



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**PRACTICES AND CHALLENGES OF PERFORMANCE APPRAISAL SYSTEM;
The CASE OF DASHEN BANK S.C**

BY: Dawit Alemu Habte

**JUNE, 2016
SMU
ADDIS ABABA**

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**A THESIS SUBMITTED TO ST MARY'S UNIVERSITY SCHOOL OF
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DAWIT ALEMU HABTE

APPROVED BY BOARD OF EXAMINERS

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Dean, Graduate Studies

.....

Signature & Date

.....

Advisor

.....

Signature & Date

.....

External Examiner

.....

Signature & Date

.....

Internal Examiner

.....

Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's university school of graduate studies for examination with my approval as a university advisor.

Advisor

Signature

St. Mary's University School of Graduate Studies, Addis Ababa June 2016

DECLARATION

I undersigned declare that this thesis is my original work prepare under the guidance of Mr. Shoa Jemal (Ass.Prof). All sources of material used for the thesis have been duly acknowledged. I further confirm a that the thesis has not been submitted either in the part or in full to any other higher learning institutions for the purpose of earning any degree.

NAME

SIGNATURE

St. Mary's University School of Graduate Studies, Addis Ababa June 2016

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ACRONYMS and ABBREVIATIONS

PAS - Performance Appraisal System

HRM – Human Resources Management

DB - Dashen Bank Share Company

SPSS – Statistical Package for Social Science

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ABSTRACT

Performance appraisal helps to success of the organization in realizing of strategic purposes and increasing of effective working processes through continuous improvement of individuals' performance and processes along with focusing on weak improvable points by motivating employees. The main purpose of this study is to assess the practices and challenges of performance appraisal system in Dashen Bank Share Company. The study tries to address the basic questions of how the alignment is made between organizational objectives with that of the performance standards, how the process of performance appraisal system, execution, was executed and identifying the purpose of having PAS in DB and the challenges faced while implementing performance appraisal. To answer these questions descriptive survey research design has been deployed by using both quantitative and qualitative research approach. The result of the analysis was presented using tables, percentage and frequency. In general the finding of the study revealed that organizational goals were not fully aligned with departmental and individual goals, participation of employee's in the standard setting process performance appraisal is not across all staff of DB, not practicing appraisal results for decision making, lack of regular and timely feedback, lack of uniformity in gathering information about employee's performance, subjectivity on measurement of performance and vast communication gap between supervisors and employees in performance appraisal execution are the major problems distinguished. Having this in mind the researcher concluded that even though DB has some good qualities in clearly defining the mission, vision and values and developing strategy map. In order to fill the identified gap, recommendations were forwarded to align organizational objectives with the performance standards, to progress the level of employee's participation in the PAS process, to enhance the awareness of employees about the purpose of PAS, goals should be set in mutual agreement, employ performance appraisal result for decision making, slim down the practicing of subjectivity on performance measurement narrow the gap between supervisors and employees in practicing PAS and increase the standards clearness and reliability using SMART objective setting techniques.

Key Words; Performance Appraisal, Standard, Communication, Performance, Measurement, Performance Appraisal System

CHAPTER ONE

INTRODUCTION

This chapter contains background of the study, definition of terms and concepts, statement of the problem ,research questions ,objective ,limitation and significance of the study ,scope and organization of the study .while going through this chapter any one can understand the aim of the research ,the basic question which have been addressed in the in the analysis.

1.1 Background of the Study

In this world of competition as organizations effort to remain competitive and sustainable, human resources professionals and strategic planners should collaborate strongly in designing strategies which are more productive and useful. Based on many researches the most winning organizations in the 21st century will be those to focus on integrated HR processes and systems. So the role of human resource becomes more and more vital which includes personnel related areas such as job design, resource planning, performance appraisal system, recruitment, selection, compensations and employee relations.

Performance appraisal system is recognized as an important effect on the success of any organization because perceived fairness is connected to the acceptance of this system and eventually, the performance of employees and organization. The understanding and perceptions of performance appraisal purpose have been connected to employee satisfaction with both appraisal and supervisor. Therefore, the purpose of performance appraisal may affect all dimensions of employee's motivation and reactions toward performance appraisal.

Performance appraisal helps to success of the organization in realizing of strategic purposes and increasing of effective working processes through continuous improvement of individuals' performance and processes along with focusing on weak improvable points by motivating employees (Ali Divandari, 1378; 107). With due attention to the fact that Performance appraisal is one of the main parts of

organizational life and could be consisted of several organizational processes such as measuring of work performance, establishing of purposes and reward management , however in many organizations express dissatisfaction about the result of their performance appraisal. This situation could lead to employees be de motivate for further effective work on their duties and be a sign of failure of performance appraisal as a mechanism for development and provocation of employees (Fletcher, 1997; 104).

Among these functions, one of the most critical ones that bring global success is performance appraisal (Marquardt, 2004). It is more considerable than other processes because its results show the success of the awareness of the other areas in the field of Human Resources and other personnel activity. Rapid change and developments as well as increasing communications and dramatic developments in knowledge management, have made the existence of effective organizational performance evaluation system for the organizations inevitable. Various models have been provided by the management experts for the performance evaluation so that organizations use them according to their type of organization, mission, structure and manpower. One function of performance appraisal systems is to address the effects of performance appraisal system on employee's motivation, which is addressed in this study.

DB is a privately owned company established in 1995 in accordance with the “Licensing and Supervision of Banking Business proclamation no.84/1994” of National Bank of Ethiopia with birr 14.9 million paid up capital to with 11 area banks to undertakes commercial banking activities. The Bank obtained its license from the National Bank of Ethiopia on 20 September 1995 and started normal business activities on the first of January 1996, the bank is the leading bank of all private banks in Ethiopia and operate head quartered in Addis Ababa DB organization structure has been changed on 2015 in order to follow and compute in world market. The bank gives its service though 9 districts with in Ethiopia from these 4 of them are in Addis Ababa. It operates through a network of 220 Area Banks, 5 dedicated Forex Bureaus, 220 ATMs and 873 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 454 banks

covering 70 countries and 166 cities across the world. Wherever business takes customers around the world, DB is already there. Dashen bank s.c is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and presence services unmatched by its competitors. The Bank also works in partnership with leading brands in the electronic payments industry (VISA, MasterCard & Union Pay) and prominent money transfer operators (Western Union, Money Gram, Express Money & Dahabshiil) and has exclusive membership of American Express. DB is the one, which contributes greater role in the development of the Nation's Economy. (19th Annual report, DB, 2006)

1.2 Conceptual Definition of Key Terms

- **PERFORMANCE**; - the accomplishment of a given task measured against present known standard of accurate, complete cost and speed.(Fletcher, 1997)
- **PERFORMANCE APPRAISAL**; -Is the systematic assessment of an employee in terms of the performance aptitude and other qualities, which are necessary for successful carrying out the job by his immediate supervisor or manager.(Fletcher, 1997)Feedback;-it is informal and prompt advice given to employees based on performance gap observed in the current position.(performance management manual of DB,2011)
- **PRACTICES** ;- the actual application or use of a plan or method, as opposed to the theories relating to it.(Oxford Dictionary ,2016)

1.3 Statement of the Problem

Appraisal system plays an integral role in the employer's performance management process as it translates employer's strategic goals into an individual employee's goals. Assessment system is aimed at helping in identifying staff capabilities and aptitudes that match the expectations of their jobs in terms of job knowledge, skills and attitudes, thus enhancing motivation, moral and job satisfaction. Employees create conclusions

about a system's (e.g. appraisal system) fairness based on the system's results, outcomes and procedures and how supervisors treat employees when applying those procedures.

There might be a quite beautiful policy and procedure which clearly shows the steps, benefits and implementation process of performance appraisal system. But it only can be kept on paper as a policy unless it is converted into practice. This is the rationale for the student researcher to assess the practices and challenges of the performance appraisal system at DB.

1.4 Research Questions

Based on the above statements of the problem the following research questions are developed with the view to provide the possible and practical solutions.

- ❖ Does the strategic mission of DB align with individual's performance objectives?
- ❖ What purpose does the performance appraisal system have in DB?
- ❖ To what extent performance appraisal system is understood by employees of DB?
- ❖ How does process of performance appraisal system practiced in DB?
- ❖ What are the challenges that hinder implementing of effective performance appraisal system in DB?

1.5 Objectives of the Study

1.5.1 General objective

The main objective of this study is to scrutinize the practices and challenges of Performance Appraisal system in case of DB, and to recommend possible solution for the problem

1.5.2 Specific Objectives.

- Asses the position of strategic mission with individual's performance objectives in DB.
- Identify the purpose of Performance Appraisal system in DB.

- Asses the understanding of employees about Performance Appraisal system in DB.
- Examine the practice of Performance Appraisal system practiced in DB
- Identify the challenges that counter when implementing effective performance appraisal system and to identify methods used to solve the challenges.

1.6 Significance of the Study

The outcomes and results of this research have potential value to DB, It is hoped that the study provides significances suggestion for the organizations, individuals and for the country as a whole. Particularly for human resource managers (supervisors) to understand the challenges and opportunities related with adoption effective performance appraisal system and its advantages in providing motivation to their employee. In addition, this study expected to help other researchers who will be interested to conduct further study regarding the issue by providing useful information. Finally based on the result found, the study provides recommendations for the bank about changes needed in order to motivate and satisfy employee .Moreover it uses for academic practice and future research.

1.7 Scope of the Study

Even though performance appraisal system is applicable in all types of organization regard less of its size, nature and goal, the scope of this study is delimited to only the practice challenges of performance appraisal system in Dashen bank Addis Ababa Branches .. The study is employed a descriptive study, and Statistical sample from the population of this study is 223 employees of DB Addis District. Research data has been collected via self-structured questionnaire. The researcher believes that the findings of this study would have been more productive if it has been conducted on all districts of DB banks. However, due to time and financial constraints, it is out of reach of the researcher to incorporate all in this study.

1.8 Organization of the Study

The research paper has five chapters. Chapter one is the introduction part, which contain statement of problem, objectives of the study, research questions, scope & limitations of the study and significance of the research paper Chapter two presents the literature review regarding the research area of the paper and sets out the conceptual frameworks for the research. Chapter three focuses on the research methodology, the research results and discussion has present in chapter four. The final part chapter five is concludes the paper, summarizing the findings and introduces avenue for future research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

INTRODUCTION

In this chapter, reviews of related literature and lessons from international as well as domestic practices are presented .to be more specific concepts of performance definition; processes purpose, principles and best practice of performance appraisal have been discussed briefly.

2.1 Performance Appraisal; History

Performance appraisal has a brief history starting from earth 20th century where the need of performance appraisal was felt and some measures developed. This history shows that Taylor (1964) who is the revolutionary person in times and motion studies brought the real sense of performance appraisal and performance measurement. But in the modern human resource management it can be seen that the thread of performance measurement is linked with the Second World War. This tells the history that it is not more than sixty years ago. Yet the guru of human recourses says that the art and procedures of performance measurement and appraisal is very ancient art and people of old times had some tools to appraise their employees on the basis of activities and job they performed. On these historical felt notes it can be said that performance appraisal management is the world's second oldest profession too. (Manish and Rajneesh, 2014)

2.2 Performance Appraisal: Definition

The process in which human resource management department obtains, analysis and makes decisions on the performance of an employee over a period of time is called Performance Appraisal Process and the methods which are used to appraise the employees are called Performance Appraisal Systems . The main objective of performance appraisal system is to focus on the performance, key attributes of the job, what is the improvement in the performance and the proportion of the performance that the employee will make in future in the productivity of the organization. It aims towards the employee, Performance appraisal is the systematic, periodic and an

impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job. Performance appraisal is a system in which HR managers measure the performance of the employee, either he is performing his job rightly, is he achieving what organization wants from his job, what is his behavior and attitude towards his job, either he is showing positivity towards his job, is he the right employee for the right job, as all this comes under the HR function of an organization (Randhawa, 2007).

The main objective of performance appraisal is to make sure that employee's performance is up to the mark, to communicate this job performance measurement makes the employee enable to enhance his productivity and cover his ambiguity where he is lagging behind and also to insure that organizational goals are being met, because meeting organizational objective is an individual as well collective effort.

An effective performance appraisal must have collaboration between the management and the subordinates. An employee should work according to the job description, which is decided by the immediate manager. By doing this, there will be no conflict between the management and the employees (Proper, & Wilson, 2003).

The objective of performance appraisal is to influence the employee's job performance with a systematic process appraisal, what are the major impacts on the employees to get the certain level of motivation to improve the productivity of the organization as well as the job satisfaction (Carroll, Stephan J. and Craig E. Schneier, (1982).

If the management has a concept that performance and its appraisal is inevitable then it will be wrong that performance of an employee cannot be judge in advance. In the absence of a structured appraisal system then it will ultimately affects the performance of employees, the productivity of the organization and moreover the reputation of the organization in the industry. It will de-motivate the employees, they will lose satisfaction from their jobs and loyalty with the organization will be most likely finished and labour turn over will increase. One serious offence can be seen in the absence of appraisal system that organization can go unlawful, harassing the employee

and unfair judgment on their performance. Consequently, it helps the management and employees to go lawful, fair and accurate with the performance over the period of time (Murphy, 1989).

In the past, the sole purpose of performance appraisal will just to calculate the financial position of the company, either it has made some progress in terms of monetary growth, what influence it has made on the department growth and what are the effects of performance on organizational objectives. But now, things have changed. Now researchers are seeing beyond the monetary terms, they are not discussing the financial aspect but they are measuring the job performance in terms of employee's job satisfaction and his level of motivation, because ultimately the manpower of an organization is its labour force.

2.3 Performance Appraisal; Benefits

Where performance appraisal allows the employees to get the monetary and non-monetary rewards from the management, here it also give the most significant benefit for employees that it gives the chance to get reasonable time for one to one discussion on the performance over the period of time. This discussion between employee and supervisor allows discussing the main issues that are hurdle in the performance and work concerns addressed. It can observe from all over the world organizations, the feedback of performance appraisal says that it creates a strong bond between subordinate and supervisor only if the appraisal is conducted properly and fairly. This process also gives the opportunity to employees to review their performances and discuss the issues and difficulties they are facing in the work and also it gives the path to gain the aims and objectives in the future time.

This interaction of subordinates and supervisors give the opportunity to help the future goals. Therefore it enhances the productivity. So, this process gives the best time to employees to have chat with the supervisors without any hindrance and instruction. The importance of this process should not be underestimated as this is the integral part of performance appraisal system. Moreover this process allows the supervisors and

employees to discuss the future targets and, training and rotation need orientation and development, if needed. In this discussion, the supervisors and the subordinates discuss the various problems about the present as well as the absent working skills, career development and what is to be done in the future. (Orpen, 1997)

Here, supervisor highlights the key skills of the subordinate and makes or arranges for the future career inspirations. This discussion can be useful to measure the productivity of the organization, for the recruitment and orientation process. For example, the feedback can identify how employees are performing those who hired in the past two years and so. Appraisal data can also tell how well the recruiting strategies are working, what developmental process are good enough and what the effectiveness of employees is. Performance appraisal process could be a data sheet highlighting the overall performance of all employees; telling has productivity improved, remains same or fall. Evaluation is the ongoing process and its run throughout the year but some clash can be noted in the evaluations and developmental process but in a nutshell it's a process of evaluating, analyzing and giving feedback of that process (Thompson & Dalton, 1970).

2.4 Performance Appraisal; Basic purpose

The ultimate goal of appraisal and its effect will create good human relation in the business industry in the medium of satisfaction on economic, social and psychological needs and wants of all people having relationship with in the organization objectives help to increase productivity and profitability .top performing companies uses performance appraisal to build coherence. and human resource department highly invest for the objective selection and appraisal, but not enough ,they should have drive to good result and decision that they make the organization beneficial as well as employees ,and make better organization climate and relationships as good as strategy to settle the problem. (Dessler, 1997)

Performance appraisal systems have the two main elements in it; one is evolution of the performance and the feedback of the evaluated performance. The main objective of performance evaluation is to define the gaps in the actual job and job performed. This

gap creates when the employee is not working on the standard level and doesn't meet the expectation of the organization (Anthony, 1986). The main objective of feedback is to inform the employee about his performance and the quality work he is producing but this feedback doesn't flow in a one direction and the supervisor of the appraiser also gets the feedback from the employee to resolve the job issues, if have. To get the real sense of performance appraisal system is to look at the whole process on different angles so that it can create a meaningful difference in the organization. These different angles could be: from employees point of view and organization's point of view (Anthony, 1986).

From employee's point of view it can be unfold as:

- What does the organization want me to do?
- What are my loopholes? And what I have done remarkably well?
- What help will be given by the organization for my own improvements?
- What is the reward of my good performance?

In the organization's point of view, it is mandatory to have an accountability and justice within organization so that all the employees get a fair compensation out of their performance and also to establish the repute of the organization. The research shows that organization fails when "non-alignment of responsibility and accountability occurs." These failures occur when the employees are given tasks but there is no check on the responsibilities and duties and how they are performing their jobs. Sometimes it happens when the employees are working in shape of group and teams so they pass on the work to each other but ultimately no one held accountable of any task so the rule of accountability fails (Townley, 1997).

Performance appraisal system has always an integral part of HRM and this research will highlight the main issues within the systems and the rating of employees. Rating the performance appraisal and giving the feedback is not an easy task for the HR department, as the criteria of apprising is a complex job. There are certain strategies underlying to make the traditional methods accurate than it had been in the past and therefore the likelihood of correct and affective appraisal will be increased (Townley,

1997). These strategies can be considered as a practical training to the HR officials. New learning techniques and methods should be true n fair for all set of employees, transparent and should be computerized so there are no chances on intermingled results which will remove the chances of favoritism. The main tactics and objective of the performance appraisal is that it should be conducted for the motivation of the employees with no negative aspect associated with it, as it will decrease the morale of the employees. There should be some reward or bonus announced so that this will be stimulation for other employees and they will try to excel their performance too. Proper communication and feedback session should be introduced so that the employees come to know their loopholes (Carroll, Stephan J. and Craig E. Schneier, (1982).

2.5 Performance Appraisal; Objective

According to (Aarti verma, 2014) The Followings are the main objectives of performance appraisal.

- To review the performance of employees over the period of time. This review of performance, evaluator judges the actual performance with the targeted performance standards and benchmarks.
- It also helps the management to control the organization targets depending upon the performance of employees.
- It also creates healthy environment between employees and supervisors.
- It indentifies the strengths and weaknesses of employees and also suggests the various improvement plans by the management after performance appraisal process.
- Allows the employees to get the proper training and orientation of skills where they are lacking.
- To communicate the feedback with the employees.
- Give all information regarding the tasks and job responsibilities and also clarifies all the tasks which are required from the employees).
- One of the objectives of performance appraisal is to judge the HR function within the organization for smooth running of business.

- It also tries to remove the complaints of employees about the function of organization, if have any.

2.6 Performance Appraisal: Methods

There are different systems and methods for measuring performance and appraising the employees. These methods and systems are categorized as the traditional methods and the modern methods.

2.6.1 Traditional Methods:

In the traditional methods there are various systems to measure the performance employees. In the traditional method of measurement Behaviorally Anchored Rating Scale is widely used by many organizations across the globe. In this system it focuses on specific behaviors, either affective or ineffective performance is given by the employee. It involves critical incident technique (CIT) and different combinations of rating scale. However, in Graphic Rating Scale supervisor or evaluator simply checks the different blocks in the appraisal form to measure the performance. Though this an old technique to appraise the employees but broadly used method.

2.6.2 Modern Methods:

There are different methods of performance measurement in the modern times,

A. 360 Degree Feedback:

360 Feedback is a systematic technique which also known as the multi-rater feedback system. In this method evaluator or the appraiser takes feedback from all the people who are inter-linked with the person to be appraised. The 360 Feedback can be defined as: “The systematic collection and feedback of performance data on an individual or group derived from a number of the shareholders on their performance.” (Ward, 1997)

This method of performance appraisal is detailed and comprehensive where evaluator asks from all sources about the performance of the employee. In this method all the sources are involved as: customers, suppliers/ vendors, team member and colleagues, superiors, juniors, subordinates and all the other parties who has link with the particular

employee. These sources provide all the information that is significant in the performance appraisal process (Anderson, 1987).

There are five main parts of 360 feedback appraisal system:

- | | |
|------------------------------|---------------------------|
| I. Superior's appraisal | IV. Colleagues' appraisal |
| II. Self appraisal | V. Client appraisal |
| III. Subordinate's appraisal | |

The 360 Feedback systems can be an ongoing process throughout the year to keep an eye on the performance and other's perception about the employees and also it can be measured that how well employee is keeping with its required tasks and responsibilities (Carroll, Stephan J. and Craig E. Schneier, (1982). 360 Feedback is also helpful for the managers and leaders to insight of their leadership and managerial styles. 360 feedback systems are widely used across the globe for the effective appraisal of employees (Anderson, 1997).

B. Management By Objectives' (MBO)

Performance appraisal's history can be trace from the guru of organizational management, Peter Drucker on 1954. He has given the different theories of management and introduced the main theme of Management by Objectives (MBO). A process whereby the superior and subordinate managers of an organization jointly indentify their common goals, define each individual's major areas of responsibility in terms of the result expected of him and use the measures as guide for operating the unit and assessing the contribution of each of its members. This is a participative technique where the supervisor and subordinate set the goals, different methods to do the job and most importantly the decision making at the end. Here, the most important element of MBO is to evaluate the performance and comparison of actual performance with the benchmarks. Subsequently, this process or method allows the employees to set up their goals and objectives, their path of tasks in addition to their job responsibilities (Carroll, Stephan J. and Craig E. Schneier, (1982).

2.7 Performance Appraisal: Process

Performance appraisal follows the systematic method to appraise the employee so that it becomes rationalize and fair process for employee (Caruth& John 2008). It has six main areas to look on, which are:

2.7.1. Performance Standard:

This is the first step in performance evaluation process. It is mandatory to make or set some standards and targets for the employees so that performance can be measured and compared with the standards. This step allows the supervisor and performance evaluator to make the criteria's to judge the employees and keep an eye on the qualifying factors for those set standards. Setting up performance standards is also mandatory to look on the organization goals and objectives for the productivity of business (Caruth& John 2008).

2.7.2. Communicating the Standards:

After setting the performance standards and expected outcomes, the next integral part of the Performance Appraisal process is to communicate those standards to employees and educate them as to how to achieve the bench marks. It is mandatory that employees should know the standards clearly and have the idea on how to meet those. These standards will educate the employee about their main responsibilities and job roles and what is expected out of them. These standards should be communicated at the start of the year so that employees should know what to do in future. Management can modify or edit some of standards from the time to enhance the productivity but employees consent will be taken by the management to do so (Caruth& John 2008).

2.7.3. Measuring the Actual Performance:

After communicating the bench marks and required performance standards to the employee, the most important step is to measure the performance according to the set standards over the period of time. However, this is a difficult task for the evaluator but it has to be done. Measuring performance is an ongoing process throughout the year and the supervisors evaluates the performance and also keep an eye on the tasks and job

responsibility. By defining performance in terms of desired results is how managers and supervisors make their work assignments operational. Here, it is mandatory that choice of measuring performance method or technique should be appropriate that personal grudge does not affect the outcome of the process and help the employees rather than creating problems for them (Caruth& John 2008).

2.7.4. Comparing the Actual Performance with Standard:

Here, the next step is comparison of actual measured performance with the standards and benchmarks. This step is sensitive as it is dealing with the yardsticks to compare each task with the set targets, here the employee and supervisors should agree with the process. Comparison shows how employees have achieved the set targets and what divergence has been made to the benchmarks. This comparison tells either the performance is according to standards, above standards or below the standards. Measuring performance, evaluation, comparison and analysis are integral part of this step (Caruth& John 2008).

2.7.5. Feedback; Discussion with Employees

As in process, management sets up standards and communicates those benchmarks to employees similarly after getting the performance appraisal, results should be communicated to the employees and they should be briefed about the standards and the actual performance they have given. There should be a One to One discussion on the results. The purpose of this feedback or discussion is to make the employees aware of his performance, achievements and short falls over a period of time but with a positive attitude. This step also contains the notion of motivation and encouragement to employees so that are loyal to organization and satisfied with the job as well (Caruth& John 2008).

2.7.6 Corrective Action (Decision Making)

The last step of performance appraisal process is making the decision on the bases of results taken from the evaluation step. This decision is about the improvement of

employees, training on different tasks which are lagging behind, corrective actions, promotions and rise in salary, rewards, transfers and demotions (Caruth& John 2008). Selection of Performance Appraisal systems is the main part of the performance management and measurement. The literature shows that motivation, job satisfaction and employee loyalty with organization is directly linked with the Performance Appraisal systems. In the chapter, research has thrown light on performance appraisal and its different methods widely used across the globe, performance appraisal process and linked strategies. By the side it has also highlighted the different performance appraisal problems that often occur in the process or performance measurement.

2.8 The Role of the Appraiser

Attitudes toward the appraiser are important, particularly because the person providing the performance appraisal is often the employee's supervisor. The feelings created during the performance appraisal may endure and affect the employee-supervisor relationship in general (Wendy R. Boswell, John W. Boudreau, 2000). These authors considered that evaluation may create negative feelings toward the appraiser (the immediate supervisor) and could arguably be detrimental to the relationship. This may be particularly true if the employee receives a low PA rating or perceives injustice.

Although negative feelings may upset the relationship between the evaluator and the individual being evaluated, evaluation may lead to positive outcomes, such as pay increases or promotions, and ultimately a positive reaction toward the person providing the feedback.

2.9 Best Practices in Performance appraisal System

For performance appraisal to be successful there are features that are likely to produce good results in terms of individual, team and organizational performance. However, the practical constraints may not allow for the implementation of these entire features. For example, there may not be sufficient funds to deliver training to all people involved; supervisors may have to a new organizational initiative that requires their time and attention. However, as scientist - practitioners, we should strive to place a check mark

next to each of these characteristics: the more features that are checked, the more likely it will be that the system will live up to its promise (Smither and London 2009).

In order to know whether the performance appraisal is working or not, first, before implementing the system organization wide, it is a good idea to pilot test it because we can identify potential problems and glitches and we can take corrective action before the system is put in place. Pilot testing consists of implementing the entire system, including all of its components, but only with a select group of people. Results are not recorded in employees' records. Instead, the goal is that the people participating in the pilot - test provide feedback on any possible problems and on how to improve the system. In addition to this pilot testing will help to check whether the performance appraisal system is good for the specific organization or not by checking the under listed components of best practice in performance appraisal system (Smither and London 2009)

Strategic similarity: - The system should be congruent with the unit and organization's strategy. In other words, individual goals must be aligned with unit and organizational goals.

Diligence: - The system should be thorough regarding four dimensions. First, all employees should be evaluated (including managers). Second, all major job responsibilities should be evaluated (including behaviors and results). Third, the evaluation should include performance spanning the entire review period, not just the few weeks or months before the review. Finally, feedback should be given on positive performance aspects as well as those that are in need of improvement.

Reasonableness: - Systems that are too expensive, time - consuming, and convoluted will obviously not be effective.

Meaningfulness: - The system must be meaningful in several ways. First, the standards and evaluations conducted for each job function must be considered important

and relevant. Second, performance assessment must emphasize only those functions that are under the control of the employee. Third, evaluations must take place at regular intervals and at appropriate moments. Fourth, the system should provide for the continuing skill development of evaluators. Finally, the results should be used for important administrative decisions.

Explicitly: - A good system should be specific: it should provide detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations.

Identification of effective and ineffective performance: - The performance appraisal system should provide information that allows for the identification of effective and ineffective performance. That is, the system should allow for distinguishing between effective and ineffective behaviors and results, thereby also allowing for the identification of employees displaying various levels of performance effectiveness.

Trustworthiness: - A good system should include measures of performance that are consistent and free of error. For example, if two supervisors provided ratings of the same employee and performance dimensions, ratings should be similar.

Validity: -The measures of performance should also be valid. The measures should include all relevant performance facets and do not include irrelevant performance facets. In other words measures include what is important and do not assess what is not important and outside of the control of the employee.

Acceptability and fairness: -A good system is acceptable and is perceived as fair by all participants. Perceptions of fairness are subjective, and the only way to know whether a system is seen as fair is to ask the participants. We can ask about distributive justice, which includes perceptions of the performance evaluation received relative to the work performed, and perceptions of the rewards received relative to the evaluation received.

Completeness: -Good systems include input from multiple sources on an ongoing basis. First, the evaluation process must represent the concerns of all the people who will be affected by the outcome. Consequently, employees must participate in the process of creating the system by providing input regarding what behaviors or results will be measured and how. Second, input about employee performance should be gathered from the employees themselves before the appraisal meeting. In short, all participants must be given a voice in the process of designing and implementing the system.

Openness: -Good systems have no secrets. First, performance is evaluated frequently and performance feedback is provided on an ongoing basis. Therefore, employees are continually informed of the quality of their performance. Second, the appraisal meeting consists of a two - way communication process during which information is exchanged, not delivered from the supervisor to the employee without his or her input. Third, standards should be clear and communicated on an ongoing basis. Finally, communications are factual, open, and honest.

Correct ability: - The process of assigning ratings should minimize subjective aspects; however, it is virtually impossible to create a system that is completely objective because human judgment is an important component of the evaluation process. When employees perceive an error has been made, there should be a mechanism through which this error can be corrected. Establishing an appeals process, through which employees can challenge what may be unjust decisions, is an important aspect of a good performance appraisal system.

Standardization: - Good systems are standardized. This means that performance is evaluated consistently across people and time. To achieve this goal, the ongoing training of the individuals in charge of appraisals, usually managers, is a must.

Ethicality: -Good systems comply with ethical standards. Operationally, this means that the supervisor suppresses his or her personal self - interest in providing evaluations. In addition, the supervisor evaluates only performance dimensions for which she has sufficient information, and the privacy of the employee is respected. Finally as Smither and London stated that, organizations with motivated and talented employees offering outstanding service to customers are likely to pull ahead of the competition, even if the products offered are similar to those offered by the competitors. (Smither and London 2009)

Customers want to get the right answer at the right time and they want to receive their products and services promptly and accurately. Only people can make these things happen and produce a sustainable competitive advantage. Performance appraisal systems are key tools that can be used to transform people's talent and motivation into a strategic business advantage. To do so, however, we first need to expand our view of performance appraisal so we go beyond performance appraisal and place performance appraisal within the broader organizational context. Also, we need to integrate performance appraisal with other human resources appraisal functions (for example, staffing, training, compensation, and succession planning) and conduct research on issues of concern to practitioners. Such research has great potential in terms of closing the much discussed science - practice gap (Smither and London 2009).

That is why performance appraisal is so important for DB. It helps DB to achieve the desired business results and maintain its desired culture. It also helps employees to understand how they are contributing to the organization's goals, what is expected of them, how they are doing, and how they can continue to grow, develop, and add value to the business and vision and mission of DB which is "In as much as Mount Dashen excels all other mountains in Ethiopia, Dashen Bank continues to prove unparalleled in banking services." and "Provide efficient and customer focused domestic and international banking services, overcoming the continuous challenges for excellence through the application of appropriate technology" respectively.

2.10 Challenges of Performance Appraisal System

The performance appraisal challenge in organizations has many dimensions in today's business environment and creating focused initiatives to overcome these challenges is not a silver bullet approach. In many cases remuneration schemes are driving the performance system, which creates a number of long term consequences in organizational behavior and culture. In other cases senior management are so focused on scorecard management to hold people accountable that the creation of the scorecard is not aligned with business focus areas, but rather a number of deliverable projects and tasks .(Rusli Ahmad and Sopian Bujang, 2013) lists challenge of performance appraisal system .

1. Lack of Alignment

The first challenge is the lack of alignment due to various organizational processes being created in isolation. The link between Strategy development, budgeting and operational planning is developed by different groups of people with different frameworks being used. The performance appraisal system lacks alignment between individual performance, departmental performance and organizational delivery and so all systems default back to financial measurements.

2. Lack of Measurements

The second challenge happens at various levels of the organization in that poor measures are developed, in many cases targets are set but no relevant measure is put in place. In other cases no data can be collected or is kept as evidence to track performance.

3. Leadership and Management commitment

The Leadership and Management challenge has a huge impact on integrating and aligning a management system to deliver a comprehensive performance management system. The commitment and understanding of leadership and management of the requirements for achieving a workable performance system is critical to performance success.

4. Managing of the performance system

Managing a performance system in an organization requires a disciplined framework; it requires the organization to work off one master plan broken down into relevant parts and areas of responsibility. The management responsibility at various levels needs to understand the contracting, measurement development and appraisal process very well and apply it consistently. Secondly management needs to appreciate that performance management is not an event but something that is managed daily but recorded and reported at certain times through reviews and appraisals.

5. Managing poor performance

The management of poor performance is normally a reactive action, but in many cases it is delayed and therefore turns into a discussion that is difficult to make relevant. Another reason poor performance is not managed on time is the lack of valid measurements and the collection of required evidence and measurement data. (*Adapted from a PhD dissertation 'Integrated Performance Management Systems' by Dr Marko Saravanja*).

6. CAPABILITY OF THE RATERS

One of the factors that contribute to challenge to practice PAS is that raters are not knowledgeable and do not have the required skills. This will affect the process of appraisal because bias, unfairness and unreliability may occur. Although there is a formal evaluation form and a set of standards to be followed, employees seem not to trust the tools of evaluation.

7. SUBJECTIVITY AND BIAS

There is an issue of subjectivity in the PAS in the bank. Although it is written in black and white to be as objective as possible, however, during the implementation of performance appraisal, the result becomes subjective. The subjectivity of the appraisal discourages employees on supporting the measurement of performance appraisal. Therefore, the objective of the performance appraisal is not achieved

2.11 EMPIRICAL LITERATURE on PERFORMANCE APPRAISAL

A group of researches been conducted on” performance appraisal practices “in different countries and scholars, INDIA ‘ ‘ Employees Performance Appraisal and its techniques’ ‘Manish Khanna and Rajneesh Kumar Sharma’11May, 2014, Asian J. of Adv. Basic Sci.: 2(2), 2014, covers about the ranking methods and types d different performance appraisal Systems and its brief historical review of the development of performance appraisal over the past 100 years.

The other empirical literature, in Malaysia By Rusli Ahmad and Sopian Bujang ,on Vol. 1 No. 4 April 2013, ,’’ Issues and Challenges in the Practice of Performance Appraisal Activities in the 21st Century’’. States about the overall situation in the 21st centuries by give conclusion ‘ ‘n the 21st Century, employees all over the world can be linked and connected through several ICT developments. The new invention and technologies will affect all parties in the organization especially the workers. The job and work activities can be influenced and this will determine performance of the workers both at the micro and macro level. In relation with that, performance appraisal activities will also have the impact and this will make the appraisal become more complicated. Performance appraisal system may need to be amended, reconstructed or revised to meet the needs of new challenges and issues in the 21st Century.

Based on their research the practices of performance appraisal must choose the right methods starting from standard setting up to the corrective action in order to overcome the challenges that we face in the 21st century. According to the empirical study there is free space in order to study both practices and challenges in one study area

2.12 Conceptual framework

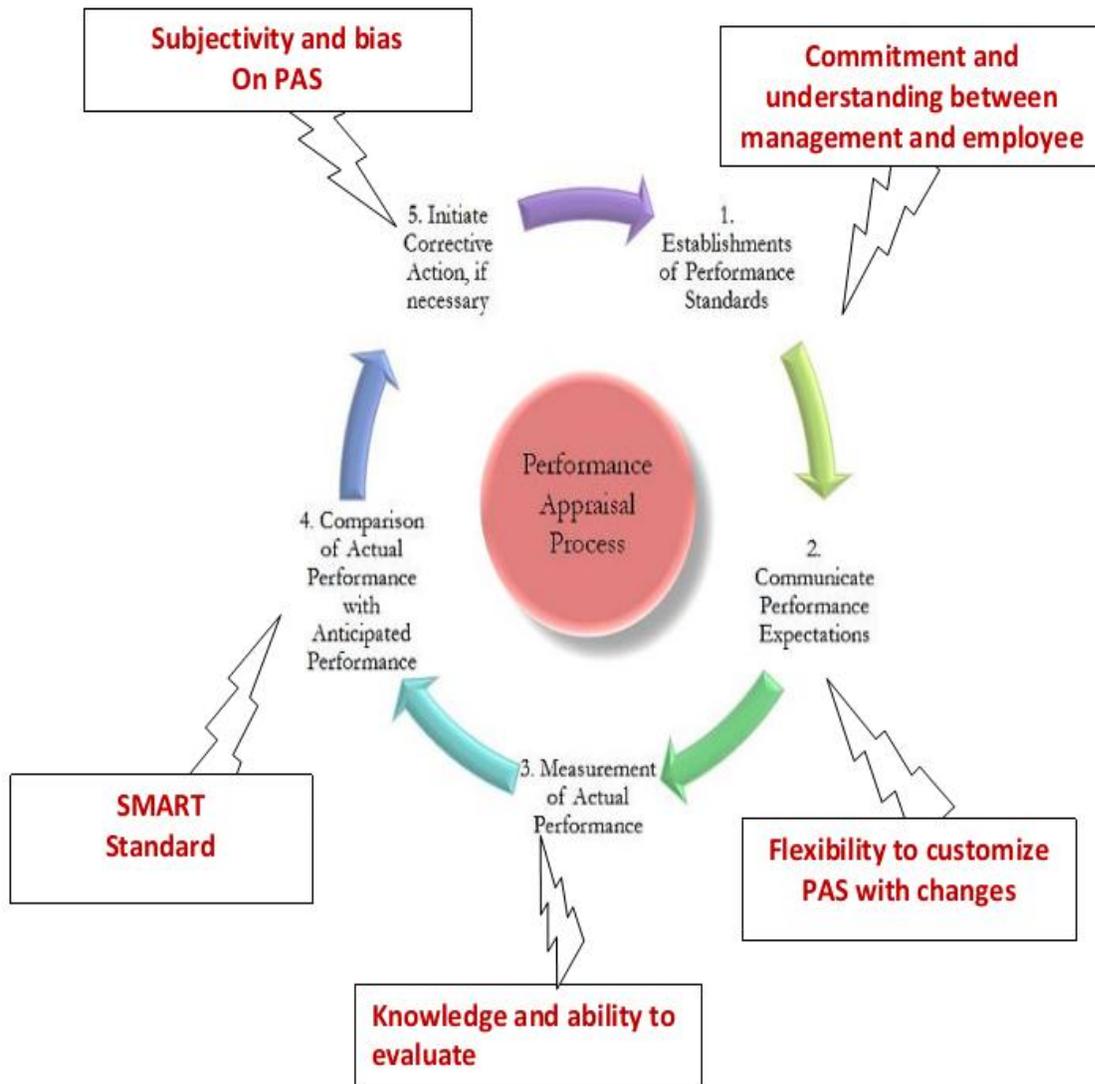


Fig 2.1 Theoretical Framework for the study (self constructed)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

In this section the chapter begin with discussion of the research design, choice of research approach with the way how the data have been collected, Method of Sampling and sample size, and measures, pilot testing, ethical considerations, and conceptual framework has been discussed.

3.1 Research Design

Research design is the master plan of any research; this study aims to conducting a research study the effects of performance appraisal system on employee motivation in case of DB. In this study descriptive research and cross -sectional research design. According to Cohen, Anion & Morrison (2005), descriptive research design is used to collect numerical data from large population. In addition to this by using descriptive research method it is easy to use various forms of data as well as incorporating human experience which enabled the researcher to look the study in so many various aspects and can provide bigger overview about the subject matter. It also gives room to use both quantitative and qualitative data in order to find solution to the specific study. This in turn can help to describe and give an answer to certain life experiences. Moreover due to time frame of this research, it used cross-sectional study method as it takes a snapshot of a sample of a population at specific time as opposes to repeated measurement.

3.2 Target Population and Sampling Methods

The target population for this study includes employees and supervisors of DB. The bank has above 4,000 employees from these population with in 225 branches located in different part of the country .DB in year 2015 has divided its branches in Addis Ababa in to four proportionate districts based on the HR, working capital deposit amount and other mechanisms. These classification make the population homogeneous for the researcher For this study employees and supervisors working in each districts a branch's with level grade 'A' and have more than 35 staff has selected to be a population from all four Addis Ababa district considered as a population target. The numbers of employee working in these districts are 498.

Table 3.1 Population and Sample Size of the Study

	District's	Population	Sample
Piazza	North Addis	43	20
Gola	North Addis	42	20
Arada	North Addis	36	14
Saris	South Addis	44	20
Goffa	South Addis	40	20
Kality	South Addis	37	14
Bole	East Addis	41	21
Yerer	East Addis	40	20
Megegnagna	East Addis	43	20
Tana	West Addis	51	21
Mexico	West Addis	37	14
Messalemia	West Addis	44	20
Total		498	223

(Sources, **on survey, 2016**)

Sampling is the process of choosing a large set of possibilities (given 2008), accordingly it is better to use assume the practices and challenges of employees appraisal system in Dashen bank share company rather than taking the whole population I different branches of the bank. Therefore the researcher collects information from the employees by taking a sample of respondents to infer about a large Group. The sample is determined by using a formula (Yamane, 1997)

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

WHEN N=SIZE OF THE POPULATION

n=SAMPLE SIZE

e=ERROR TO BE FACED

Using this formula, the sample was determined as follow, N=498, e=5 %(0.05) and 95%confidence interval then the sample was determine using the above formula that is

around 223. From the sample selected all four Addis district twelve branches are selected by their branch grade with grade “A” and “special grades “and with staffs more than 35 were selected based on purposive sampling method.

3.2 Data Gathering Instruments

The researcher inclined the research to make use of primary form of data. Primary data such as self structured questionnaires, the initial focus would however be on primary data which would depend on both qualitative and quantitative form of data collection. It is important to state here that amalgamation of both qualitative and quantitative method would provide a real picture of the organization and also increase the overall accuracy of data obtained (Palmerino, 1999).

3.2.1. Questionnaire:

Questionnaires tends to be one the most feasible method of collecting data/information from large chunks of individuals covering a wider area of analysis and sometimes are attributed as being better than interviews where verbal or visual expressions could resist actual information to come out. Another advantage associated with it is the use of both qualitative and quantitative methods by using questionnaires ((Layder, 1993). A series of questions will be constructed as per the subject area chosen and is put forward to a wide range of individuals to understand and comprehend their viewpoint on the research by use of various constrained questions. The researcher simultaneously uses questionnaire to get the overall outlook of the employees working in DB and what they feel about the current appraisal systems being executed in the bank.

3.3 Measures

In this research, questionnaires were used to find out challenges and practices of performance appraisal system in DB .These variables are measured with a set of questions adopted by Likert scale format from 1=strongly disagree (SA) 2=disagree (D) 3=neutral/uncertain (UN) 4= agree (A) and 5=strongly agree (SD) has been used to measure performance appraisal system effects on employee motivation.

3.4 Reliability and Validity test

In this research questioner were used to collect data. The reliability of these questioner were checked whether they are free from random error .reliability is defined as “ the extent to which a measure yields consistent result ; and cronbach alpha is most likely widely used method of testing the reliability of questioners. Collected data worthwhile as far they are recorded accurately, in this reliability test .38 items were delivered to 20 respondents from the sample population. For a questioner to be reliable, the cronbach alpha result should exceed 0.70 (Nunnaly, J 1978)

Reliability Statistics		
Cronbach's alpha	Number of item tested	Number of respondents
0.940	38	20

Since the result of Cronbach alpha lies beyond 0.70, the reliability of the questions are acceptable, and this indicate the internal consistency of the tested items are high. As per smith 1991 states that validity is the ability of an extent to which empirical measures, adequately reflect the real meaning of concept under consideration and to answer the research questions raised. The questioners are valid and it answer the research questions raised and reflect the real meaning of the concept reflect

3.5 Data Analysis Method and Presentation

After gathering all required qualitative and quantitative information, using descriptive method of data analysis, data has been coded, organized, and processed using data analysis tool called statistical package for the social science (SPSS) software and presented through table, percentage and frequencies.

3.6 Ethical Considerations

Breynord n, et.al (1997), stated that the researcher should at all times and under all Circumstance report the truth and should never present the truth in a biased nature. participants are informed about the purpose of the research and assure that the result is be secret .this study asserted in ensuring that people were open and honest with their comments as cited in Malia (2006, p15), in tells that the interesting parties often can access to the information obtain during the research, it is be un ethical to disclose such information to them. In undertaking this study the researcher takes in consideration good ethical principle, respondents were informed fully about the purpose methods and possible uses of the research, what their participation in the research entails. The confidentiality of information supplied and the anonymity of the respondents is respected.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

It is here that there is probably the greatest danger of logic leaps and false assumptions. You will need to move from a position where you have a mountain of data to one where you write a set of conclusions that are presented coherently. This is at the same time an intellectually challenging and highly creative and exciting process. (Mark Saunders, Philip Lewis, Adrian Thorn hill 159)

Findings and analysis are the most important chapters and tell the whole research study along with the objectives of the research and data collected from qualitative and quantitative methods. In this chapter, researcher is going to analyze the structured analyzes with the statistical package for social science software (SPSS). This part of paper has reviewed the whole study and gives the insight of the results after the difficult primary and secondary data collection process. In this chapter data collected through questionnaire is presented, analyzed and interpreted in a brief and organized way. Among the distributed questionnaire, 215 have been collected and this makes the response rate to be 96.4%. The remaining seven were not returned from the desired sample size.

4.1 Demographic Information of Respondents

In this section, the general background the respondents of the study is summarized by focusing their gender, age group, educational status, years of service and category of position classification. The respondents were selected based on judgmental /purposive/ sampling techniques as respondents with better information are expected for giving relevant information for better analysis and suggestion.

Table 4.1 Demographic Information of the Respondents

Gender			
	Frequency	Percent	Valid percent
Male	106.00	49.30	49.30
Female	109.00	50.70	100.00
Total	215.00	100.00	
Age group			
	Frequency	Percent	Valid percent
Under 25	25.00	11.63	11.63
25-35	159.00	73.95	85.58
35-45	25.00	11.63	97.21
Above 45	6.00	2.79	100.00
Total	215.00	100.00	
Work experience			
	Frequency	Percent	Valid percent
Less than 1 yr	9.00	4.19	4.19
1-5 yrs	113.00	52.56	56.74
5-10 yrs	54.00	25.12	81.86
10-15 yrs	23.00	10.70	92.56
More than 15	16.00	7.44	100.00
Total	215.00	100.00	
Position in the bank			
	Frequency	Percent	Valid percent
Customer service agent	109.00	50.70	50.70
Cashier	18.00	8.37	59.07
Auditor	26.00	12.09	71.16
Sorting teller	14.00	6.51	77.67
Super/Ass.Man	28.00	13.02	90.70
Other	20.00	9.30	100.00
Total	215.00	100.00	
Educational status			
	Frequency	Percent	Valid percent
Diploma	26.00	12.09	12.09
BA degree	175.00	81.40	93.49
Post graduate	14.00	6.51	100.00
Total	215.00	100.00	

(Sources, **own survey, 2016**)

Among the total respondents i.e. 215, 106 (49.3%) of them were male and the remaining 109 (50.7%) were female. This shows that the number of respondents in terms of gender is fair and equivalent which means there is gender balance in the organization.

Regarding the age group of the respondents, the larger portion of the respondents that is 159 (73.95%) falls within the age group of 25-35. Age group from under 25 and 35 to 45 hold 25(11.63%) number of respondents simultaneously. Respondents of age group above 45 contain the least number of respondents, which are 6 (3%). From this we can say that DB is filled with more younger, energetic and productive manpower that can be able to transform the mission and vision of the organization into reality.

Based on the data collected through questionnaire, the large portion of respondents 113(52.56%) fall within the range of 1-5 years of service in DB, the second highest percent 54(25.12%) of the respondents have between 5 and years of experience, 23 (10.7%) fall within the range of 10-15 years of service in DB, and 9(4.19%) respondents have joined DB with less than a year and the rest 16 (7.44%) respondents from the sample size have an experience more than 15 years . It is the researcher believe that these combination of the respondents were good enough in finding the accurate information because the majority of respondents have one to five years and five to ten years of experience in DB, which is more than six weeks from which the Performance appraisal System is fully executed and this gives them an opportunity to reflect their opinion on the achievements obtained by DB and clearly understand the current performance appraisal system practice of DB to indentify the weaknesses and strengths of the system by comparing the previous and the current.

In terms of age group, employees who are aged 25-35 have a majority 159(73.95%) and 25 (11.63%) for both under 25 and 35-45 age grope of respondents were addressed whereas the rest are fall under the category of above forty five numbered 6 (2.79%) which indicate, DB have a bright and sustainable future with its young and motivated human resources.

Regarding the position of the respondents 109(50.7%) are *customer service agents (CSA) and 28(13.02%) supervisors and Ass. Manager also 26(12.09%) and 18(8.37%) of the respondents have a position of auditor and cashier respectively also 14 (6.51%) are sorting tellers the rest 20 (9.3) are fall in to other different clerical positions.

Concerning educational status of the respondents, employees who are degree graduates have the largest portion which is around 175 (81.4%), among the total respondents, 14 (6.51%) of them have masters degree and the rest of the respondents which is 14 (6.51%) are graduated with college diploma. The fact that almost all of the respondents being educate in different levels it is believed that they can easily understand the questionnaire as desired by the researcher

In general table 4.1 which is characteristics of the respondents shows that the study is represented by those who are qualified in understanding the questionnaire as well as the subject matter, most of them are at their younger age which help s them to respond their true feeling without fear of losing their job and those who have an experience of more than five years in DB again which helps them to understand the practice of performance appraisal system which were implemented in DB. As a result it is the researcher belief that the study is well represented by the respondents

4.2 Data Analysis

Before implementing performance appraisal system it should be clearly defined and the possible outcomes should also be known. In order to assess whether DB.SC defined it and listed out its purpose in a way it should be and whether employees are clear about the whole concept of performance appraisal system the following questions were forwarded to the selected respondents as well as the attendees of interview and their response is analyzed and interpreted as follows.

4.2.1 Respondents Opinion on Understanding PAS

Table 4.2 Respondents opinion on understanding PAS

N O		SD		D		UN		A		SA		ME AN	ST D
		F	%	F	%	F	%	F	%	F	%		
1	I have a good understanding of performance appraisal.	11	5.12	15	7	4	2	89	41	96	45	4.13	1.35
2	Performance appraisal strength the relationship between superior and employees.	13	6.05	27	13	7	3	95	44	73	34	3.87	1.3
3	Performance appraisal reveals the strength and weakness of individuals.	23	10.7	15	7	14	7	88	41	75	35	3.82	1.15
4	Performance appraisal facilitates efficiency, work performance and high productivity.	22	10.2	28	13	7	3	72	33	86	40	3.80	22
5	Performance appraisal helps to identify training need and to address it.	25	11.6	40	19	13	6	70	33	67	31	3.53	1.15

SD = Strongly Disagree, D = Disagree, UN = uncertain/neutral, A = Agree, SA = Strongly Agree
(Sources, **own survey, 2016**)

Concerning the question on the overview of performance appraisal system, 96 (45%) strongly agree 89 (41%) agree on their clear knowledge and understanding about PAS, on the other hand 15 (7%) and 11 (6%) respondents are reply disagree and strongly disagree on the issue respectively. From the above statistics' it can simply tell that employees of the bank have a general knowledge about performance appraisal system, which make them the valuable asset of the bank.

Regarding PAS Strength the relationship between employees and supervisors, respondents confirmed that 95 (44%) and 73 (34%) of the respondents were agree and strongly agree respectively on performance appraisal system strength the relationship between supervisors and employees, and 7 (3%) are neutral. Whereas 27 (13%) disagree on the issue and 23 (11%) strongly disagree on the relationship between employee and supervisor.

The other issue which is forwarded for employee was PAS reveals the strength and weakness of the individual, 88 (41%) and 75 (35%) of the respondents agree and strongly agree respectively that PAS clearly reveals the strength and weakness of the individual whereas 14 (7%) of the respondent remain neutral and 15 (7%) and 23 (10.7%) are disagree and strongly disagree about the case. These result are tell that, one of the results of performing PAS is to identify the strength and weakness of the employee.

On the subject of increasing productivity and of efficiency 86 (40%) and 72 (33%) of respondents strongly agree and agree that PAS increase productivity and efficiency while 7 (3%) remain neutral whereas 28 (13%) and 22 (11%) have choose disagree and strongly disagree respectively. From the result it entail that most of the respondents belief that PAS increase efficiency and productivity but the others who argue, have a question on its applicability (practice)

At last question of the category the respondents were asked that PAS identify and address training need and to address it, 70 (33%) and 67 (31%) agree and strongly agree on that PAS help to identify training need and to address it but 13 (6) are choose neutral while 40 (19%) disagree and 25 (12%) are strongly disagree on the training identification.

This imply that Dashen bank employees have agreed that the uses of performance appraisal system have a significant point to strength the relationship between employees and supervisors, reveal the strength and weakness of employees facilitate high productivity and provide a strong hint on training, need assessments as per the objective of performance appraisal

Performance appraisal should point out an employee’s specific needs for training .By identifying deficiencies that adversely affect performance, training programs can be developed that permit individuals to build on their strengths and minimize their deficiencies. An appraisal system does not guarantee properly trained and developed employees. However, determining training needs is more precise when appraisal data are available.

4.2.2 Performance Standard Setting

The first step is to identify and establish measures which would differentiate between successful and unsuccessful performances. These measures should be under the control of the employees being appraised.

Table 4.3 Respondent’s Opinion performance appraisal standard

N O		SD		D		UN		A		SA		MEA N	ST D
		F	%	F	%	F	%	F	%	F	%		
1	The standards are set according to the bank objective.	21	10	41	19	11	5.12	75	35	67	31	3.586	1.18
2	The standards are clear, easy to understand.	54	25	89	41	45	20.9	12	6	15	7	2.279	0.94
3	The standards are Realistic and attainable.	65	30	86	40	15	6.98	28	13	21	10	2.321	1.07
4	I am clear about what my job responsibilities are and what is expected from me.	12	6	21	10	11	5.12	93	43	78	36	3.949	1.40
5	I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my work.	70	33	86	40	12	5.58	27	13	20	9	2.26	1.21

(Sources, own survey, 2016)

Concerning the question on the standards set according to the bank objective, 75 (35%) agree on the issue, 67 (31%) strongly agree on setoff standards according to the company objective of DB. On the other hand 11 (27%) of the respondents are neutral /uncertain about the subject matter and they did not have any information about the

objective in relation with the PAS standards while 41 (19%) and 21 (10%) of the respondents disagree and strongly disagree with the questions raise respectively.

Regarding the question on the standards clearness and easy to understand, 89(41%) and 54 (25%) are disagree and strongly disagree on the clearness and easy to understandability in addition to this 45 (20.9%) of the respondents are neutral or uncertain in these subject issue. While 12 (6%) and 15 (7%) of the respondents are agree and strongly agree on the topic. The respondents response imply that the standard that employees have been evaluated are not clear and easy to understand in order to be evaluated employee must easily understand the standards that is compared what they perform,

In the topic of the question were on the reliability and attainability of the standards, 86 (40%) disagree on the issue, 65 (20%) strongly disagree on whether they are realistic and attainable of the standards in DB. On the other hand 15 (6.98) of the respondents are neutral /uncertain on the topic whereas 21 (10%) and 12 (6%) of the respondents agree and strongly agree with the questions raised respectively. from the respondents statistics it easy to imply that the standards are not reliable and attainable, these will exist when the standards are set it is not participatory with the employee whereas in some area there exist attainable and reliable standards.

Further subject on this category focuses on the clearness of job responsibility of and against what is expected from the employee. As a result 86 (40%) and 65 (30%) respondents are disagree and strongly disagree respectively on their awareness of their responsibility and the expectation of DB and 15(6.98%) are neutral /uncertain whether to agree or not on the subject, whereas 28 (13%) and 21(10%) are agree and disagree respectively replied that they know what they have to accomplish. which reveals there should be much to be done to make them to know the contribution gained from their job and the expected output from their responsibility for the successful realization of DB's mission and value as well as for their personal development and growth.

Respondents of the study were also asked about their level of agreement whether they reached to an agreement with their supervisor about the standards that will be used to evaluate their work. Accordingly, majority of the respondents which is 86 (40%) and 70 (33%) replied disagree and strongly disagree respectively, 12 (5.58%) remain neutral whereas 27 (13%) and (2.26%) respondents agree and strongly agree on their agreement with their supervisor regarding the standards used to evaluate their performance.

Results of the study imply that the performance appraisal system of the company needs further review and revision so as to serve the main purpose of the evaluation. This is evidenced by the respondents claimed that the appraisal system is not reliable and valid and not honestly and fairly done. Armstrong (2006) stressed that appraisal system should clearly defined performance standards and regular discussion of performance and development of action plans as consequence of the appraisal should be done.

4.2.3 Performance Appraisal Communication

The second step in the appraisal process is communicating to employees the measures and standards which will be used in the appraisal process. Such communication should clarify expectations and create a feeling of involvement.

Table 4.4 Respondent's Opinion on performance appraisal communication

NO		SD		D		UN		A		SA		MEAN	STD
		F	%	F	%	F	%	F	%	F	%		
1	While setting a goal my supervisor clearly tell me the expectation he/she has from my performance	35	16	148	69	8	4	20	9.3	4	1.9	2.12	0.82
2	My supervisor and I reached to an agreement how my performance will be measured.	117	54	68	32	19	9	5	2.3	6	2.8	1.67	0.99
3	My company provides me sufficient resources to execute my job properly.	19	8.8	21	9.8	14	7	81	38	80	37	3.85	0.84
4	I am always informed about changes in organizational goal and the initial goal steted by me and the supervisor is also updated accordingly.	99	46	79	37	19	9	9	4.2	9	4.2	1.84	0.95
5	My supervisor communicates with me frequently about my Performance.	103	48	65	30	26	12	14	6.5	7	3.3	1.87	1.05

(Sources, **own survey, 2016**)

Respondents were asked about, when the bank set a goal, supervisors tell the expectation from the employee, from the respondents majority a total of 148 (69%) and 35(16%) are strongly disagree and disagree respectively on the issue, and 8 (4%) remain neutral/uncertain whereas a total of 24 (11.2%) respondents agree and strongly agree on their discussion with their supervisor regarding the expectation from the performance

Concerning the matter on the awareness and agreement between supervisor and employee on how performance will be measured, a total of 117 (54%) and 68 (32%)

strongly disagree and disagree on the issue, and 19 (9%) are neutral/uncertain about the issue whereas a total of 5 (2.3%) and 6 (2.8%) strongly agree and agree on their discussion with the supervisor about the issues. The result show that there exist communication problem that prevent to discuss and get in to a common understanding on the subject.

As far as changes in organizational mission is concerned the next question will be cover it, where there is always information about changes in the organization goal and supervisors are whether they are update accordingly, the respondents response show that 99 (46%) and 79 (37 %) are not always informed about the changes and also the supervisors also not updated and 19 (9%) are neutral about the cases while the rest a total of 18 (9%) response agree and strongly agree in the case.

The last question of these categories is about whether the supervisors communicate with the employees in consideration of their performance, a total of 103 (48%) and 65 (30%) are strongly disagree and disagree about the subject raise respectively and 26 (12%) are neutral /uncertain and have no comment on the issues, while a total of 21 (9.8%) are agreed and strongly agree on the matter here.

This implies that the company has difficulty on implementation of PAS. As (Bannister and Balkin, 1990; Martin and Jackson, 1997; Okoh, 1998) states that the main benefits of performance appraisal to organization is Improved communication of organizational goals :Performance appraisal will help to improve communication in the organization as every employee will have a clear understanding of what organizational goals and objectives are and how to pursue them.

4.2.4 Performance Appraisal Measurement

Performance appraisal is a continuous process, involving ongoing feedback. Even though performance is appraised semiannually, it has to be managed 'each day, all year long.' Measuring is a key part of the performance appraisal process.

Table 4.5 Respondent's Opinion on performance appraisal measurement

NO		SD		D		UN		A		SA		MEAN	STD
		F	%	F	%	F	%	F	%	F	%		
1	There is a fair consistent basis for measuring performance.	76	35	110	51	9	4	12	6	8	3.7	1.91	0.95
2	My Supervisors have ability and knowledge to evaluate me	18	8.4	33	15	8	4	74	34	82	38	3.79	3.12
3	Supervisor employee relation influence performance appraisal results.	7	3.3	16	7	17	8	117	54	58	27	3.94	1.14
4	In order to avoid anger and rivalry supervisor gives equivalent rate for employees.	33	15	21	10	19	9	87	40	55	26	3.51	1.25
5	Supervisors are influenced by past performance of the employee.	19	8.8	12	6	23	11	68	32	93	43	3.95	1.35
6	My Supervisor is independent to evaluate me.	96	45	28	13	27	13	54	25	10	4.7	2.32	1.25

(Sources, own survey, 2016)

Concerning the question on consistent basis for measuring performance, 76 (35%) are strongly disagree and 110 (51%) disagree on the existence of fair consistent basis for measuring performance appraisal. And 9(4%) are neutral /uncertain, on the other hand 12 (6%) and 8 (4%) respondents are disagree and strongly agree on the issue. From the respondents statistics it can be said that there is no consistent basis of measuring in the bank. These lead to subjectivity and bias when performance is measured and compare.

Concerning the knowledge of the supervisors and ability to evaluate the employees the following questions were raised to respondents and they have response as follow, 82 (38%) 72 (34%) have been strongly agree and agree that there supervisor have efficient knowledge in order to evaluate their subordinates and 8 (4%) are not participate on the

response whereas 33(15%) and 18 (8%) of the respondents are disagree and strongly disagree about the question raised. In here standing from the respondents answer we can say that the supervisory in the bank have knowledge to evaluate the employees but there is another response which is opposite from these which show that there are also supervisors who are not capable of evaluating their subordinates (employees).

On the subject of the question were asked is that in order to avoiding the rivalry and anger supervisors give equivalent rate for employees is concerned ,a majority of the respondents 87 (40%) are agree and 55 (26%) strongly agree on that supervisors gave equivalent rate that is given to employee in order to avoid rivalry and anger , and 19 (9%)are neutral/uncertain about these case but 21 (10%) and 33 (15%) of the respondents disagree and strongly disagree on that supervisors gave equivalent rate in order to avoid anger and rivalry between employees.

From the respondent point of view supervisors gave equal (equivalent) rate to employees to prevent rivalry and Unger of the employees and these show that the supervisors are not responsible for their duties which can make the companies mission and objective to fail because of employees in capability to work as per strategies by rate them equally. These things also create negative feelings among employees by initiate to be less competent within the company and will have a negative effect on the long run of the company path.

The next inquiry were supervisors are influenced by past performance of the employee, the respondents response is that a majority of the responses are 93 (43%) strongly agreed and 68 (32%) agree with the case while 23 (11%) of the respondents are neutral (not have information about the subject) from the case whereas 12 (6%) and 19 (8.8%) are strongly disagree and disagree respectively. From the information stated above it is clear to imply that supervisors will be influenced by employees past performance but this think is not valid because it did not show the current performance of the employee which need training or other compensation by get high performance.

The last lifted question in this categories is about the independent of the supervisors in order to evaluate the employee and the result of the study is that 96 (45%) and 28 (13%) are strongly disagree and disagree about the independent of the supervisors and 27 (13%) of the respondents are neutral whereas the rest 25 (12%) and 10 (4.7%) are disagree and strongly agree that the supervisors are independent.

The respondents statistic show that in the bank the immediate supervisors(usually cashiers, loan and international bank department officers, accountants and customer service supervisors) are not independent when they perform the appraisal they use pencils to evaluate the employee (subordinates) and they submit their subordinates appraisal result to their supervisor (assistant branch manager ,branch manager ,department manager ,department head)and he/she has decide whether the supervisor rate is correct or not by himself without being immediate supervisor for the employee., if there is anything that he/she is not satisfied with, can change without the knowledge of immediate supervisor and it is filled by pen in here.

4.2.5 Performance Appraisal Feedback

After the formal appraisal stage, a feedback session is desirable. This session should involve verbal communication, listening, problem solving, negotiating, compromising, conflict resolution and reaching consensus.

Table 4.6 Respondent's Opinion on Performance Appraisal Feedback

N O		SD		D		UN		A		SA		MEA N	STD
		F	%	F	%	F	%	F	%	F	%		
1	I agree with past results of performance appraisal.	57	27	102	47	2	0.9	47	22	7	3	2.28	0.997
2	I have received feedback regularly about my performance from my supervisor.	96	45	67	31	11	5.1	35	16	6	3	2.01	1.243
3	When my performance has not met minimum standards, my supervisor discusses with me the reasons.	62	29	106	49	2	0.9	41	19	4	2	2.16	0.9495
4	I improve my result score after the feedback.	16	7.4	98	46	0	0	87	40	14	7	2.93	1.251
5	The appraisal results I get have impact on my behavior, attitudes and Morale.	5	2.3	76	35	0	0	95	44	39	18	3.40	1.238

(Sources, **own survey, 2016**)

On the first question respondents were asked about the agreement on their last result they get on performance appraisal practice and the largest share which is 102 (47%) disagree and 57 (27%) strongly disagree about the result they get and 2 (0.9%) they are neutral about the subject matter. In addition among the respondents 47 (22%) and 7 (3%) of them are agree and strongly agree on their last result of the appraisal respectively level of agreement.

The second question raised in this sort is about the feedback regularly received from the supervisors to respondents, a majority of the respondents a total of 96 (45%) and 67 (31%) disagree and strongly disagree and they did not get regular feedback from their supervisors about their performance and 11 (5%) are stayed neutral while 35 (16%) and 6 (3%) are agree and strongly agree that they did get regular feedback from their supervisors considering their performance.

The next question is about the discussion between supervisors and subordinates where there is continuous low performance is rendering, the respondents response is presented as follows, majority of the respondents with a total of 62 (29%) and 106 (49%) are strongly disagree and disagree that they were discuss that there exist a continuous low performance is done and 2 (0.9%) are neutral whereas 41 (19%) and 4 (2%) are agree and strongly agree that they have been discussed with their supervisors when they execute low performance .

Regarding the improvement of the result after get the last feedback the respondents, 98 (42%) and 16 (7.4%) are disagree and strongly disagree that they improve the results after the feedback while a total of 87 (40%) and 14 (7%) are agree and strongly agree they have improved the performance after the feedback.

The last item that is asked for the respondents is that does PA result have effect on their behavior, attitude and moral and the respondents result is 95 (44%) and 39 (18%) agree and strongly agree respectively and 76 (35%) and 5 (2.3%) agree and strongly agree that the result have impact on the subject that is raised .Leadership has to ensure proper integration of various activities and harmonious functioning directed towards organizational goals. High motivation is essential for ensuring commitment of human resources to the given objectives.

From the statistical expression demonstrated above, it is possible to infer that a good percentage of the respondents in the selected organizations did not agree on their last result of the evaluation and the feedback that has being given to the employees.

The first major reason for performance appraisal is to provide an opportunity for formal communication between management and the employees concerning how the organization believes each employee's performance. This communication on the results (feedback) must be timely and reliable for the employees. The only way that we can resolve problems is to know about them. So, as managers, we need to communicate with our employees to find out when issues within the work environment cause loss of productivity so we can fix them.

4.2.6 Corrective Action (Decision Making)

On the basis of appraisal and feedback results, various decisions can be made about giving rewards (e.g., promotion, incentives, etc.) and punishments (e.g., demotion). The outcome of an appraisal system should also be used for career development.

Table 4.7 Respondent's Opinion on Corrective Action

N O		SD		D		UN		A		SA		MEAN	STD
		F	%	F	%	F	%	F	%	F	%		
1	Performance appraisal is used as a decision making tool for termination and layoff.	75	35	87	40	44	20	7	3	2	0.9	1.949	1.216
2	Performance result affects promotional opportunities.	9	4.2	17	8	65	30	91	42	33	15	2.619	1.475
3	Appreciation and being praised by your supervisor for high performer Employees increase their success at work.	0	0	0	0	12	6	94	44	109	51	4.451	1.512
4	Performance result affects Rewarding mechanism.	94	44	89	41	27	13	5	2	0	0	1.735	1.173
5	Supervisors recommend training for low performers.	33	15	90	42	73	34	12	6	7	3.3	2.395	1.071
6	Supervisors recommend demotion for frequently below average performer.	31	14	100	47	62	29	16	7	6	2.8	2.377	0.918

(Sources, own survey, 2016)

Concerning the first question on above table, among the total respondents 87 (40%) and 75 (35%) are strongly disagree and disagree respectively on that the decision making for termination and layoff and 44 (20%) of them would like to be neutral while the rest 7 (3%) and 2 (0.9%) are of the respondents totally agree and strongly agree respectively on the issue.

Among the questions raised in these section it is about the performance result affect promotional mechanism, and from respondents reaction majority of 91 (42%) and 33 (15%) are agree and strongly agree, and the respondents were say that performance result is influence with promotional by getting 10% from the candidates overall points in addition with other criteria for promotion mechanism moreover 65 (30%) are stayed neutral/uncertain (have no information) while the rest 26 (13%) totally disagree on the matter that performance influence promotional mechanism.

Concerning the third question of above table among the total respondents 109 (51%) and 94 (44%) of them agreed on that the appreciation by their supervisors is for high performer employee increase success at work and 12 (6%) are stay neutral because of information gap on the issue.

Among the questions raised here the next is about the performance result affect rewarding mechanism, and from respondents reaction majority of 90 (42%) and 33 (15%) of the respondents were say that performance result is not influence with rewarding mechanism by disagree and strongly disagree respectively moreover 73 (34%) are stayed neutral (have no information) while the rest 19 (9%) agree on the matter that performance influence rewarding mechanism.

Related with training the following question were asked for the respondents, and the response is 90 (42%) and 33 (15%) are disagree and strongly disagree respectively that supervisors recommend training for low performers and 73 (34%) of the respondents have no information about the subject whereas the rest 19 (9%) are agreed that supervisors recommend training for low performers.

The last questioner raise in this category is that do supervisors recommend demotion for frequently low performers and the response is 100 (47%) and 31(14%) of the respondents are disagree and strongly disagree that the supervisors recommend demotion and 62 (29%) are stayed neutral while the rest respondents 22 (10%) are agree that the supervisors are recommend demotion .

This implies that within the bank decisions on employees concern are made without the consideration of performance appraisal results and outcomes. In assessing a firm's human resources, data must be available to identify those who have the potential to be promoted or for any area of internal employee relations. An information from performance appraisals to make evaluative decisions concerning our workforce including pay raises, promotions, demotions, training and development, and termination. When there is valid and reliable information concerning each individual within division or department, this gives the ability to make decisions that can enhance productivity for the bank. (Performance Management and Appraisal Text , page 321)..

4.8 Challenges in Practicing Performance Appraisal

Table 4.8 Respondent's Opinion on Challenges in Practicing Performance Appraisal

N O		SD		D		UN		A		SA		MEAN	STD
		F	%	F	%	F	%	F	%	F	%		
1	Performance Appraisal system and its connection With organizational process.	39	18	23	11	45	21	78	36	30	14	3.1721	0.774
2	The commitment and understanding of both management and employee	44	20	32	15	41	19	65	30	33	15.3	3.0512	0.799
3	The raters' (supervisors) knowledge and capability	56	26	43	20	14	6.5	55	26	47	21.9	2.9721	0.754
4	The objectivity and fairness of standards.	12	6	33	15	55	26	47	22	68	31.6	3.586	1.089
5	Having flexibility to customize performance appraisal system with the changes.	23	11	20	9	49	23	67	31	56	26	3.5256	0.738
6	Performance appraisal System brings massive work and consumes time.	14	7	111	52	42	20	40	19	8	3.72	2.614	0.983

(Sources, **own survey, 2016**)

Concerning the challenges of practicing PAS the first to be raised to respondents is that PAS and its connection with the banks objective, the majority of the respondents 108 (50%) are agree that PAS and its connection with the bank objective is the challenge in practicing PAS and 45 (21%) are neutral for the case while the rest 62 (29%) of the respondents think PAS and its connection with the banks objective is the challenge.

Regarding the commitment between management and employees the response indicate that, 98 (45.3%) of the respondents agree it's the challenge for practicing the PAS and

41 (19%) of the respondents are neutral on the case while the rest 76 (35%) are disagree that this are bottle neck for the practicing.

In the case of knowledge and ability to evaluate and appraise employee as a challenge ,As far as these concerned the next question is address about this issue and the respondent reaction is that, majority of them are agree with the issues with the degree of 102 (48%) and 14 (6.5%) stay out of the issue. Whereas the rest 99 (42%) did not agree that supervisor's knowledge is the challenge for the bank in order to practice PAS.

The other issue that were asked for respondents is about the objectivity and fairness of the standard and its relation with the challenges in the practice of PAS a majority total of 165 (76.6%) the a respondents are agree and strongly agree on the and 5 (2.3%) have choose to be neutral from the subject while the rest 45 (21%) are disagree on the issue.

In the subject of having flexibility in customizing of PAS is the next subject forwarded for the respondents to demonstrate their response about it, 123 (57%) of the respondents agree that it is the challenge for the execution moreover 49 (23%) are neutral while the rest of the respondents 43 (20%) argue it is not the challenge for the practice by disagree on the issue.

The last question from the above table is that the PAS is a time consuming practice and did these could be a challenge in order to practice it? And the respondents forward the following result, a majority of 125 (58%) are disagree that is challenge moreover 42 (19%) are neutral on the issue but 48 (23%) are agree that it consume much time and that is the challenge in order to practice PAS in the bank.

Out of the above-mentioned data, alignments between supervisors and employees have gap and it constraint the path to practice PAS and confronted as challenge. Supervisors have problems evaluating the performance appraisal in a proper way this create a broken building between the two participant of the system . One of the factors that contribute to employee's dissatisfaction is 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.

Although there is a set of standards to be followed, employees seem not to trust them. There is an issue of subjectivity, lack of communication when it sets, in the bank. Although it is written in black and white to be as objective as possible, however, during the implementation of performance appraisal, the evaluation becomes subjective. The subjectivity of the evaluation discourages employees on supporting the measurement of performance appraisal. Therefore, the objective of the performance appraisal is not achieved. Flexibility to customize performance appraisal system also seen as a challenge by respondents, so as to facilitate and practice comfortably with changes the performance appraisal system must be flexible and easy to fit with other systems .the analysis show that PAS time and work load did not mentioned as a challenge for the practices of PAS.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides major findings conclusions and recommendation based on the discussion in the analysis and interpretation part. The major drawbacks of the practices and challenges of PAS in DB are arranged under the major findings. Conclusions are made based up on the basic research question and comes up with possible solutions for these questions. The major findings are summarized .finally, the recommendation are given on the gaps observed in the bank through these research.

5.1 SUMMARY of MAJOR FINDINGS

According to the data analysis presented in previous chapter, there were both optimistic and pessimistic findings concerning challenges and practices of performance appraisal system by Dashen bank Share Company. The well- built practices in DB includes; acquire well educated and young and experience employees with a general know how about management practices, high knowledgeable and well experienced supervisors, the bank provide resources to execute the system, standards are set according to the company objectives, performance appraisal have effect in promotion and employees are clear about their job description.

However, there were also negative findings acquired from the respondents that need the focus of supervisors are presented as follows

- ❖ From 41 % (majority) of the respondents states that the standards that are set are not clear, easy to understand, realistic and attainable. 54% of Respondents claim that there exists absence of agreement between employees and supervisor about the standards that is used to evaluate the performance.

- ❖ Employees replied that while setting standard there is no discussion between the management and employees, and do not reached in agreement how performance will be measured which leads un comfortable attitude towards the sated standard.

- ❖ Employees are not equally informed when there is a change in organizational goal which affect their work unit and individual goal and their goal is not adjusted too according to the new organizational goal.

- ❖ From the study it can tell that supervisors do not frequently communicate with employees to discuss about the performance result and fed backs that must be correct or give recognition for.
- ❖ Respondents claim that there is not clear and easy to understand, reliable and attainable standards to be measured. In the performance measurement process due to different reasons there is a high level of bias from supervisors while rating employee's performance which will affect the actual performance of an employee.
- ❖ Most of the respondents asserted that Supervisors are not independent to evaluate employee. The influence came from the high officials of the bank to evaluate based on the interest of they have.
- ❖ From the study its can tell DB uses numerical rating scale allows employers to measure employee performance on areas such as teamwork, communication skills and reliability and evaluated by supervisors exclusively. Moreover the performance measurement type is outcome oriented
- ❖ Majority of the respondents declared that there is no timely, frequent and consistent feedback after performance measurement is executed and appraised result is known and a lack of feedback is the number one reason for performance problems.
- ❖ Employees replied that performance appraisal result is not practiced for decision making process for demotion, layoff and rewarding mechanism. Lack of uniformity in the practice is observed because some respondents agree and the others were not, this will happen where there exist informal practices with in the bank.
- ❖ As a challenge respondents replied that objectivity and fairness of standards, having flexibility to customize performance appraisal system with the changes. The commitment and understanding of both management and employee on performance appraisal system. And Performance Appraisal system and its connection with organizational process are the major challenges for the practice of PAS in Dashen Bank Share Company.

5.2 CONCLUSIONS

Performance appraisal is a vital tool to measure the frameworks set by any organization to its employees. It is utilized to track individual contribution and performance against organizational goals and to identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved or serves as basis for the company's future planning and development. Performance appraisal is one element of the performance management process which involves different measurements throughout the organizations but it is the element which is important if organization is to take advantage of their most important asset employees and gain human capital advantage.

The strategic mission of Dashen bank has alignment with the objective of individual performance objectives a theoretical frame work but it has a huge gap in practical manner, these can be seen in the direction of individual's knowledge for the companies mission versus their individual performance objective. These create its own space for the practicability of the alignment between them.

The purpose of performance appraisal system in DB is for the promotion purpose only because from the respondent's observation we can conclude that DB does not use the results of the appraisal for other than promotion. But there is different purpose that could be used for; these can be as rewarding mechanism, as training need assessment mechanism and others.

Employees of DB have knowledge and understanding about PAS as it is conducted for the fulfillment of policy and procedure but not on its important for both the company and the employees themselves, there exist subjectivity and bias when it is rendered in practices, respondents have questions on the reliability and attainability of the standards and feedback. These negative implications are created in the mentality of the employees; it is because of there is no communication and alignment between the supervisors and employees.

DB did not practices all process of PAS effectively. There exist a failing on each of the processes. These came as a result of lack of continuous and lucrative management failure. The practices will be executed by the will (need) and information of the supervisors have and there is not common understanding on the system from both the supervisors and employees perspective. These cause the failure for the practices of PAS.

DB have faced challenges to practice PAS effectively and a continuous manner, these challenges are popup from both internal factors of the bank. These factors area subjectivity of the raters, flexibility to dynamic environment of the work, capability of the supervisors, lack of alignment between supervisors and employees, less communication and feedback regarding the standards and performance result.

Regardless of the above cited weak points on standard setting, communication, performance measure , feedback and corrective action the accomplishment observed on the remaining areas such as well-defined mission, vision and core values, well defined employee knowledge were relatively the strong accomplishments that DB made from the performance appraisal system .

The results imply that DB practice performance appraisal system not effectively as it is expected from the bank. Managements and supervisors need to concentrate and think about the banks performance appraisal system and its use, benefit and objective for both the bank and employees.

5.3 Limitation of the Study

Among diverse limitations which were confronted as conducting this research the major one is the inability to use stratified sampling technique for analyzing the data obtained in a comparative manner group while conducting the analysis. The researcher believe that the output of this research would be more clear and tangible had the data obtained been analyzed by comparing and contrasting the opinion of respondents working at all position in separation, the others are getting the views and opinion of the respondent has been a difficult task, Negligence of some respondents and company policies on Confidentiality of the information.

5.4 RECOMMENDATIONS

In considering the major findings of the study and the conclusions drawn, some efforts were made to forward possible recommendations by the researcher for the attainment of a better result out of the performance appraisal system in DB. The researcher also believes that Dashen Bank Share Company will incorporate these recommendations in its performance appraisal system so that it strength organization citizenship among its staffs.

- ❖ In order to have a successful performance management system and also in order to achieve the desired goal of the organization, organization goal should be cascaded to departmental and individual level of goals so as to align it properly by revising the job description of each job thoroughly.
- ❖ Performance planning should not be always a sole activity of supervisors and higher officials but include the active involvement of employees during the design and implementation of the plan as it is a crucial element of performance management system to ensure success. In addition, DB needs to create a situation where employees can prepare their own SMART goals, participate in the discussion and to take ownership of the plan agreement. SMART goals are ones that are specific, measurable, attainable, and relevant and time bounded. Once set, the goals must then be monitored and feedback given to the individual to ensure that the goals are attained.
- ❖ It is the researcher recommendation for DB to have performance follows up mechanism which enable supervisors to support employees and improve performance monitoring mechanism for supervisors to take appropriate action timely.
- ❖ To change the attitude of employees about the implementation and process of performance management system, DB have to organize a training for employees to know about the benefits of performance management system, why evaluation is

needed, for what purpose does it serve and the evaluation procedures and components and instruments of the process of performance management.

- ❖ 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.
- ❖ Whenever there is a change in organizational goal each and every one of the staff starting from the lower level to the higher level have to be informed about the change and accordingly adjustment should be made by cascading the new organizational goal to the goal of departments and individuals.
- ❖ In the performance measurement part, DB should let employees to know what is to be assessed and how it is to be assessed which must be within the control of an employee and on the agreed points during standard seating stage. This will help to reduce employee's defensive behavior not to accept the evaluation result because the evaluation is based on what they are accountable for.
- ❖ In order to have sufficient information about employees performance and reporting their status as well as to have the expected output on performance information reporting and utilization, DB have to have performance management software to make the process more flexible and reliable and also to reduce the possible bias from supervisors..
- ❖ Employees need regular, specific and timely feedback on their job performances. They need to know where they are excelling and where they could improve. The following practices must adapted in the bank Multiple Sources of Feedback, process which provides employees with performance information to supplement supervisory feedback; may include feedback sources such as self-evaluation, peers, constituents or direct reports. Performance Review, A sum of two-way discussion and written

documentation focusing on employee performance: areas of excellence, goals for improvement and development needs.

- ❖ A communication system must be developed ,that ensures that all employees are kept abreast of all information, have access to all pertinent information relating to their employment, performance and understand the role and strategic direction of the bank.
- ❖ Though some elements of personal biases are inevitable, the institute should work hard to eliminate factors that lead supervisors to be biased while rating employees performance and as much as possible and DB should make the evaluation criteria to be very objective and conduct the evaluation at the right time.
- ❖ Train evaluators to overcome the common problems of assessment. Simply through the process of training, many of the common problems are mitigated, if not eliminated. Once evaluators become aware that the common errors occur with some regularity, they almost immediately begin to evaluate such errors and guard against them. Even the bias and stereo-typing errors maybe mitigated through the rater training process.
- ❖ The management needs to practice 360 degree performance appraisal system so as look the performance of the employee from different perspective. These enable both managers and employee active and motivate to achieve the goals of the bank.
- ❖ DB should employ Electronic Performance Monitoring (EPM), which is the process of observing ongoing employee actions using computers or other nonhuman methods. The number of employees monitored through EPM has increased drastically in the past 20 years. EPM allows management to know if employees are actually working or doing personal things during work hours.
- ❖ The performance appraisal process evaluates specific employee skills and the employee's success in using those skills to produce products or services for the organization. Competency-based performance, on the other hand, evaluates large sets of capabilities and knowledge which, if put to good use, can significantly

improve organizational productivity to a much greater extent than just doing a job using an existing skill set.

- ❖ To encourage good performance, a firm should design and implement a reliable performance appraisal system and then reward the most productive workers and teams accordingly. Performance appraisal results provide a basis for rational decisions regarding pay adjustments.

- ❖ In general, it is advisable for DB to sustain all its current strengths, and improve its limitations mentioned above to challenge future uncertainties.

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APPENDIXES

S't Marry University

School Of Graduate Studies

Department Of Business Administration

Questionnaire to be filled by respondents

This questionnaire is prepared to collect first hand information that will help to investigate *The Practices and Challenges of Performance Appraisal System in Dashen Bank S.C.* I am conducting this study for the partial fulfillment of the requirement for the completion of Master of Business Administration (MBA). I would like to assure you that the data collected through this questioner will be used for academic purpose only and the confidentiality of the respondents will be well maintained.

Thank you in advance for your cooperation.

With Regards

Part I. Demographic Characteristics of the Respondents,

Please tick (✓) the option which you feel is right.

1. Gender Male Female
2. Age
- | | |
|--|--|
| <input type="checkbox"/> Under 25 | <input type="checkbox"/> Between 35-45 |
| <input type="checkbox"/> Between 25-35 | <input type="checkbox"/> Greater than 45 |
3. Working experience in the bank
- | | |
|---|--|
| <input type="checkbox"/> Less than 1 Yr | <input type="checkbox"/> Between 10 and 15 Yrs |
| <input type="checkbox"/> Between 1 and 5 Yrs | <input type="checkbox"/> More than 15 Yrs |
| <input type="checkbox"/> Between 5 and 10 Yrs | |

4. Current position in the bank

Customer service agent (CSA)

Cashier

Auditor

Sorting Tellers

Supervisors / Ass.Manager

Other specify_____

5. Educational background

Diploma

Bachelor degree

Post graduate

other specify_____

PART II OPNION SURVEY

Please tick (✓) the option which you feel is right. The equivalent weight for the answer is

<i>INTERPRETATION</i>	<i>CODE</i>	<i>EQUIVALENT WEIGHT</i>
<i>STRONGLYAGREE</i>	<i>SA</i>	<i>5</i>
<i>AGREE</i>	<i>A</i>	<i>4</i>
<i>UNCERTAIN /NEUTRAL/</i>	<i>UN</i>	<i>3</i>
<i>DISAGREE</i>	<i>D</i>	<i>2</i>
<i>STRONGLY DIS AGREE</i>	<i>SD</i>	<i>1</i>

S.No	<i>Performance Appraisal overview</i>	Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
1.	I have a good understanding of performance appraisal.					
2.	Performance appraisal strength the relationship between superior and employees.					
3.	Performance appraisal reveals the strength and weakness of individuals					
4.	Performance appraisal facilitates efficiency, work performance and high productivity.					
5.	Performance appraisal helps to identify training need and to address it.					
S.No	<i>Performance Appraisal Standard</i>	Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
1.	The standards are set according to the bank objective.					
2.	The standards are clear, easy to understand.					
3.	The standards are Realistic and attainable.					
4.	I am clear about what my job responsibilities are and what is expected from me.					
5.	I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my work.					
S.No	<i>Performance Appraisal Communication</i>	Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
1.	While setting a goal my supervisor clearly tell me the expectation he/she has from my performance					
2.	My supervisor and I reached to an agreement how my performance will be measured.					
3.	My company provides me sufficient resources to execute my job properly.					
4.	I am always informed about changes in organizational goal and the initial goal steted by me and the supervisor is also updated accordingly.					
5.	My supervisor communicates with me frequently about my Performance.					
S.No	<i>Performance Appraisal Measurement</i>	Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
1.	There is a fair consistent basis for measuring performance.					
2.	My Supervisors have ability and knowledge to evaluate me					

		Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
3.	Supervisor employee relation influence performance appraisal results.					
4.	In order to avoid anger and rivalry supervisor gives equivalent rate for employees.					
5.	Supervisors are influenced by past performance of the employee.					
6.	My Supervisor is independent to evaluate me.					
S.No		Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
<i>Performance Appraisal Feedback</i>						
1.	I agree with past results of performance appraisal.					
2.	I have received feedback regularly about my performance from my supervisor.					
3.	When my performance has not met minimum standards, my supervisor discusses with me the reasons.					
4.	I improve my result score after the feedback.					
5.	The appraisal results I get have impact on my behavior, attitudes and Morale.					
S.No		Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
<i>Performance Appraisal Corrective Action</i>						
1.	Performance appraisal is used as a decision making tool for termination and layoff.					
2.	Performance result affects promotional opportunities.					
3.	Appreciation and being praised by your supervisor for high performer Employees increase their success at work.					
4.	Performance result affects Rewarding mechanism.					
5.	Supervisors recommend training for low performers.					
6.	Supervisors recommend demotion for frequently below average performer.					
S.No		Rating scale				
		1(SD)	2(D)	3(UN)	4(A)	5(SA)
<i>Subject's that Challenges the practice of Performance Appraisal System.</i>						
1.	Performance Appraisal system and its connection With organizational process.					
2.	The commitment and understanding of both management and employee.					
3.	The raters' (supervisors) knowledge and capability.					
4.	The objectivity and fairness of standards.					
5.	Having flexibility to customize performance appraisal system with the changes.					
6.	Performance appraisal System brings massive work and consumes time.					
7.	Any other challenges that is not mentioned above please write down in the space below _____ _____ _____.					