a wrong figure on a paper & that give to the employees. This may makes difficult to the bank to upgrade or to place the right employee to the right job position.

Regarding involvement of employees in preparation of employees PAS, out of 312 respondents 106 (34%) of them supposed that strongly disagree, 189 (60.6%) of them are responds disagree to say that employees are not contribute in preparation of PAS. Whereas 9 (2.9%) of them said that undecided, 8 (2.6%) of the respondents agree with the statement. The mean is 1.74, variance is 0.405 and the SD is 0.636 for the responses of respondents. This result shows that employees are not supply their knowledge to the formulation of employee's performance appraisal standards. Therefore, the set up of employees PAS are only on the hands of superiors which excludes employee's involvement that results in standards are lack of being fully accepted by employees. This response can demonstrate that the company hasn't done a good job on the weight and the importance of performance appraisal to the employees. This shows that CBE didn't see performance appraisal as a valuable instrument and as a way of developing its employees. This leads also the employees to be not happy because lack of involvement in the appraisal and they didn't see the system as a vital part of managing performance. As the percentage indicates, large number of respondents claimed that they are not involved in the process of setting standards. This results again demonstrated in employees are not able to contribute their skills; knowledge and ability to the PA standards basically not reach on mutual understanding.

To scrutinize if standards are imply the banks expectation from the employee, the researcher also probe the respondents by depict the statement as ‘PA standards are comprehensive to signify major expectations’. As it illustrated in the above (table 4.2.1), out of 312 respondents; 96 (30.8%), 182 (58.3%) of the respondents believed that strongly disagree and disagree respectively with this issue, 12 (3.8%) of them held that undecided, 22 (7.1%) of them thought that agree with this issue whereas no respondents are said strongly agree.

Therefore, this result shows that the standards are not able to signify the banks major expectations from the employee. Therefore, due to this reason employees may not be performing their responsibilities against the expectations from them because the standards are being seen as a null instrument.

4.2.2 Communicating standards and expectations

Table 4.2.2 Shows opinions of Respondents regarding communicating standards & expectations

s.n o	statements		1=strongly disagree		2= Disagree		3=Undecided		4= Agree		5=Strongly agree	
			TNR =312	NR	%	NR	%	NR	%	NR	%	NR
13	You are informed by your supervisor about the standards that evaluates your work.	Mean =1.87 SD=1	129	41.3	140	44.9	3	1	34	10.9	6	1.9
14	You are clearly understood what are your job responsibilities & what are expected from you.	Mean =2.51 SD=1.	74	23.7	120	38.5	7	2.2	106	34	5	1.6
15	You are being familiar with measures that are used to evaluate your performance.	Mean =1.92 SD=1	133	42.6	120	38.5	13	4.2	43	13.8	3	1
16	you have better thoughtful about PAS designed by CBE	Mean =1.75 SD=0.86	137	43.9	142	45.5	6	1.9	27	8.7	0	0

17	There are no employees PA standards designed in CBE without informing you.	Mean =1.66 SD=0.87	168	53.8	107	34.3	13	4.2	24	7.7	0	0
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Source: Primary Data (2016)

The indication (in table 4.2.2 above) is that the appraisal system is not well known to all the staff of the bank. This is backed by from 312 respondents 129 (41.3%) said strongly disagree, 140 (44.9%) of them are said that disagree to contradict with the statement ‘You are informed by your supervisor about the standards that evaluates your work.’ However, the interviewees are clear on this point and made the assertion that adequate mechanisms exist to ensure that staff have knowledge of the process because of their involvement. Here it indicates that there is no mutual consensus between supervisors and other employees on the subject of the EPA standards.

concerning whether employees clearly understood what are their job responsibilities & what are expected from them by the bank; from the total of 312 respondents around 62.2% (23.7%+38.5%) of them doesn’t clearly understood what are their job responsibilities and major expectations from them by the bank However, only 35.6% (34%+1.6%) of them reflects as they have understanding about their responsibilities as well as expectations from them. As a result of this, in reality absence of clearly knowing about their responsibilities is negatively affects the implementation of PA standards.

In order to examine employees familiarity with standards that measures their performance, researcher writes the statement in the questionnaire as ‘you are familiar with measures that are used to evaluate your performance’ for this 133 (42.6%) of the respondents said strongly agree and 120 (38.5%) of the respondents said disagree to show they are not familiar with the standards. Whereas 43 (13.8%), 3 (1%) of them supposed that agree and strongly agree respectively. From this, one can easily understand that employees have no pure information about the standards hence this might leads them to not perform according to the expectations. The employees also have no better thought about PAS that are designed by CBE; this result is supported by from 312 respondents 137 (43.9%) & 142 (45.5%) of the respondents. However, only 10.6% (1.9 %+8.7%) of the respondents said that they have better thoughtful regarding PAS of CBE. Surprisingly, the PA standards are designed in CBE without informing the employees as the data indicated in the above table 4.2.2 as justified by 168 (53.8%) and 107 (34.3%) of the 312 respondents. Therefore, the result shows that PAS are not being informed to all employees before appraisal takes place. So that this implies that this condition will

harms the bank because employees wouldn't accept the standards since the standards lacks employee's input in its development.

4.2.3 Measuring the actual performance

Under this sub portion, questions are depicted by displaying qualities that should be included in the standards to enable it measuring the actual performance of employees.

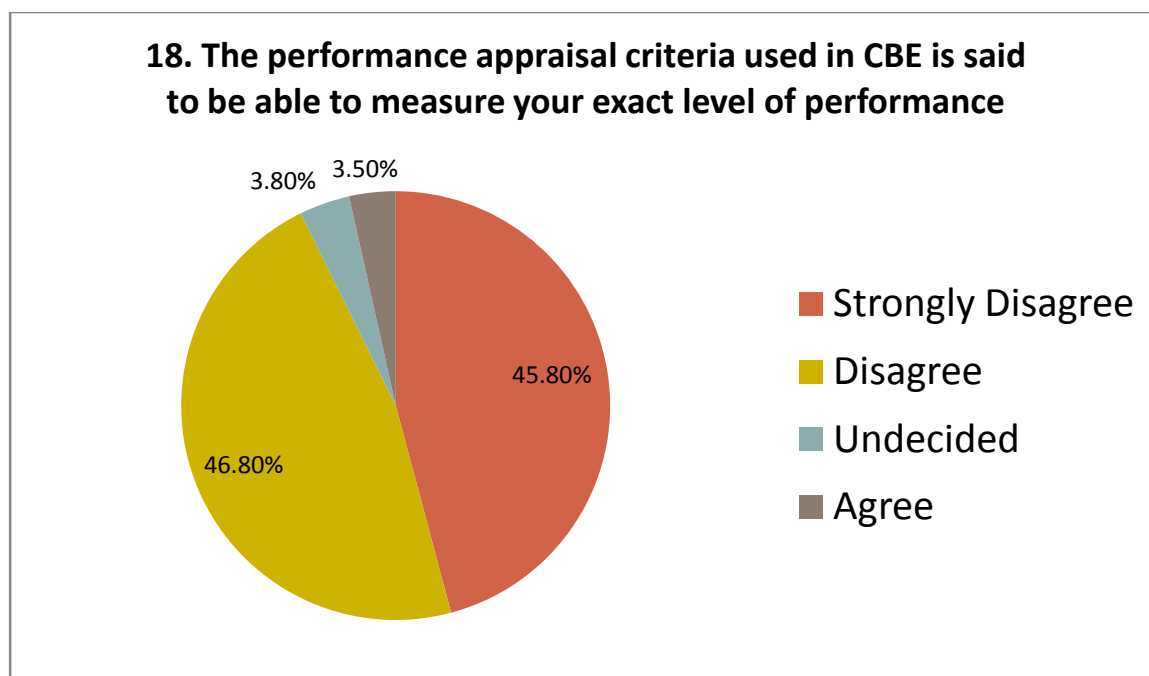


Figure 4.2.1 Regarding measurability criteria against exact level of performance

Source; Primary Data (2016)

According to figure 4.2.1 it is find that, out of 312 respondents 45.80 % of the respondents said strongly disagree, 46.80% also said disagree while 3.8 % undecided, and only 3.5% of them said agree with the statement depicted on the questionnaire. Therefore, it indicates that performance appraisal standards are not appropriate to measure actual performance of employees and job related behavior of the employees. For this, as it tries to described in the above, Employee has no clear information about

how evaluation is conducted, how evaluates them, and criteria against which they will be evaluated. This will result in the employees unable to achieve objectives to be done by them.

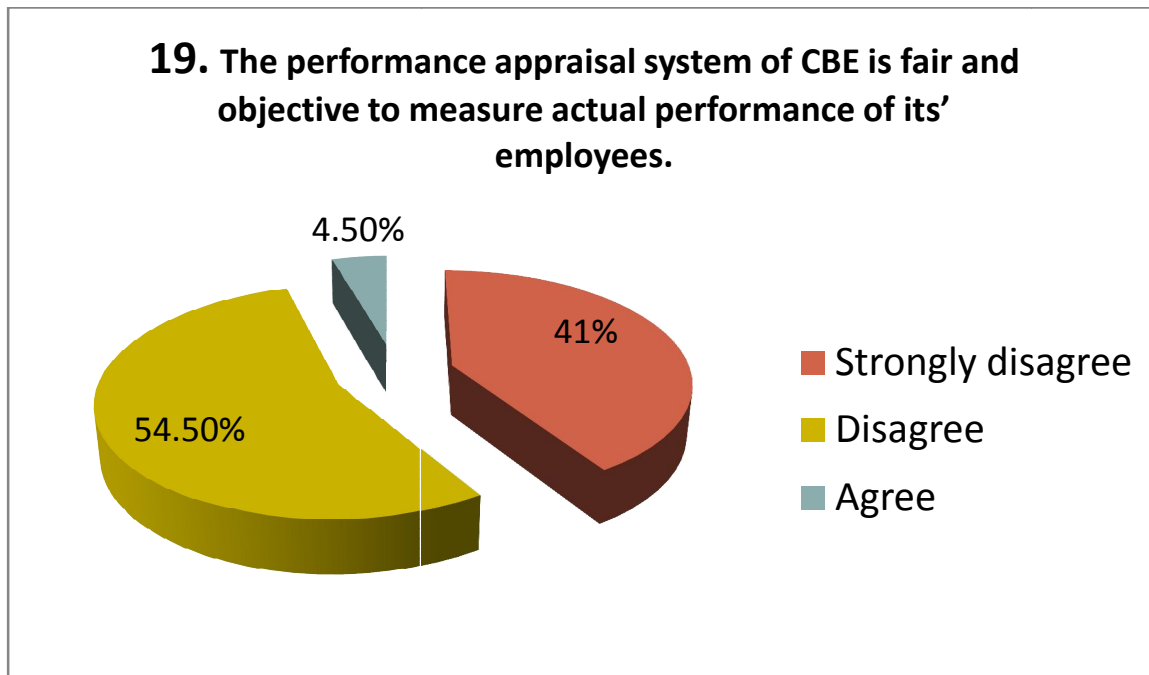


Figure 4.2.2

Source: Primary Data (2016)

Based on the responses of the survey, majority of the respondents which accounted 41% and 54.5% believed that the performance appraisal system is not fair and has lack of objectivity to measure actual performance of employees while only 4.5% of the respondents said it is faire and objective. With no distrust PAS is the most essential issues to organizations and fairness is a crucial element of effective appraisal. However, as per the results fairness of the appraisal is not a major issue for CBE as it seems to be a vital part of its system and is not include it as major values. Therefore, the absence of fairness in EPA standards would result in to point out the dependability of EPA results take HRM actions.

20. The performance appraisal instruments of CBE are accurate & clear to measure & explain your PA results.

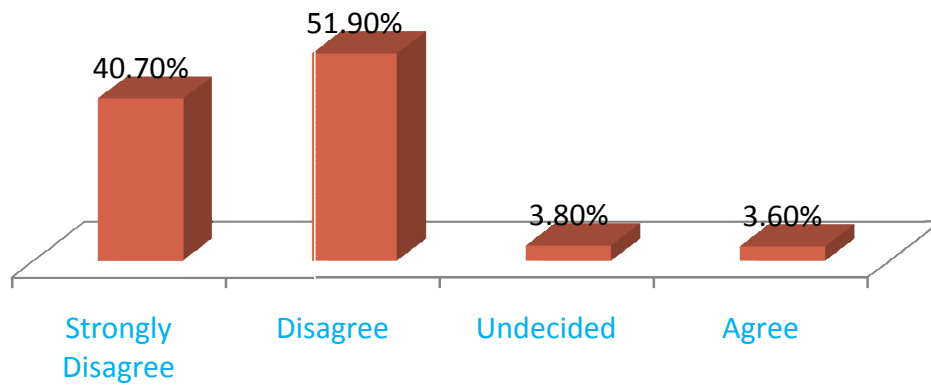


Figure 4.2.3: Shows responses of participants for accuracy & clarity of PAS to explain EPA results

Source: Primary Data (2016)

Again, the study findings from figure 4.2.3 reveals that 40.7%, and 51.9% of the respondents out of 312 respondents replied that strongly disagree and disagree with the statement in that order to signify the PA instruments of CBE lacks accuracy as well as clarity to measure which results in unable to explain employees PA results. While 3.8% of them can't decided on this whereas only 3.6% of them responds that agree to say the PA instruments are accurate and clear which helps to explain employees PA results. Therefore, this challenges explains that the employees PA results are not correctly measured hence the instruments itself hasn't clarity and accuracy. Therefore, entails that since there is no clarity and accuracy in EPA standards, EPA practices conducted by CBE is mere reflection of employee's performance simply to fulfill the mechanism.

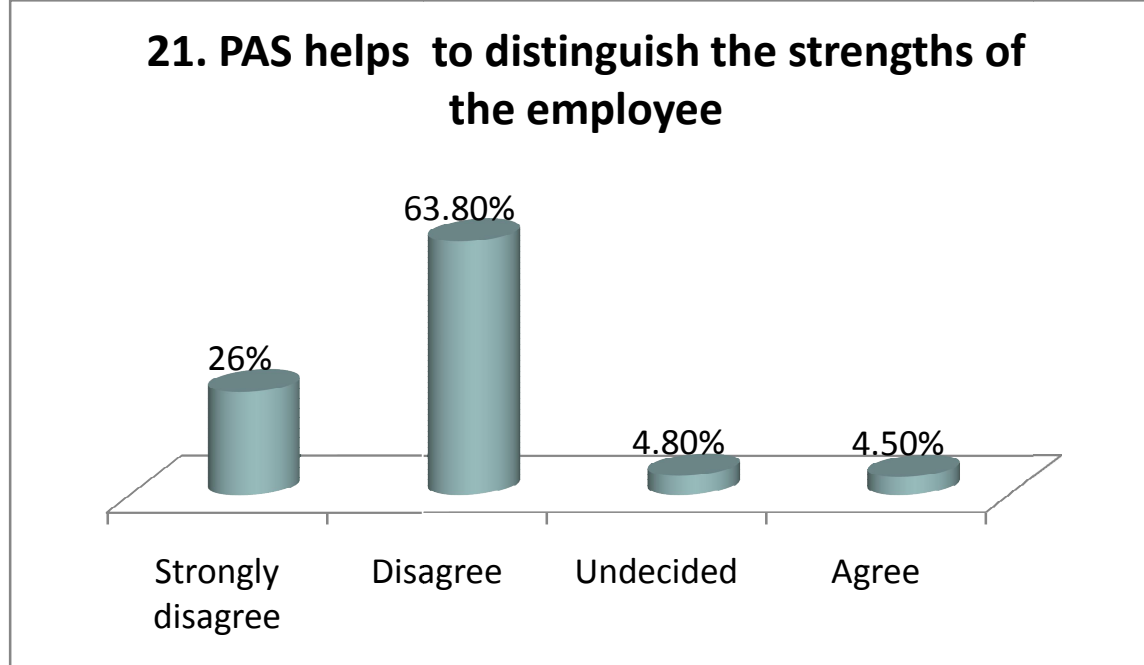


Figure 4.2.4: Shows whether PAS of CBE distinguish the strength of the employee or not

Source: Primary Data (2016)

The item that is placed on figure 4.2.4 used to assess opinions of employees whether PAS can distinguish the strengths of employees. It is found out that, a total of 81 out of 312 or 26% held that they strongly disagree that PAS can distinguish the strengths of the employee. Another 199 or 63.8% disagree with the item. While 15 (4.8%) and 14 (4.5%) answers undecided and agree in that order. One of the most important objectives of PAS is to identify the strengths and weaknesses of employees and to put the right man on the right job however, findings to this study imply that PAS is unable to distinguish employee's strengths in CBE. Therefore, since the standards are unable to identify the employees strengths, the standards are not helps the employees to be positioned on the right job, thus a bigger chance for them to be worse. Subsequently, this can't also push the employee for possible promotion, additional compensation, or transfer of work for their career development.

22. You are satisfied with your appraisal results because your result is directly attached with your actual performance.

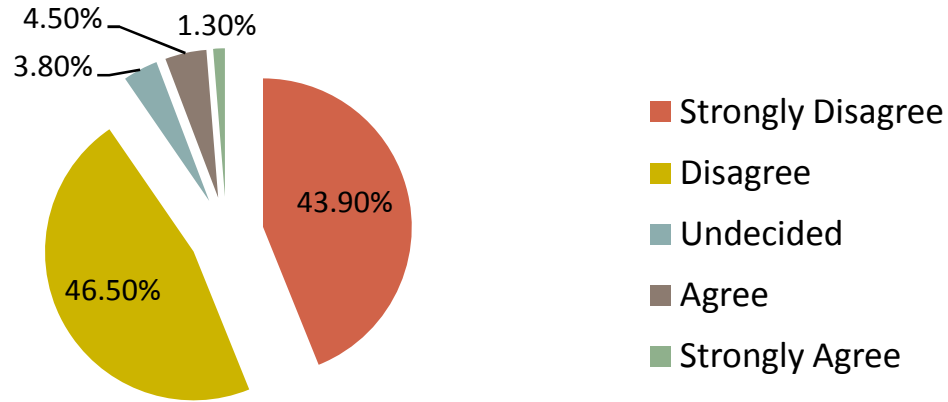


Figure 4.2.5: Shows existence of employees' satisfaction with their PA results

Source: Primary Data (2016)

The response of the majority, out of 312 respondents 43.9% thought that strongly disagree and 46.5% also responds that disagree for the statement that seeks their point of satisfaction with their appraisal results compared with their level of actual performance. However, 3.8% of them said undecided to reflect they have no idea regarding this issue while insignificant number of respondents who accounts 4.5% and 1.3% of the respondents express their opinion as agree and strongly agree correspondingly. This shows that employees have no satisfaction with the result of PA conducted by appraisers because it doesn't represent their exact level of performance.

4.2.4 Comparing actual performance with standards

Table 4.2.3: Shows statements that discusses to regarding comparing actual performance with standards.

s.no	statements		strongly Disagree		Disagree		undecided		Agree		strongly Agree	
			RE	%	RE	%	RE	%	RE	%	RE	%
23	You can challenge your performance results against setted standards	Mean=2 SD=0.855 V=0.73	77	24.7	152	48.7	63	20.2	18	5.8	0	0
24	The performance standards provides input to make decisions regarding employees benefits	Mean=2.04 SD=0.855 V=0.73	89	28.5	138	44.2	67	21.5	18	5.8	0	0
25	The comparison against standards is able to tell the deviations in the performance of the employees.	Mean=2 SD=1 V=1.10	74	23.7	122	39.1	72	23.1	34	10.9	10	3.2
26	The appraisers are influenced by their personal attitudes when evaluating your performance.	Mean=3.63 SD=1.55 V=1.83	32	10.3	50	16	23	7.4	104	33.3	103	33

Source: Primary Data (2016)

SD=standard deviation, V= variance, RE= Respondents

To find out the practices concerning comparison of actual performance with standards, the researcher is presented four statements and the respondents express their opinion which is shown in the above table (table 4.2.3). For the statement employees challenges about their performance results against standards out of 312, 77 (24.7%) respondents replied that strongly agree, 152 (48.7%) of them respond that disagree to reflect the employees are unable to give suggestions concerning their results to appraisers. Here, 63 (20.2%) of them said that undecided to agree or disagree, on the other hand 18 (5.8%) of the respondents said that agree to replicate the employees are and can be challenge their raters about their PA results. Therefore, employees are dissatisfied unless common consensus by challenge their supervisors about PA results in what conditions that given to them.

To examine whether the performance standards provides input to make decisions regarding employee's benefits or not, the employees are asked by the researcher to give their opinions on this issue. For this, 89 (28.5%) strongly disagree, 138 (44.2%) of the respondents said that disagree with

the statement, 67 (21.5%) said that undecided, whereas 18 (5.8%) of them thought that agree to support the statement that is the PA results are attached with employees benefits. As the majority of respondents indicated, Employees benefits are not conducted based on the performance appraisal results. Therefore, from looking at the responses, the organization in question does not appear to use the appraisal as a method for determining rewards and pay, this is not necessarily a negative, but it is important that the company makes participants aware of what they are using the appraisal for. This also shows that the appraisal is takes place to write it on the paper only without giving the meaning for the employees PA. As a result of there is no a considerable amount of variety throughout the organization as to whether rewards and promotion are linked to the results of the performance appraisal this might create dishonesty of the figures depicted on PA results among staff members of CBE.

The researcher also found that, the comparison against standards is incapable to tell the deviations in the performance of the employees; this is supported by 74 (23.7%) and 122 (39.1%) from a total of 312 respondents. Again 72 (23.1) supposed undecided, 34 (10.9%) and 10 (3.2%) of them said that agree and strongly agree to the statement depicted on question 25 as shown in the above table 4.2.4. Therefore, this survey also indicates that the standards are powerless to measure the employee's actual performance which might results in lack of reliability on the standards as well as PA results.

The researcher extends to grasp the respondent's opinion about comparing actual performance of employees with standards particularly investigate if there is/are appraiser's problem when measuring the employees PA results. To this regard, 32 (10.3%) and 50 (16%) of the respondents are said that strongly disagree and disagree respectively as shown above to reflect there is no appraisers problem in the process of measuring the PA results of employees, 23 (7.4%) of respondents said that undecided, while 104 (33.3%) and 103 (33%) of the respondents are thought that agree and strongly agree to reflect there is appraisers problem meaning raters' assumptions are quite imperfect, and raters subscribe to their own sets of likes, dislikes, and expectations about employees, which may or may not be valid rather than rely on the established standards or criteria to become objective as possible. Therefore, one can conclude that since raters assumptions are replace PAS, the right performers are not differentiated from low performers which negatively affect the decision of the bank regarding PA results.

4.2.5 Providing feedback

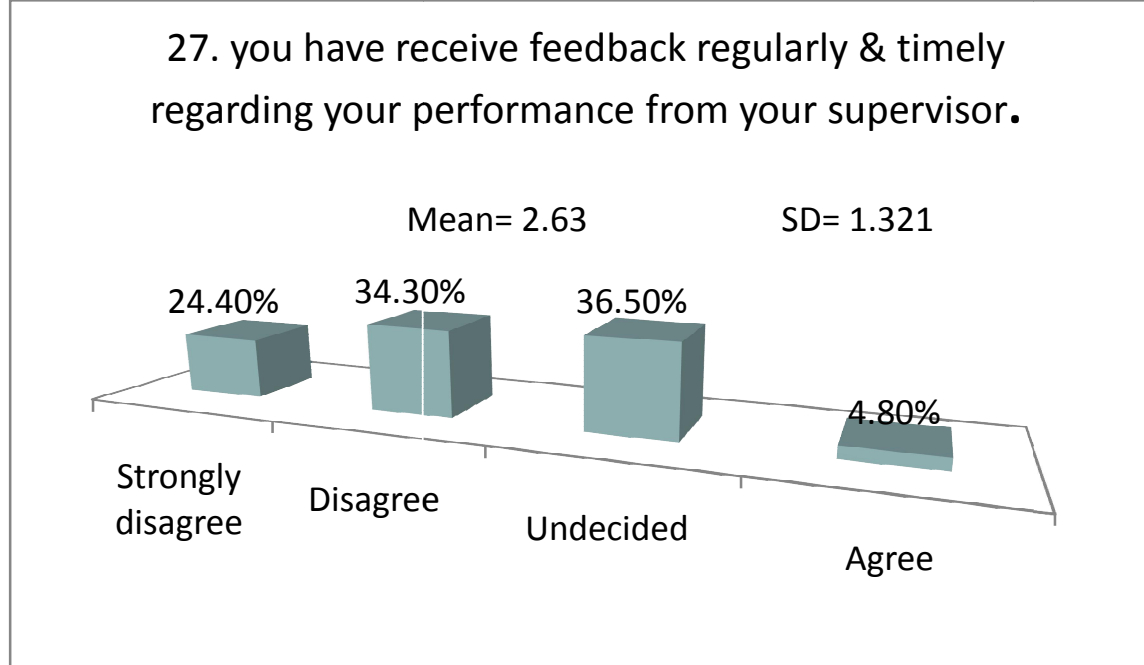


Figure 4.2.6: Shows either employees receive feedbacks regularly & timely from supervisors or not

Source: Primary Data (2016)

As Figure 4.2.6 reveals that employees haven't received feedback regularly and timely basis from their respective supervisor to address weaknesses and or strengths of them. This conclusion was arrived based on the fact that, from 312 respondents about, 76 (24.4%) strongly disagreed to this position, 107 (34.3%) disagreed to it, 114 (36.5%) could not confirm this position whilst the remaining 15 (4.8%) generally agreed. Therefore, from this result it can be conclude that there is no need to address weaknesses as well as strengths of the employee which is/ are far from the ultimate aim of an appraisal in CBE performance appraisal practices.

28. The performance feedback you receive is helpful in improving your future job performance to attain objectives

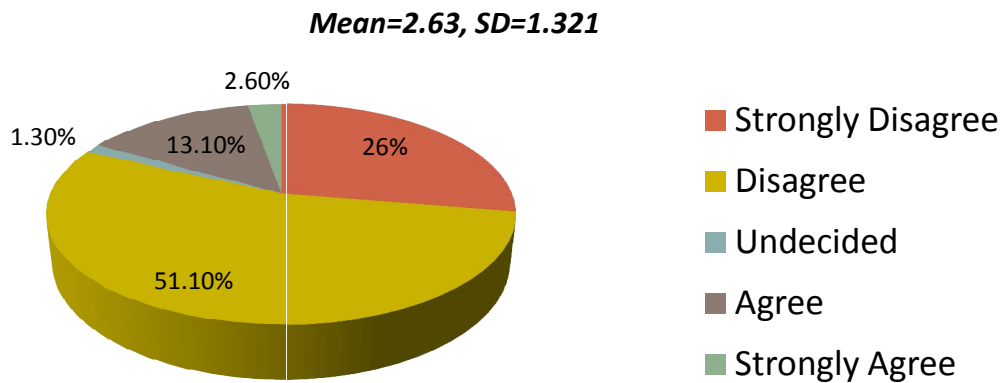
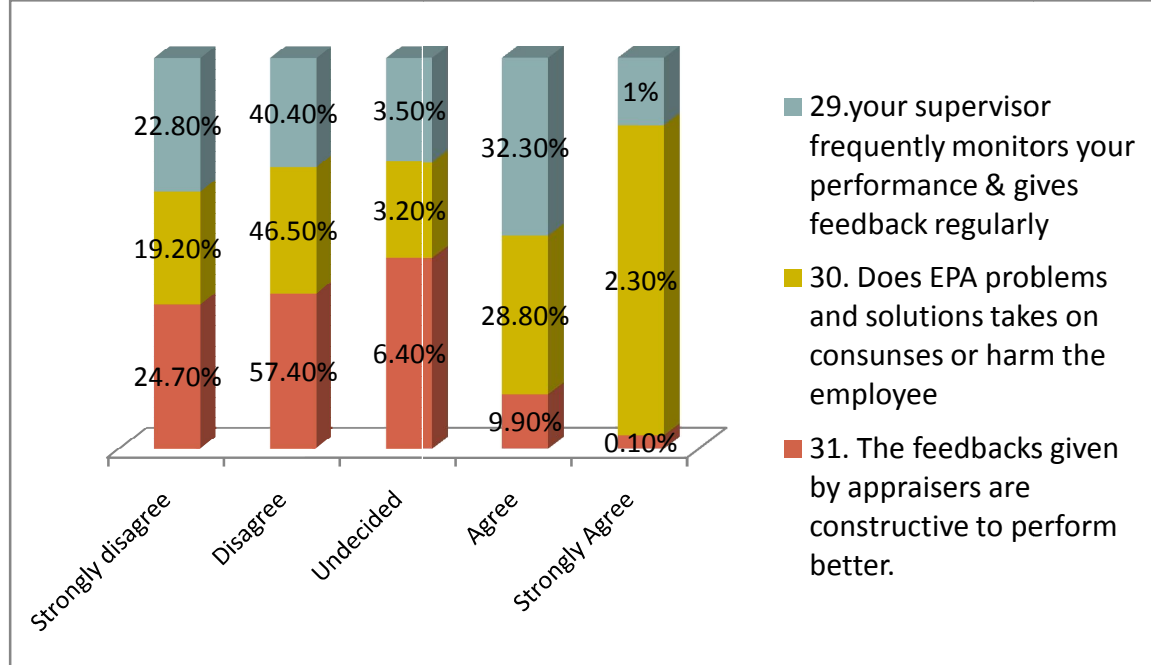


Figure 4.2.7: Shows if the feedback given to employees is helpful

Source: Primary Data (2016)

According to figure 4.2.7 out of 312 respondents, 81 (26%) and 51.1% of them proves that the performance feedback the employees receive is not helpful in improving their future job performance to attain objectives even if 41 (13.1%), 8 (2.6%) articulated that it is helpful for future development of employees. The main aim of Performance appraisal is to review previous performance, highlight the positives and set objectives to improve future performance. But, the consequences in this study have shown that the feedback given by supervisors to employees is definitely not meaningful. Therefore, employees rate the appraisal system as a catalyst in improving their performance is not seen as a major benefit for this bank in attaining its objectives that it wishes to be the future.



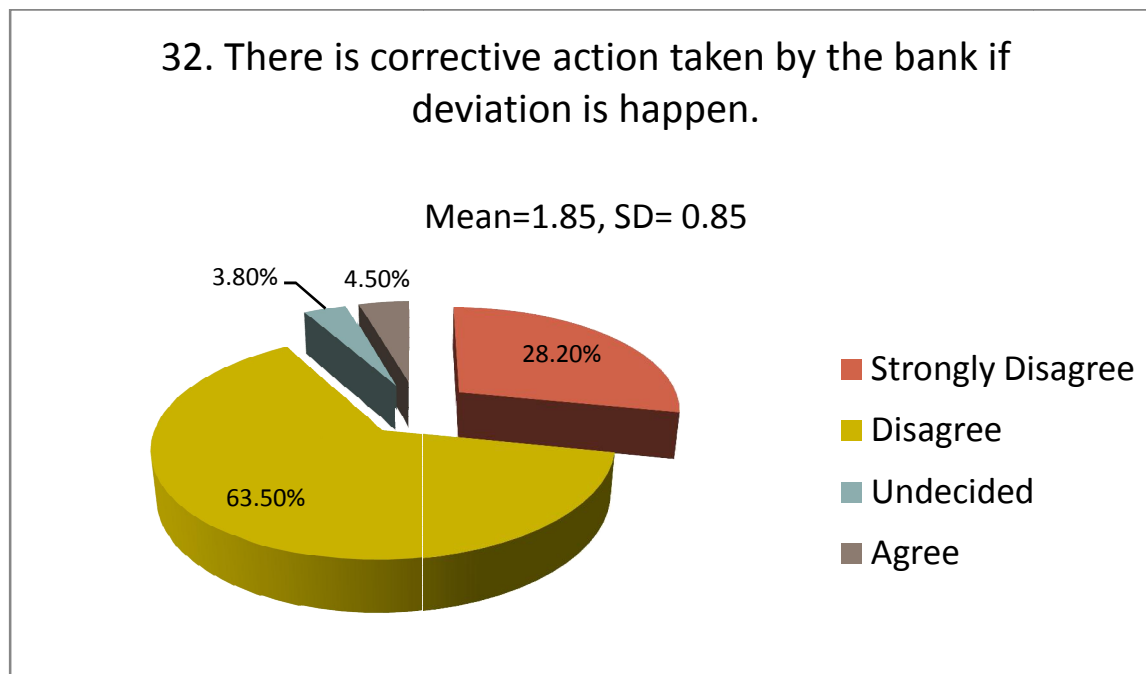
Figure, 4.2.8: Shows monitoring of EPA, how it seems like solution to problems, and does feedbacks constructive or not

Source: Primary Data (2016)

As shown the above figure (figure 4.2.8), the three data are depicted which is collected from 312 respondents which is analyzed as 71 (22.8%), 126 (40.4%) said that strongly disagree and disagree to say that supervisors are not frequently monitors employees performance & doesn't give feedback regularly, 11 (3.5%) doesn't able to decided on this topic while 102 (32.7%), 2 (0.6%) said that supervisors are frequently monitors employees performance and give feedback regularly. However, the researcher takes the majority opinions for conclusion meaning the supervisors in CBE are not frequently monitors employees performance & doesn't provide feedback regularly. This implies that the performance appraisal results didn't give attention by CBE which might be lead unable to understand the exact performance level of employees. Followed by this result, even though CBE takes it employees Performance appraisal, EPA problems and its remedial solutions are done by supervisors are takes to harm the employees rather than correct the deviations to put up employees performance. Again, the study find as depicted on figure 4.2.8, majority of the respondents generally agreed that the appraisal feedback is not constructive. This is established from the breakdown which showed that about 77(24.7%) strongly disagreed and 179 (57.4%) thought that disagree to this position even if the remaining 31(9.9%) are agreed to say the EPA is constructive. From this with none rebel majority of respondents suggesting that EPA in CBE to be not constructive. This again confirmed that unconstructive EPA creates the environment to infectively

identify employee weaknesses and incapable to comprise the appropriate training to tackle those weaknesses. On the other hand because of unconstructive EPA, it can be suspected that the best performers don't obtain recognition from supervisors for their outstanding abilities.

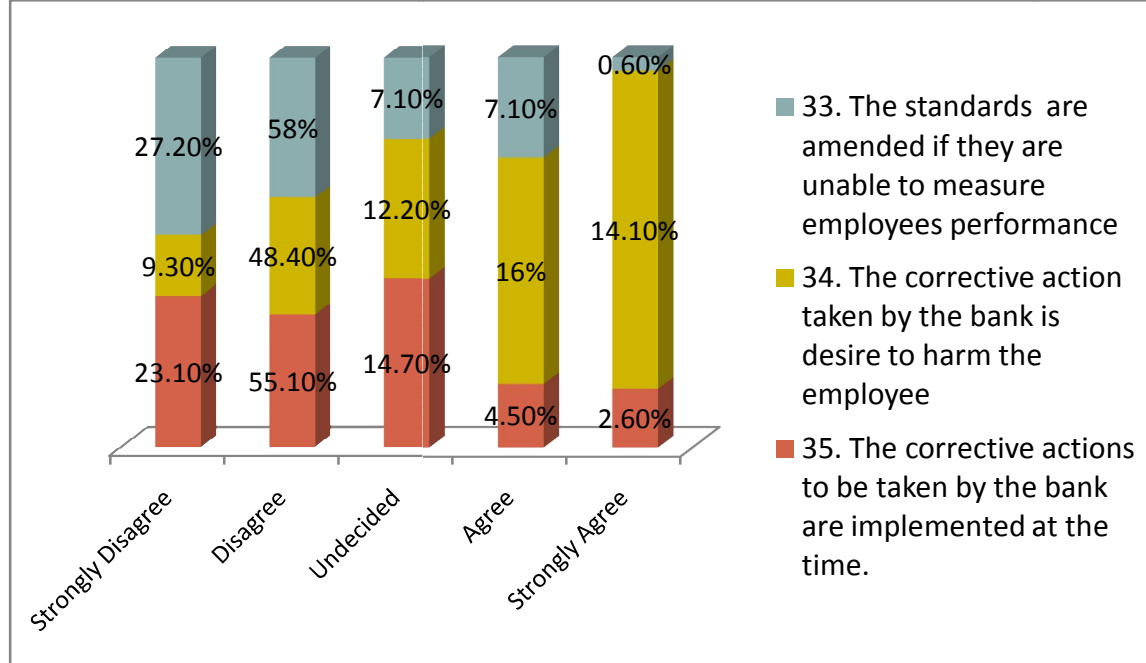
4.2.6 Taking corrective actions



Figure, 4.2.9: Shows if there is corrective actions taken by CBE when deviation is happen

Source: Primary Data (2016)

According to the results of the survey as displays in figure 4, out of 312 respondents 88 (28.2%), 198 (63.5%), 12 (3.8%), 14 (4.5%) of them said that strongly disagree, disagree, undecided and agree with the statement that says there is corrective action taken by the bank if deviation is happen. This result shows that when the deviation is existed in the appraisal results the bank doesn't take appropriate corrective actions. Therefore, this leads the bank unable to eradicate the problems existed in EPA results.



Figure, 4

Source: Primary Data (2016)

The results illustrate that the standards are not amended even if it is found that it doesn't measure employee's performance appraisal. This statement is backed by 85 (27.2%), 181 (58%) out of 312 respondents by saying strongly disagree and disagree correspondingly while 22 (7.1%), 2 (0.6%) of the respondents responds that agree and strongly agree respectively with the statement to assure standards are amended when it becomes incapable to measure employees PA results and the remaining 22 (7.1%) of them doesn't decided on this theme. As the mass supposed that the banks standards are not amended even though it becomes incapable to measure the actual performance of employees. Therefore, it can be possible to say the bank doesn't get the right figures that represent exact employees performance. Followed by this statement the researcher also presents the statement as the corrective action taken by the bank is desire to harm the employee, to find out whether the corrective actions taken by the bank (if any) harm the employee or truly works for employees to up grade themselves. For this, out of 312 respondents, 29 (9.3%) thought that strongly disagree as well as 151 (48.4%) also supposed that disagree to reflect the corrective action taken by the bank is desired to harm the employee. On the other hand 50 (16%) and 44 (14.1%) of them said that agree and strongly agree to reflect the corrective action taken by the bank is not held to attack the employee while the remaining 38 (12.2%) of them haven't make a decision on this affair. Therefore, from this result one can conclude that the corrective action taken by the bank didn't wish to hurt the employee. As

depicted on figure 4.2.9, the also shows that; the corrective actions to be taken by the bank are not implemented at the time; this is hold by 72 (23%), 172 (55.1%), 46 (14.7%), 14 (4.5%), 8 (2.6%) of them thought that strongly disagree, disagree, undecided, agree and strongly agree for the statement. As the result signifies, there is problem of timely implementation of corrective actions. Therefore, this practice will harm the bank because inability of regulate the improvement at the time that is needed.

4. 2.7: An overview of performance appraisal system

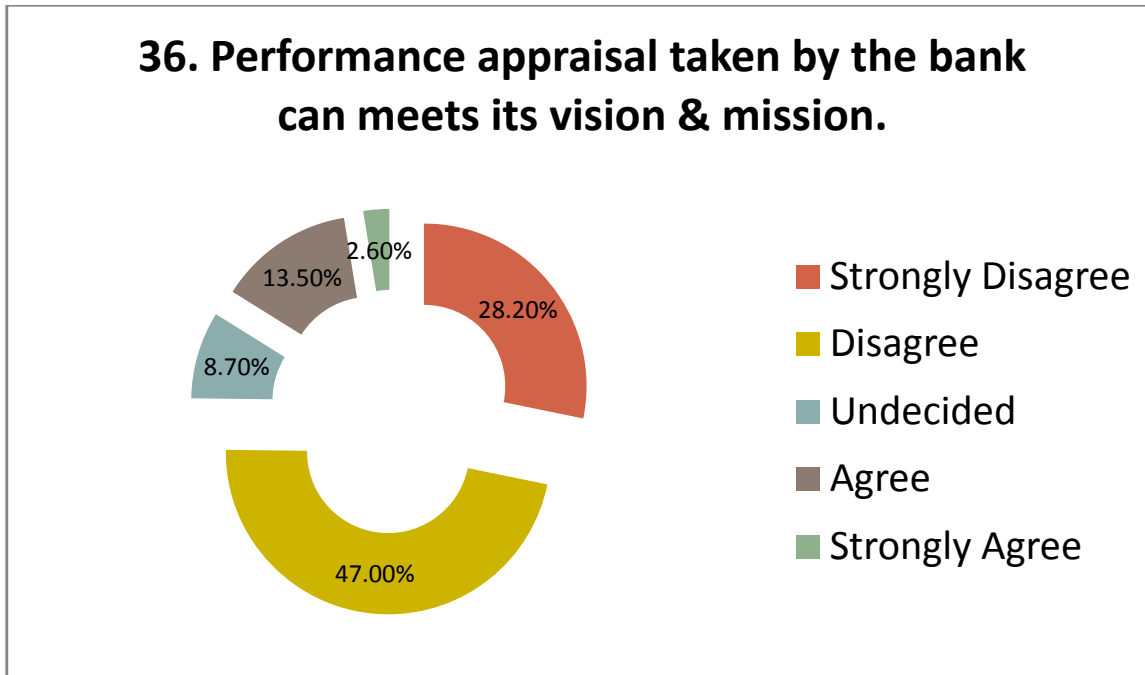


Figure 4.2.10: Shows if the EPA taken CBE could meets its vision and mission or not

Source: Primary Data (2016)

A key finding depicted on figure 4.2.10 above reveals that the employees doesn't believe the EPA practices of CBE helps to achieve its objectives. Those respondents are accounted as from 312 respondents 88 (28.2%), 147 (47.1%) of them said that strongly disagree and disagree to indicate its practices of EPA doesn't help to achieve its objectives. Among them 27 (8.7%) don't pass decision regarding the statement whereas 42 (13.5%), 8 (2.6%) of them said that it can facilitate to achieve the banks objectives. Here, it reveals that the EPA practices of CBE don't assist to achieve the overall objective of the bank. Therefore, this separation of EPA and the banks objective have its own negative impact to the bank.

37. You have no information how you are being rated due to lack of communication

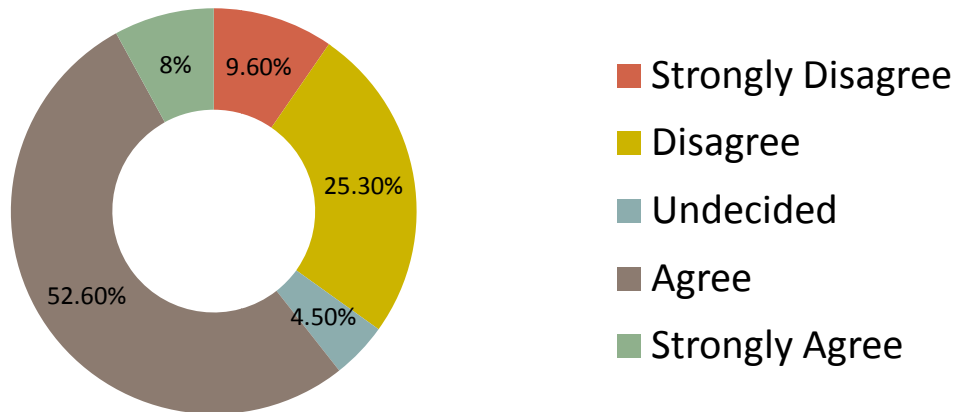


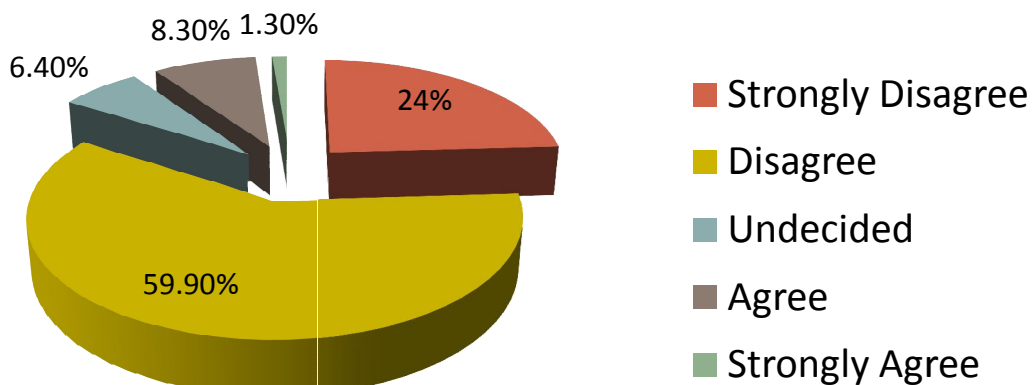
Figure 4.2.11: Shows employees' information regarding how their PA is conducted

Source: Primary Data (2016)

As shown in figure 4.2.11, from 312 respondents 164 (52.6%) and 25 (8%) of them replied that strongly agree and agree respectively to prove employees have no being conscious about how they are being rated due to lack of information. Whereas 30 (9.6%), 79 (25.3%) supposed that disagree and strongly disagree to say there is no problems related with communication while 14 (4.5%) of them didn't come to a decision to the statement. Therefore, as the majorities provide evidence that there is problem of communication. When the employees are unconscious regarding how they are being rated, this can be tells that there is a problem of disparity especially for employees who obtain low performance results.

38. The PAS can help in the decision whether to terminate or upgrade the employee based on thier performance.

Mean= 1.93, SD= 0.738, variance= 0.544



Figure, 4.2.12

Source: Primary Data (2016)

As the result showed that the PAS can't help to pass the decision either to come to an end to their service or upgrade the employees on the basis of their performance. This conclusion is reached based on the majority respondents opinion; from 312 respondents 75 (24%), 187 (59.9%) of them responds that strongly disagree and disagree in that order with the subject to support the conclusion while 26 (8.3%), 4 (1.3%) of respondents strongly agree and agreed together correspondingly with that the purpose of the PAS helped to the decision of CBE employee's performance. Based on this result, PAS is not directs the behavior of the employee towards achieving the goal of the bank. Since the employees being not familiar with what is expected of them which prevent them to struggle continuously to meet the expectations, consequently it doesn't maintain the bank (CBE) in accomplishing its objectives. In the preceding analysis, the high level of responses of the employees implies that they are not aware as to the purpose of PAS in supporting decisions to terminate an employee for their poor performance and unable to help the bank to pass a decision regarding promotion for their excellent performance. Having those results, the standard as well as the conducted EPA results doesn't give meaning but it costs the bank to administer it.

Table 4.2.4 also presents statements to seek respondent's opinion regarding performance appraisal system as an overview

s.no	item		Strongly agree		Disagree		Undecided		Agree		strongly Agree	
39	key PM criteria have been clearly identified in the appraisal system	mean= 1.93 SD=0.738	84	26.9	180	57.7	35	11.2	13	4.2	-	-
40	The scales in PAS allocate an accurate assessment in different scope of performance	mean= 2.05 SD=0.788	71	22.8	172	55.1	51	16.3	18	5.8	-	-

41	Resistance of employees regarding their PA results have been listen by the management	mean=1.89 SD=0.697	85	27.2	187	59.9	30	9.6	10	3.2	-	-
42	There are personal values and bias that replace standards	mean= 3.72 SD=1.021	20	6.4	27	8.7	16	5.1	205	65.7	44	14.1
43	Raters are not cooperative and capable to take accurate PA	mean= 3.76 SD=1.063	25	8	18	5.8	19	6.1	196	62.8	54	17.3

Source: Primary Data (2016)

As depicted on table 4.2.4 above the researcher tries to see an overview of EPA system as general by distributing five statements that normally assess the practice of PAS. Based on table 4.2.12 above, respondents are replied their opinion for item 39 as, 84 (26.9%) strongly disagree and 180 (57.7%) thought that disagree to articulate that key PA criteria haven't yet been clearly identified in the appraisal system, but 35 (11.2%) responds that undecided while 13 (4.2%) believed that strongly agree to display the existence of key criteria's in measuring EPA results. According to the majority of the respondent's opinion, there is no clear and precise or key PA criteria's in measuring employees PA result, this implies that either employees are not aware about the criteria used in EPA standards or there is no tangible as well as consistent criteria in EPA standard. Therefore, this leads to the standard no being accepted by the employees and might leads for reluctant to their results. For item number forty, out of 312 respondents 71 (22.8%), 172 (55.1%) of them replied that strongly disagree and disagree respectively to mean the scales in EPA standards doesn't allow an accurate assessment of different dimensions of employees performance, 51 (16.3%) replied that undecided to indicate no decision by themselves while 18 (5.8) supposed that agree with the statement. From this, one can easily understand that the EPA system is very narrow in its scope which doesn't able to measure the overall performance of employees. The researcher also needs to investigate if there is resistance of employees regarding their PA results and if they are listening by their management bodies to answer why they resist by investigating the real cause. To this aspect from 312 respondents, 85 (27.2%), 187 (59.9%), 30 (9.6%), 10 (3.2%) of them said that strongly disagree, disagree, undecided and agree to the statement respectively. This result shows that their resistance regarding PA results is not listening by the management. This illustrated that there is no

cooperation of employees in the administration of PA practices with the management that will attacks the achievement of objectives.

Again according to table 4.2.12 above, for the statement “There are personal values and bias that replace standards ‘ from the total 312 respondents 20 (6.4%) supposed that strongly disagree, 27 (8.7%) replied as disagree to reflect there is no personal values that replace standards, 16 (5.1%) of them said that undecided but the majority of the respondents 205 (65.7%), 44 (14.1%) of them replied that agree and strongly agree to say that there are personal values and bias that replace standards. This can be demonstrated that the PA results of employees are affected by personal values and bias. Therefore, this can be leads that employees PA results are exaggerated when they are loved by appraisers but their PA results might be becomes low when they are being hate by appraisers which is not reflect the real performance level of employees. Thus, standards that measures performance of employees is not able to alleviate the problem of subjectivity and can’t become appropriate for the employees.

Following these questions, the researcher is depicted the statement as “Raters are not cooperative and capable to take accurate PA” to investigate whether there is raters themselves are not cooperative with taking employees PA or not. To this item out of 312 respondents, 25 (8%), 18 (5.8%), 19 (6%), 196 (62.8%), 54 (17.3%) of them replied that strongly disagree, disagree, undecided, agree and strongly agree correspondingly to this concern. As a result of this, the researcher found that raters are not supportive and

competent to take truthful PA results of employees which might be results in employees to perceive as the PA result is being meaningless.

4.3 Analysis of results obtained from interview of main and sub process managers of CBE conducted at head office as follows

The researcher is provided the question to managers as “Can you explain performance appraisal process that is conducted in CBE?” to investigate practices of PA processes in CBE. In this regard as the result of the questionnaire shows that CBE used formal PA processes with different criteria’s mainly service delivery as well as internal service process and it is recalled that CBE was preparing to conduct especially annual performance appraisal for the first time which was starting from July 01, 2014 and in order to handle the annual appraisal properly addressing the following points is found to be important. If there is a transfer from one branch to another branch within same district, the previous branch manager should deliver the hard copy of quarter appraisal result to the new manager, so that the new

manager will use the inputs from the quarter results to conduct the annual appraisals. But if the transfer is from one district to another district the district HR team will facilitate the transfer of the appraisal result in hard copy or facilitate the document from the branch and send to the requesting district. However, if the employee is not on duty due to different reasons like sick leave, maternity leave etc... all branch managers are requested to use NOT APPLICABLE (NA) to reflect the employee is doesn't receive quarter appraisal results due to different reasons. For the question, who is/ are responsible to conduct employee's performance appraisal? Which is asked by the researcher; they said that all responsibilities to take EPA are holding on the hands of managers also known as supervisors. They also give answers to the inquiry "Are you set standards together with employees? If so, would you state degree of employees' involvement?" district managers and vp-CATS are come to together to set major standards however, part-standards which are derived from major standards are designed by the branch manager but employees are not required to involve.

For the question that seek answers regarding the technique and methods that the bank uses to measure employees performance results, the majority replied that the bank uses 360 degree evaluation technique however, it is not fully implemented as the bank interests as per they said.

To investigate for what purpose the EPA are conducted , the researcher is asked the question as "What purposes are tried to be achieved by taking performance appraisal in CBE?" they explained that CBE, in its effort to creating alignment and encouraging successful results, has rolled out a new PA system in all branches across CBE. The goal of the employee performance appraisal and development system is to contribute for continuous improvement in performance across CBE by aligning individual and team performance with the strategy and objectives of the CBE, but through with low clarity in setting goals and related performance targets for individuals and tries to monitor progress in their achievement. It will also implemented to provide a context in which the development needs of job holders can be addressed for the future however still now it doesn't work as the employees preference. Another purpose is to allow the CBE for managing its resources within a strategic framework and achieve more effective performance.

The researcher again tries to explore if there is / are major challenges that affect the result of employee performances, to this aspect the interview results displays that there are numerous challenges which affects the practice of PA such as appraiser inexperience, employees are resists when they are receive

low performance results, absence of quality of report (completeness and accuracy), wrong description of operational goals and inappropriate assignment of goals for each employees meaning incorrect targets that are unrelated to the position, absence of permanent and a comprehensive PA guideline for CATS, when they take PA the employee may have done an extraordinary job during the appraisal period which everyone could acknowledge during the review but CBE doesn't experienced in paying or giving recognition to those employees, supervisor's personal values and bias can replace organizational standards in the evaluation process, and standards and ratings vary widely and sometimes unfairly from supervisor to supervisor. Another challenge in conducting EPA based on the interview result is that it is time consuming and requires a lot of resources to undertake regular appraisal processes. Therefore, based on the result this can create disagreement and reduced efficiency as the employee may feel that there is no point in making an extra effort if it is not properly rewarded. The other is a tendency to focus on areas that need improvement during taking employees appraisal but some raters are fail to provide suggestions as to ways the employee can improve. As a result, the employee may feel that the purpose of the appraisal is to point out only what is wrong. If there are negative points in the review is be sure to work with the employee to develop an improvement plan. The interviews results also prove that those challenges are the major reasons that lead to employees' frustration relating to their performance

appraisal system in CBE. For those , the researcher is going to be ask them if they take remedial solutions as the difficulties takes place, however, there is no still remedial solutions designed at the corporate level to take by the bank but for the future seems to solve through take different mechanisms as they elaborated. According to the result, it can be said that almost all agreed that those performance standards of CBE didn't actually measure the real performance of employees because the standards are not practiced as the bank and employees needs because of the above listed and other challenges. The interview findings also suggest that employees are receiving their PA results at the time when their PA is conducted. According to this, it is good opportunity to the employees to accept or reject their PA results as per their respective level of actual performance. For the interview question that is asked them as "How to connect performance results of employees with the reward policy of the organization?" They replied as still the bank is not use the PA results as a basis for employees benefits that are provided by the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter deals with summary, conclusions and recommendations correspondingly. Hence, the major findings of the study are analyzed and discussed in chapter four provide a means to draw a conclusion. As it described before, the main objective of the study is to examine practices and challenges of employee's performance appraisal at CBE. In line with this, data collected basically from primary and secondary sources are organized, analyzed and discussed based on the research objectives. Finally, possible recommendations for the major problems found from the study are forwarded on the basis of the findings of the study.

5.1 Summary

The most important objective of this study is to investigate practices and challenges of employee's performance appraisal at commercial bank of Ethiopia having the following basic questions to be addressed.

- Does CBE have established its' own employees performance appraisal processes?
- Are employees participating in formulating performance appraisal standards?

- How the performance appraisal standards are practiced by CBE aligned with employees' expectations?
- What are the purposes of employees' performance appraisal that is conducted by CBE?
- Do employees aware enough regarding performance appraisal standards?
- Are performance standards of CBE really measure the actual performance of its' employees?
- What are the challenges encountered in implementing the performance appraisal standards effectively?
- Does the bank provide training packages for appraisers to eradicate rater's problem?
- What are the remedial solutions taken by the bank to challenges that lead to employees' frustration relating to their performance appraisal?

In order to deal with the above basic questions, descriptive survey research design is employed by embracing both quantitative and qualitative methods of data gathering. Data is collected through questionnaire and interviews are completed and increase the validity of the data obtained. As described above, to collect representative data, 312 questionnaires are distributed using simple random sampling technique. The data collected from target respondents through questionnaire is assembled and summarized by using SPSS software and the results are analyzed by using frequency counts, percentages, and charts and sometimes present mean values, and standard deviation. Finally, interviews are interpreted qualitatively.

5.2 CONCLUSION

- ❖ The general background of the respondents of the study is summarized by focusing their gender, age group, educational status, monthly salary and years of service and category of position classification in current time. As tries to describe in the analysis part of the study, from 312 respondents involved in the questionnaire, about 60.6% of the respondents are male and 39.4% are female. It is therefore concluded that, the possibility of employee being a male is higher than the probability of being a female. Again, with respect to their marital status around 51.9% of the respondents are single, while most of their age is in between 30-45 years which is recalled as a productive period. It is found that majority of them are worked for more than six years and receives more than six thousand Ethiopian birr. Regarding their current job position most of the respondents are found to be SCSO-II accounted as 55.1% of the respondents.

- ❖ There is a formally written performance appraisal standard that is practiced in CBE to measure performance of employees.
- ❖ To adequately inform about how PAS are conducted, Communication plays a critical role in convey and distribution of knowledge about PAS to eradicate obstacles which influence the effectiveness of the PA process such as negative perceptions, language, semantics, information inadequacy and information overload. However, as per the results employee in CBE has no clear information about when evaluation is conducted, who evaluates them, and criteria against which they will be how evaluated.
- ❖ According to the analysis, majority of respondents argues that they are not involved in the process of setting criteria of performance standards. So that there is a lack of employee involvement in the system design and targets which is one of the most important fundamental factors which affect both rater and ratee's attitudes toward performance appraisal results of employees.
- ❖ A performance appraisal standard of CBE is not appropriate to measure exact performance and job related behavior of the employees meaning it is not able to measure exact level of employee's performance because there is subjectivity, lack of employees' participation, non-alignment between performance standards and employees job, lack of ability to evaluate by the evaluators due to problems that would emanated from different sources.
- ❖ The result also revealed that PAS in CBE is not free from bias which negatively affects decision making on performance of the rates. Here, performance of each employee that is not measured accurately can lead to dissatisfaction with PA results. The subjectivity of the evaluation discourages employees to accept the measurement of performance appraisal.
- ❖ The study found that the mass respondents illustrate that there is no cooperation of raters in the appraisal process and practices. Again, they believe that feedback doesn't reflect their performance and doesn't be supportive rather than harm them. A problem of employee's performance becomes poor, because the standards are not implemented to identify problem areas with specific instructions on how employee's performance can be improved. The EPA system doesn't give specific instruction on how performance can be improved and haven't developed short and long-term goals set to show incremental improvements.
- ❖ Again, as **majority** of the respondents in their response for the questionnaire provided by the researcher indicated that the appraisal process is conducted is unfair. They further accredited that the appraisal standards are not constructive. There is evidence to the effect that

employees are not encouraged to participate in discussions. As a result EPA results vary and unfairly held from supervisor to supervisor, that the supervisor's personal values and bias can replace organizational standards in the evaluation process, and that the soundness of the ratings is reduced by supervisory reluctant to listen employees question regarding their PA results.

- ❖ The main rationale of taking EPA is supposed to be to improve the employee and the organizational performance. But, PAS of CBE is not put into practice to contribute for the satisfaction of all the employees and it doesn't open communications between the employee and supervisors.
- ❖ One of the factors that contribute to employees dissatisfaction is that raters are not knowledgeable and do not have the required skills. This will affect the process of evaluation because of favoritism, unfairness and untrustworthiness might happen. Although there is a formal evaluation form and a set of standards to be followed, employees seem not to trust the tools of the evaluation. The respondents also supposes that the rater is not objective and accurate because they provide EPA results according to their likes, dislikes, and expectations instead of rely on the established standards or criteria to become objective.
- ❖ Another area of weakness revealed in this study is the lack of use of performance appraisal results to determine employees and organizational development needs. Because the employees performance results as information is not used for salary administration, promotions and recognition.
- ❖ The study finds out that raters are not supporting and encouraging the development and use of performance appraisal in the bank and it would be a negative influence on them concerning the importance and value of performance appraisal. The implication is that direction has a strong influence over the awareness of the value of the appraisal process at the bank but it doesn't well hold down.

5.3 RECOMMENDATIONS

Based on the findings of the study the researcher forwarded the following recommendations;

- The demographic composition of employees generally seems like appropriate in general term however, the bank should higher female employees to much with the number of male.

- As an opportunity to the bank there is a formally written performance appraisal standard that is practiced in CBE to measure performance of employees. Here, existence of PAS before real measurement of employee's performance is a good practice for the bank.
- The purpose of appraisal must be made clear to all employees before appraisal takes place and employees should accept it. The goal of the performance appraisal ought to be inclusive of all extent like for promotion, developing training program, salary increment, for transfer and the like. Therefore, appraisal standards or criteria should be clear, specific and includes measures of all the dimensions of employee job performance. Accordingly, it can alleviate the problem of subjectivity and become appropriate for the employees.
- Employees should also participate in the improvement of the appraisal system like in development of employee job expectation and establishment of evaluation standards or development of appraisal format. Since, if the employees are certain in the justice of the appraisal process, they are more likely to accept performance ratings if they perceive a faire decision making process is done. The more the employee is involved in the PA setting with process, the more satisfied the employee is likely to be with the PA results and the PAS, and it is more likely to result in performance improvements for the future.
- A performance appraisal standard of CBE should be appropriate to measure exact performance and job related behavior of the employees by avoiding subjectivity of raters and purely practice established performance standards only.
- There should be cooperative between appraisers and apraisee, and the feedback provided for employees regarding their PA results should be directed to improve performance of employees to the future rather than harm them. The feedback also should be used as a tool for goal setting and performance planning with its employees, encourages performance improvement, and should provide a basis for wage and salary changes. There is also a need to be developing a good feedback system to ensure that appraisal is not wholly separated from the actual performance progress with performance appraisal process.

- The PA system of the bank should maintain to increase the relevancy, usefulness, and its importance by using it as one factor to pass major decisions.
- The appraisal system should developed in a way that it can improve reliance, simplicity, argument and open communication between the appraiser and appraisee that facilitate appraisers and appraisee to have a communal perceptive of the nature, rationale, techniques and troubles of the appraisal.

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