ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES: THE CASE OF DEBUB GLOBAL BANK S.C

BY

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BY
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CERTIFICATE

This is to certify that the thesis titled "ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES: THE CASE OF DEBUB GLOBAL BANK S.C" submitted to St. Mary's University, Department of Business Administration for the award of Degree of Master of Business Administration (MBA) and is a record of genuine research work carried out by Kidist Dibekulu, under my guidance and supervision.

Advisor's   Name   **Signature**   **Date**

Shoa Jemal(Asst.Prof)   _____   _____

DECLARATION

I declare that the thesis work entitled "ASSESSMENT OF EMPLOYEES' PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES; THE CASE OF DEBUB GLOBAL BANK S.C" is my original work that all sources of material used for the work have been properly acknowledged.

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KIDIST DIBEKULU ALEMU

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List of Tables

List of Acronyms

S.C.   Share Company

BARS   Behaviorally Anchored Rating Scales

HR   Human Resource

MBO   Management By Objectives

PA   Performance Appraisal

PAS   Performance appraisal System

Abstract

The paper is designed to Assess the Employees' Performance Appraisal Practice and Challenges i n Debub Global Bank S.C .On the basis of data collected through questionnaires and interview; the researcher have tried to disclose some of the real problems of performance appraisal practice based on the opinion of the respondents in this Bank. The questionnaire was distributed to 68 employees of the bank working in head office: in which 54 were fully completed and returned. The questionnaire was distributed to the employee's on the basis of simple random sampling based on respondent willingness and cooperation of the respondents. The data collected were analyzed using SPSS 23.On the basis of the data obtained from the respondents, lack of clarity of performance appraisal standards inadequacy to reflect the performance of the employees' jobs and duties, and manager related problems are identified at Debub Global bank S.C.

In Addition, the researcher has discovered that evaluators usually do not continually record or document the performance of employees over the evaluation period. In this regard, it was identified that evaluators evaluate the performance of employees on the basis of recent behaviors'.

Based on the findings of the study, the researcher has recommended that Performance appraisal standard should be revised in participation of the employees for they are the actual persons who do the job and evaluated. In order to explain employees who do not know why performance evaluation is conducted the Bank's management should create awareness on purpose of performance appraisal. The Bank's HR directorate should follow up those raters who are not having file and support those using it now. The Bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters' ability to assess and advance raters' unfairness.

Keywords: Performance Appraisal, Standard, Rater, challenges

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Employee's performance appraisal is a subject of great interest in any organization. In every organization, employees play a vital role in determining its survival (Rusli Ahmad, 2007a). In line with that, an employee is perceived as an important or valuable asset to an organization and is the key or prerequisite factor to make sure the operation of the organization or factory runs as planned. Employees become the heart and pulse of the organization and really important to determine the needs and expectancies of the client or customers (MuhdRais Abdul Karim, 1999). This is aligned with the purpose of performance appraisal in the contemporary approach which emphasizes on employee who has full potentials that can be explored and expanded. Employees can be used positively to sustain the quality of service or product of the organization. This is associated with the roles and responsibilities of the employees to perform at the highest level of their work competencies. Performance appraisal become more constructive and therefore the progress of the employees is improved (Rusli Ahmad, 2007b). With the achievement of the organization's vision and mission, employees can work together collaboratively with the organization itself based on the win-win basis. In this context, performance appraisal can turn out to be a good device to plan a better career path for the employees.

The term performance appraisal are sometimes called as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. Performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behavior and performance in relation to a pre-set standard or objective. Performance appraisal can be seen as systematic description of individual job-relevant strengths and weaknesses for the purposes of making a decision about the individual. In another term, performance appraisal is a process of evaluating the behavior

of the employees in the workplace, or can also be referred as a process of giving feedback on employees' performance. It involves a very complicated process and various factors can influence the process. Therefore, the process of evaluating employee's behavior should be looked at as a reciprocal process or using a matrix perspective and not as a straight forward process (Rusli Ahmad, 2007a).

There are number of different appraisal approaches/ methods/ commonly used in organizations with methods used have their advantages as well as disadvantages and there are no right and wrong methods or approaches. Consistency and focus on the usage of the approaches or methodology are crucial to ensure successful.

Current day competitive business world, it is understood that organizations can only compete with their rivals by innovating, and organizations can be innovative by managing their human resources well. The human resource system can become more effective by having a valid and accurate performance appraisal system used for rating employees (Armstrong, 2003; Bohlander & Snell, 2004).

Performance evaluation demands the immediate supervisors to understand the nature of the job and the sources of information, and the information needs to be collected in a systematic way, and it is provided as a feedback, and integrated into organization's performance management process for use in making compensation, job placement, and training decisions and assignments (Islam and Rasad, 2005).

Debub Global Bank S.C. is one of the private banks operating in Ethiopia, which is established in August, 2012 with subscribed capital of Birr 266.9 Million and paid up capital of Birr 138.9 million. The company has a legal entity registered with the licensing and supervisory body of the National Bank of Ethiopia in accordance with proclamation No-592/2000.

Over the past few years, the company has grown from 138.9 million to 707 million birr of paid up capital, from 50 to 75 branches both in the capital and regional cities and has more than 9,000 share holders. The total asset of the company has reached birr 3.5 billion. This

tremendous growth was largely driven by the active participation of its valuable Employees, Customers, Shareholders, and other relevant Stakeholders.

The bank builds values for their shareholders and shares the results of the Bank's success with those who produce it.

1.2. Definition of Terms

Performance: -The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. (Rao, 2004).

Appraisal - the act of examining someone or something in order to judge equalities, success, or needs. (Cambrdge Dictionary)

Performance Appraisal (PA) - is a method of evaluating the behavior of employees in the work spot, normally including both quantitative and qualitative aspects of job-performance (Rao, 2004).

1.3. Statement of the Problem

In the dynamic business world, employee's performance measurement or performance appraisal is becoming a key management technique in one organization. Employee's performance appraisal is the one which is very important to be sustainable and competent organization through measuring employees' talent, skill, knowledge and capacity of utilizing resource. It is also a vital factor to attain stated objective and vision of the organization (Armstong, 2009).

Performance evaluation does have various advantages for both organization and employees. such as pay increases, improvement and training, transfers, compensations, counseling, promotion, employee recognition, termination, and moreover enhancing firms overall performance. There is no clear road map and stated standard criteria which can see all employees' the same eyes in Debub Global Bank to measure the performance of their employees'. Therefore the paper fills the gap which has been clearly seen in Debub Global Bank S.C. the interruption of supervisor in the employees' performance appraisal. By analyzing

difference aspects of employees' performance appraisal system in the bank and shows the problems in interruption of supervisor follows biasness and negative impact on the objective of the bank.

1.4.   Research Questions

This study has tried to answer the following basic research questions.

- What are the trained practiced on performance appraisal in Debub Global Bank?
- What are the objectives of employees' performance appraisal in the Bank?
- What is employees' perception of performance appraisal?
- What are the major challenges of performance appraisal at the bank?

1.5.   Objectives of the Study

1.5.1. General Objectives

The general objective of the study is to assess performance appraisal practices and challenges at Debub Global Bank S.C.

1.5.2. Specific Objectives

- To identify the aspect of employees' performance appraisal practices in the Bank
- To access the objectives of employees' performance appraisal in the Bank
- To identify employees' perception of performance appraisal.
- To access the potential problems in the practices of performance appraisal of employees.

1.6.   Significance of the Study

Employees' Performance appraisal plays very crucial activities in any organizations related to measuring employees' performance which it has avoid biasness or the interference of supervisor

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or subjectivities. In addition to this the employees can understand their strength, weakness, skill gap. The organization can also measure its' employees with scientific method and identify capacity, strength, weakness and gaps and facilitate training where necessary. Finally the Debub Global Bank S.c enables to have skilled, competent and standardized employees.

1.7. Scope of the Study

The study is limited to the specific company (Debub Global Bank S.C) which only on employees who are working at Addis Ababa city Head office whose experiences at least more than one year. The scope of this paper concerned assessing employees' performance appraisal practice and challenges these are performance standard, Communication, Measurement, Methods of Performance Appraisal, Discuss Performance Appraisal Problems and Solutions of performance appraisal not include other elements of the Bank's human resource management programs and other elements of the company's overall practices.

The research focuses on the time frame of company performance apperaisal practices and challenges with in two years four performance periods from January 2017-December 2019.

1.8. Limitation of the Study

There were various reasons that limited the study. Like, among the expected number of employees, some of them were not willing to fill the questionnaires. Do not include outline branches. The time period for analysis is the last two years (January 2017-December 2019) because it's difficult to expand the time range of the analysis due to multifarious characteristics of performance evaluations it's tricky to find sufficient time for in-depth study. This is so due to budget and time constraint. Moreover cannot get access to employees' personal evaluation result of the previous period of time.

The cause of COVID 19 the researcher would not be collected all questioners and collapse the interview programs for some department supervisors. Most of the employees working days changed and the bank uses on and off working hour's strategy in the Head office quarter staffs in addition to budget and time constraints.

1.9. Organization of the Study

The study is organized into five chapters. Chapter one deals with introduction, chapter two deals with the review of the related literature, chapter three deals with research design and methodology, chapter four data analysis and interpretation and finally chapter five contains summary of findings, conclusions and recommendations.

CHAPTER TWO
REVIEW OF RELATED LITERATURES

2. 1.THEORTICAL LITERATURE

2.1.1. Concept of Performance Appraisal

Performance appraisal means evaluating an employee's current or past performance relative to the person's performance standards appraisal involves. 1. Setting work standards, 2. Assessing the employee's actual performance relative to these standards and providing feedback to the employee with the aim of motivating that person to eliminate deficiencies or to continue to perform above par. (Gary Desler ninth edition page 241)

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization.

The sustainability of business in organizations depends on the talent, skill, knowledge and experience of the employee's and on their capability of utilization resources to achieved organizational objectives employees. Employees' job performance is the contribution of employees for the achievement of organizational objective. Employees expected to perform a capability level of standard and managers follow up and evaluate the performance of employees to attain the stated objective of the organization (Armstrong, 2009).

2.1.2. Purpose of Performance Appraisal

Performance appraisal is a pivotal management technique. It is used in judgmental workforce decisions, such as promotion, demotion, retention, transfer, and pay and for employee development via feedback and training; it also serves the organization as a means for validating

selection and hiring procedures, promoting employee-supervisor understanding, and supporting an organizations culture (Daley, 1992, p. 39-49).

An increasingly popular approach to identify performance dimension focuses on competencies, the observable characteristics people bring with them in order to perform the job successfully. In order to make adequate evaluations, it is important to define competencies as observable characteristics, rather than an underlining and unseen characteristics. The set of competencies associated with a job is after referred to as a competency model. (Lucr. Gomez Mejia, David B Balkin, Robert Lcundy, sixth impression, 2018 page 205)

Those who favor formal performance evaluation contend that it serves several purposes; (Ivancevich & Glueck, 1989, and Robbins, 1996) put the following purposes

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

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

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

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

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

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

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

2.1.3. Processes of Performance Appraisal

The starting point for performance appraisal process is identifying specific performance goals. The next step is to establish performance criteria and communicate these expectations to employees. At the end of the appraisal period, which is typically anywhere from 3 to 12 months, the supervisor and the employee review work performance against the performance standards. This review helps determine how well employees have done, explores reasons for deficiencies, and develops a plan to correct the problems.

1.   Establish performance standard

2.   Communicate standards of employees.

3.   Measure actual performance.

4.   Compare performance with standards.

5.   Discuss appraisal with employees.

6.   Initiate corrective action (Werther and Davis, 1996)

1.   Establish Performance Standard

The First step in appraising performance appraisal is to identify performance standard. A standard is allowed or specific criterion against which actual performance can be compared (Baird, et.al, 11 1990). Employee job performance standards are established based on the job descriptions. Employees are expected to effectively perform the duties stated in the job descriptions form the board criteria against which employee's performance is measured. There is an old adage that says," What gets measured gets done." Therefore management must carefully select performance criteria that pertain to achieving strategic goals. The most common appraisal criteria are traits, behaviors, competencies, goal achievement, and improvement potential.

Trait Employee traits such as attitude, appearance and initiative are basis for some evaluations. Certain traits such as adaptability, judgment, appearance and attitude may directly relate to job performance. Using traits for evaluation may be appropriate if they can be shown to be job related.

Behavior then an individual's task outcome is difficult to determine, organizations may evaluate the person's task- related behavior. For example, an appropriate behavior to evaluate for a manager might be leadership style. For individuals working in terms, behaviors live teamwork, cooperation, or customer service orientation might be appropriate if they lead to desired outcomes.

Competencies include a board range of knowledge, skills, and behaviors that may be technical in nature, business oriented, or related to interpersonal skills. For example, analytical thinking and achievement orientation might be essential in professional jobs. The competencies selected for evaluation purposes should be those that are closely associated with job success.

Goal achievement if organizations consider the ends more important than the means, then using only goal achievement as an outcome might be appropriate. The outcomes established

should be within the control of the individual or team and should be those results that lead to the firm's success. At upper levels, the goals might be profit and market share. At lower organizational levels, the outcomes might be meeting the customer's quality requirements and delivering according to the promised schedule.

Improvement potential when organizations evaluate their employees' performance, the focus is often on the past. However, firms should also emphasize the development of behaviors employees need to achieve the firm's goals. This begins with an accurate assessment of the employee's improvement potential to ensure effective career planning and development.

2. Communicating Standards to Employees

For the appraisal system to attain its purposes, the employees must understand the criteria against which their performance is measured. As Werther and Davis, 1996), stated to hold employees accountable, a written record of the standards should exist the employees should be advised of those standards before the evaluation occurs. Providing the opportunity for employees to clearly understand the performance standards will enhance their motivation and commitment towards their jobs.

3. Measuring Performance

Once employees have been hired their continued performance and progress should be monitored in a systematic way. This is the responsibility of the immediate boss to observe the work performance of subordinates and evaluate it against the already established job performance standards and requirement. The aim of performance measure is to detect departure from expected performance level (Werther and Davis, 1996).

4. Comparing Performance with Standard

After evaluating and measuring employees job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compares performance with the standard either performance match standards or performance does not match standards (Werther and Davis, 1996).

5.   Discussing Appraisal with Employees

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards their jobs, and support of evaluation feedback. In other words employees must understand it must feel it is fair and must be work oriented enough to care about the results (Glueck, 1978)). After the evaluation, the rater must be describing work related progress in a manner that is materials understandable. According to Baird Et.al.12 (1990) feedback is the foundation upon which learning and job improvement are based in an organization. The rater must provide approval feedback on the results that are employee achieved that must or exceed performance expectations.

As Glueck, 1978 noted, reaction to positive and negative feedback varied depending on a series of variables such as; the importance of the task and the motivation to perform it;how highly the employee rates the evaluator, the extent to which the employee has a positive self-image, and the expectancies the employee had prior to the evaluation; for example, did the employee expect a good evaluation or a bad one?

In sum, it is important that employees should be fully aware that the ultimate purpose of performance appraisal system is to improve employee's performance, so as to enhance both organizational goal achievement and the employee's satisfaction.

6.   Initiating Corrective Action

The last step of the performance appraisal is taking corrective action. The measurement has several alternatives after appraising performance and identifying causes of deviation from job related standards. The alternative are

a.   Take no action
b.   Correct the deviation
c.   Review the standards.

If problem identified are insignificant it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must identify and analyze the reasons why standards were not meet. This would help to determine what corrective action would mean compensation policy reviews. If the cause is employee job misplacements, corrective action would mean assign employee to job related to his/her work experience and qualification. Finally, it also important to revise the performance standards. For example, the major duties stated in the job description and the qualification required to do the job may not match. In this case corrective action would mean to conduct job analysis to effectively determine the job description and job specification. Hence, the evaluator would have a proper guide. i.e. performance standards that take explicit the quality and/or quality of performance expected in basic tasks indicated in the job description (Chatterjee, 1995).

2.1.4. Benefit of Performance Appraisal

Organizations can use all these approaches together effectively to evaluate the employee performance. This has positive impact on employees' motivation and they tend to perform better. They can identify their strengths and weaknesses and work on improving their skill sets. Since the employees are well aware of the organizational goals, they can also work on improvising their skills further to achieve them. Employee performance enhances the communication between an employee and the supervisor to discuss job duties and work related issues for a healthy work environment. With the changing trend, more recent techniques and approaches are being formulated to measure employee productivity and organizational performance.

2.1.5. Methods of Performance Appraisal

Since the early years of their use, methods of evaluating personnel have evolved considerably. Old systems have been replaced by new methods that reflect technical improvements and are more consistent with the purposes of the appraisal. The methods of performance appraisal are classified into traditional methods and modern methods.

2.1.5.1. Traditional Methods

Traditional methods are also known as trait methods. Trait approaches to performance appraisal are designed to measure the extent to which an employee possesses certain characteristics such as dependability, creativity, initiative and leadership that are viewed as important and desirable for the job and the organization in general. There may also be added work-related characteristics such as job knowledge, ability to complete an assignment, success in carrying out plans, etc.

As there are different methods of rating people on the basis of such dimensions, there are several methods based on this approach. The reason that trait methods are the most popular is largely due to the ease with which they are developed.

2.1.5.1.1. Rating Scales

In this method, each trait or characteristic to be rated is represented by the scale on which a rater indicates the degree to which an employee possesses that trait or characteristic. This is the simplest and most popular technique for appraising employee performance.

The typical rating scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, attendance, output, attitude and cooperation. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion, and then computes the employee's total numerical score.

Subjectivity bias is reduced somewhat when the dimensions on the scale and the scale points are defined as precisely as possible. This can be achieved by training raters and by including descriptive appraisal guidelines in a performance appraisal reference packet.

2.1.5.1.2.　Confidential Report

Confidential Reports are maintained mostly in government departments, though its application in the industry is not ruled out. These reports differ from department to department and from level to level. The confidential report is written for a unit for one year and relates to the performance, ability, and character of the employee during that year. The report is not data

based but is subjective. No feedback is provided to the employee being appraised and therefore, its credibility is very low.

2.1.5.1.3. Annual Confidential Report (ACR) contains 14 items:

Attendance	Originality
Self-Expression	Work environment
Team Work	Judgment
Leadership	Integrity
Technical Ability	Responsibility
Ability to understand new material	Defect
Ability to reason	

2.1.5.1.4. Ranking Method

In this, the superior ranks his or her subordinates in the order of their merit, starting from the best to the worst. It is the simplest and old method of merit rating. Every employee is judged as a whole without distinguishing the rates from his performance. All that the HR department knows is that A is better than B. The 'how' and 'why' are not questioned nor answered.

No attempt is made to fractionalize what is being appraised into component elements. This method is subject to the halo and regency effects, although ranking by two or more raters is averaged to help reduce bias. Its advantages include ease of administration and explanation.

2.1.5.1.5. Paired Comparison Method

The paired comparison method is almost similar to ranking method. When variations are made in the ranking method so that it can easily be used in large groups, it becomes paired comparison method. In paired comparison method, every person is compared trait wise with the other persons one at a time. The number of times one person is compared with others is tallied on a piece of paper. With the help of these numbers, ranks are allotted to the employees.

Rater is provided with the bunch of slips, each containing a pair of names. The rater puts a tick mark against the person whom he considers better of the two, and the final ranking is determined by taking the total of number of times an employee is ranked better than another employee.

2.1.5.1.6.   Grading System

In this method, certain characteristics or abilities of performance are identified in advance and the employees are put into the category according to their behavior and traits. Such categories are defined as outstanding, good, average, below average, and poor in terms of letters like A, B, C, D, E where A indicates the best, and E the poorest. This method is used for the promotions based on performance.

2.1.5.1.7. Checklist Method

Under this method, a checklist of statements on the traits of the employees and his or her job is prepared in two columns – viz. a 'Yes' column and a 'No' column. It is a list of statements that indicate the performance of the employees on the job. All that the rater has to do is to tick 'Yes' column if the answer to the statement is positive and column 'No' if the answer is negative. The performance of the employee is rated on the basis of the number of positive checks.

These checklists are of three types

(i) Simple Checklist:

In this method, the printed forms containing descriptive questions about the performance of the employees are provided to the supervisors. The supervisor has two options 'Yes' and 'No'. He ticks the one according to the behavior of the employee and sends the filled form to the personnel department for the final rating.

(ii) Weighted Checklist:

In this method, the weights are allotted to the different statements to indicate their importance over the other statements. This method is used particularly with the objective of avoiding scope of personal prejudices.

(iii) Forced Choice Checklist:

Five statements for each trait are given in this checklist. These five statements include two most descriptive, two least descriptive, and one neutral statement. The rater has to tick on one statement. This checklist has greater objectivity as compared to the other methods.

2.1.5.1.8. Forced Choice Method

This method requires the rater to choose from statements, often in pairs, that appear equally favorable or equally unfavorable. The statements, however, are designed to distinguish between successful and unsuccessful performance. The rater selects one statement from the pair without knowing which statement correctly describes successful job behavior.

Forced Choice pairs might include the following:

(i) (a) Works Hard – (b) Works Quickly

(ii) (a) Shows Initiative – (b) Is less responsive to customers

(iii) (a) Produces Poor Quality – (b) Lacks good working habits

This approach is known as forced choice method because the rater is forced to select statements which are readymade. The advantage of this method is the absence of personal bias in rating. The disadvantage is that the statements may not be descriptive of the rates trait.

2.1.5.1.9. Essay Method

This method requires the appraiser to compose a statement that best describes the employee being appraised. The appraiser is usually instructed to describe the employee's strengths and

weaknesses and to make recommendations for his or her development. Essay method is often used in combination with some other rating method. Here, the supervisor continuously watches the subordinates and writes his assessment in the report.

The following factors are considered by the rater while writing the essay:

(i) Potential of the employee and his knowledge about the job.

(ii) Relationship of the employee with co-workers and supervisors.

(iii) Employee's traits and attitudes.

(iv) Need for future development, etc.

The essay method provides an excellent opportunity to point out the unique characteristics of the employee being appraised. It is a non-quantitative technique of appraisal and provides a good deal of specific information about the employee and can reveal even more about the supervisor.

A major limitation of the essay method is that composing an essay that attempts to cover all the employee's characteristics is a time-consuming task. This method may suffer from personal and human bias because of likings or dis-likings of the supervisor.

2.1.5.1.10. Performance Tests and Observation

With a limited number of jobs, employee assessment may be based upon his test of knowledge or skills. The test may be of the paper and pencil variety or an actual demonstration of skills. The test must be reliable and validated to be useful. Even then, the performance tests are apt to measure potential more than actual performance. In order for the test to be job related, observation should be made under circumstances likely to be encountered.

2.1.5.1.11. Forced Distribution Method

Raters sometimes suffer from a constant error i.e., either they rate the employees as good, average, or poor. They do not evaluate the employees properly. This system minimizes the

rater's bias so that all employees are not similarly rated. In this method, the appraiser is forced to appraise the appraises according to the pattern of the normal curve. This system is based on the assumption that all employees can be divided in five categories i.e., outstanding, above average, average, below average, and poor.

2.1.5.1.12. Field Review Method

In this method, an employee is not appraised by his direct superior but by another person usually from the HR department. This is an appraisal by someone outside the assesses own department, usually someone from the corporate office or the HR department. The basic idea is that such a person may take a more objective view in the appraisal as he is not under the pressure as the superior of the employee may be.

The rater also conducts the interview with the employee and his superior for making a qualitative assessment of the employee. Field reviews are useful and are done when comparable information is needed from employees in different units or locations.

Two Disadvantages of this Method are

(i) An outsider is usually not familiar with conditions in an employee's work environment.

(ii) An outside reviewer does not have the opportunity to observe the employee behavior or performance over a period of time and in a variety of situations.

2.1.5. 2. Modern Methods of Performance Appraisal

One of the potential drawbacks of a trait-oriented performance appraisal is that traits tend to be vague and subjective. One way to improve a rating scale is to have descriptions of behavior along a scale, or continuum. These descriptions permit the rater to readily identify the point where a particular employee falls on the scale.

Modern methods have been developed to specifically describe which actions should be or should not be exhibited on the job. Modern methods are also called behavioral methods. They are frequently more useful for providing employees with developmental feedback.

Some of these methods are discussed as follows:

2.1.5.2.1. Assessment Centers

An assessment center is a central location where the managers may come together to participate in job-related exercises, who are then evaluated by the trained **observers**.

An assessment center evaluates the following

1.   Communication skill
2.   Interpersonal skills
3.   Ability to plan and organize mental alertness
4.   Resistance to stress
5.   Self-confidence

Advantages

•   Assessment centers help in determining the training and development needs of the employees.

•   They provide data for human resource planning

•   In this method all the candidates get equal opportunity to prove their merit

•   Rater's personal bias is reduced as the employees are evaluated by a team of trained evaluators under similar conditions.

•   The assessment is based on the direct observation of relatively large sample of the assesses behaviors which provides more accurate information about them.

Disadvantages:

-Assessment centre is a time-consuming and expensive method.

-The ratings of this method are said to be strongly influenced by the participant's interpersonal skills.

-Raters tend to evaluate the quality of the individual's social skills rather than the quality of decisions themselves.

-The candidates who receive a negative report from the assessment centre may feel demoralized.

2.5.2.2. Human Resource Accounting

From all the resources used in the business organization, the most valuable resource is the human resource because the efficiency of all the resources depends upon it. Like other assets, these can also be measured in terms of money.

In human resource accounting, the money value is attached to the value of firm's internal human resources and its external customer goodwill. In human resource accounting, the performance of the employees is judged in terms of cost incurred and contributions made by the employees.

Cost is measured in terms of:

- Expenditure on human resource planning,
- Expenditure on recruitment and selection,
- Expenditure on compensation,
- Expenditure on training and development.

Contribution is measured in terms of:

(i) Money value of labor productivity,

(ii) Value added by human resources.

2.1.5.2.3. Behaviorally Anchored Rating Scale (BARS)

An approach that has received considerable attention by academics in past years involves BARS. This method uses critical incidents to serve as anchor statements on the scale. A BARS rating form, usually contains 6 to 10 specifically defined performance dimensions each with five or six critical incident anchors. The dimensions have both negative and positive job- related critical incidents. These scales combine major elements from the critical incident and adjective rating scale approaches.

The appraiser rates the employees based on items along a continuum, but the points are example of actual behavior on the given job rather than general descriptions of traits. The enthusiasm surrounding BARS grew from the belief that the use of specific behavior, derived for each job should produce relatively error-free and reliable ratings.

Although this promise has not been fulfilled, it has been argued that this may be partly due to departures from careful methodology in the development of specific scales themselves rather than to inadequacies in the concept. BARS, too, has also been found to be very time-consuming.

The research on BARS indicates that while it is far from perfect, it does tend to reduce rating errors. Possibly, its major advantage stems from the dimensions generated rather than from any particular superiority of behavior over trait anchors.

The steps in developing BARS are as follows

(i) Generating Critical Incidents – The job holders or supervisors are asked to illustrate some specific critical incidents of effective and ineffective performance. The critical behaviors are those which are essential for the effective performance of the job.

(ii) Development of Performance Dimensions – The critical incidents are then clustered into smaller set of performance dimensions by these people. Each cluster or dimension is then properly defined.

(iii) Reallocate Incidents – Another group of people, who are also aware of the concept of job, then reallocate the original critical incidents. They are given the cluster's definitions and the

critical incidents and are then asked to reallocate each incident to the cluster as they think fits best.

(iv). Scaling the Incidents – The critical behaviors are then assigned the scales usually in numbers with their description. The scale may range from 1 to 9 or from 1 to 7. This is generally done by the second group.

(v) Development of Final Instruments – The result for arranging scale for different dimensions of the job produces the vertical scale for each dimension. This scale is then used for the evaluation of the performance of the employees.

2.1.5.2.4. Management by Objectives (MBO)

It was Peter F. Drucker who first gave the concept of MBO to the world way back in 1954 when his book The Practice of Management was first published. MBO is a philosophy of management in which employees establish objectives through consultation with their superiors and then these objectives are used as the basis for evaluation. MBO is a system involving a cycle that begins with setting the organization's common goals and objectives.

The management concept as was conceived by Ducker reflects a management philosophy which values and utilizes employee contributions. Application of MBO in the field of performance appraisal is a recent thinking. The MBO process seems to be most useful with managerial personnel and employees who have a fairly wide range of flexibility and self-control in their jobs.

Therefore, the Management by Objectives approach involves establishing performance goals jointly by the superior and subordinate. For this program to be effective, both superior and subordinate must be actively involved in objective formulation and agree on the methods to be used to assess performance.

The MBO program involves:

(i) Defining key tasks for the subordinate and setting a limited number of objectives;

(ii) Establishing criteria for evaluation of objectives;

(iii) Determining dates for review of progress and making modifications in original objectives during review, if necessary;

(iv) Having a final evaluation session for counseling and encouragement; and

(v) Setting objectives for the next cycle.

Problems:

(i) Too much paperwork is involved.

(ii) Setting too many objectives may create a problem of prioritization.

(iii) May be difficult to establish measurable objectives for some jobs.

(iv). Too much emphasis on short-term performance

2.1.5.2.5. 360 – Degree Appraisal

Under 360 – degree appraisal, performance information such as employee's skills, abilities and behaviors, is collected "all around" an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients.

In other worlds, in 360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts in the course of his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

All information so gathered is then compiled through the computerized system to prepare individualized reports. These reports are presented to me employees being rated. They then meet me appraiser—be it one's superior, subordinates or peers—and share the information they feel as pertinent and useful for developing a self-improvement plan.

In 360 – degree feedback, performance appraisal being based on feedback "all around", an employee is likely to be more correct and realistic. Nonetheless, like other traditional methods, this method is also subject to suffer from the subjectivity on the part of the appraiser. For example, while supervisor may penalize the employee by providing negative feedback, a peer, being influenced by 'give and take feeling' may give a rave review on his/her colleague.

2.1.6. Problems in the Performance Appraisal Process

Dealing with rating scale appraisal problems unclear standards this graphic rating scale seems objective but would probably result in unfair appraise because the traits and degrees of merit and ambiguous. For example different supervisors would probably define "good" performance, "fair" performance, and so or differently. The same is true of traits each as "quality of work" or "creativity". (Gary Desler Ninth edition page 253)

John Sullivan with his magazine has explained the problems with performance appraisal. He categorized them as, most serious performance appraisal problems, process related problems, instrument (standard) problems, manager/execution problems, employee/subject problems and timing issues. With his explanation he has clearly shown us that evaluating employee performance has many dimensions of difficulties which need to give serious attention. (http://www.tlnt.com)

According to the Author mentioned above some of the most serious performance appraisal problems include the following.

Don't assess actual performance: - Most of the time managers assess to factors that contributes to actual performance like characterizations of their personal "traits"(i.e. commitment), knowledge (i.e. technical knowledge) or behaviors (i.e. attendance) rather than assessing the actual output.

Infrequent feedback: - feedback is given at the time of conducting performance result, but feedback need to be given at formal interval before conducting performance appraisal result.

Non-data-based assessment: - most performance appraisal processes are subjective due to not having pre populating forms with data to evaluate individuals. Decision made based on such subjectivity leads to poor performance appraisal process and creates bias among the individuals.

Lack of accountability: - most of the time managers are not accountable for their in accurate feedback or for making mistakes. If an individual keep silent with the wrong feedback given by his immediate supervisor no one will ask the supervisor his/her reason for the wrong feedback. In practice the supervisor is asked when the question is come from the individual.

2.1.6.1. Process Related Problems

Disconnected from rewards: - sometimes performance appraisal is not liked with employees benefit package or punishment like getting a merit raise, bonus, or promotion, demotion etc. At this time supervisors and manager may take the performance appraisal process carelessly.

Each year stands alone: - each performance appraisal by definition covers a finite period of time. However, if the goal is to assess potential and identify patterns, an employee's performance must be assessed over multiple years.

A focus on the squeaky wheel: - most performance appraisal systems focus on weak performers. There is significantly less focus on top performers and thus there is no system to capture their best practices and then to share them with others.

No second review: - in most organization performance appraisal is conducted by a single supervisor and conducted to the individuals. Since performance appraisal is conducted for the benefit of both individual and organization; to get accurate and fairness result a second review is necessary.

Cross-Comparisons are not required: - most of the time performance appraisal processes are not done by comparing each member of the team with one another. Across comparison is requiring in order identifying the strongest and weakest side of one another.

2.1.6.2. Instrument (Standard) Problems

As ascertained by Sullivan in his magazine, Instrument (standard) related problems of performance evaluation process includes,

Doesn't address diversity: - all too often, the same appraisal form is applied to a large but not homogeneous group of employees (i.e. all hourly, all exempts, all managers etc.). As a result, the assessment form does not fit the job.

The factors are all equal: - most forms treat all assessment factors as if they are of equal importance. Instead, they should be weighted based on their relative importance in a particular job.

Disconnected from job descriptions: – in many cases, the factors on the form are completely different from the factors on an employee's job description, bonus criteria, or yearly goals. This can confuse employees and cause them to lose focus.

2.1.6.3. Manager/Execution Problems

Managers related problems are the most briefly stated problems of performance evaluation process by the Author. Some of common managers' related problems are

Managers are not Trained: - in most organizations, managers are not trained on how to assess and give honest feedback. If the process includes a career development component, it is even more likely that managers will not know how to enhance the career path of their employees.

Gamming the System: - often managers artificially rate individual employees to save money or to keep employees from becoming visible for promotion. Some selfishly give a score just below that required for a pay increase, while others give scores just above the point where they would be required to take disciplinary action.

Inconsistency Across Managers: - some managers are naturally "easy raters" while others are not. As a result, employees working under easy managers have a better chance of promotion due to their higher scores. In firms that rely heavily on the narrative portion of the assessment, having a manager with poor writing skills may hamper an employee's career. Without "benchmark" numbers to set as a standard, inconsistency is guaranteed in large organizations.

Managers don't know the Employee: - managers of large and global organizations, as well as newly hired and "transferred in" managers may be forced to do appraisals on employees they barely know. Recently promoted managers may be forced to assess their former friends and colleagues.

2.6.4. Employee/Subject Problems

Employees related problems are also briefly explained by the author In addition to the above mentioned types of PA problems. Some of the problems raised in relation with employees are:-

One-way communication: - some managers simply give the employee the form to quickly sign and they don't even solicit feedback. Many employees are intimidated by managers and the process, and as a result, they say nothing during or after the appraisal.

Self-Assessment is not Possible: - Generally employees do not have a chance to evaluate themselves. It is possible to say that this practice is not implemented yet.
But giving a chance to self assessment will create a smooth environment and end up with good performance appraisal result.

One-Way Process: - in most cases, employees do not have information about the factors on how they will be evaluated. Managers conduct the evaluation process in on way. There is no

formal and informal communication between employees and managers prior to conducting the appraisal.

Retention Issues: - employees' retention issue rose when the performance appraisal process is conducted unfairly. Top employees are turns to look for another job when they feel that the performance appraisal is unfair and no differential in recognition and rewards for their superior performance.

Many possible Emotional Consequences: - if performance appraisal is blotched, you can expect a decrease in employee engagement, trust employer brand strength, teamwork, and innovation contribution. Employee referrals from disgruntled employees will probably also drop.

2.6.5 .Timing Issues

A Time-consuming process: - most of the forms are incredibly long and time consuming.
As a result, some managers routinely recycle "last year's" evaluations. If HR is required to sit in on the sessions, the amount of wasted time increases significantly.

2.7. Effective Performance Appraisal

As asserted by Saiyadain (2003, 336) effective performance appraisal systems that are applicable in this research are:-
Relevance
As asserted by the author, the performance standards/criteria should be clearly linked with the organization goal and the employee's specific job duties and responsibilities. Moreover the performance standards / criteria should measure how well an employee has done the work. He has defined relevance as "What really makes the difference between success and failure on a particular job, and according to whom?" Saiyadain (2003, 336)

From the above definition we can understand that the performance evaluation criteria in addition to linked with the goal and objective of the organization, it should have to measure the performance /achievement of employees out com.

Sensitivity

According to Saiyadain (2003, 336), the performance appraisal system should have to differentiate between good performer and poor performer. While doing so, employees' morale will be built and the performance appraisal result can be used for administrative purposes. If not; the process will be pointless work.

Reliability

This is the most important requirement of effective performance appraisal techniques. The performance evaluation result done by different parts (such as, Supervisors, Peers, Subordinates) should have to agree closely with one another. In order to do this all the evaluator need to have enough time to observe the individual.(Saiyadain 2003, 337)

Practicality

The performance appraisal process of an organization need to be as simple as to put in to practice, Moreover the outcome of the result needs to serve its purpose. The purpose could be employees' promotion, bonus, salary increment and employee's recognition or demotion. (Saiyadain 2003, 337)

a) Job-focused ingratiation: claiming credit for things you have done and not done, claiming credit for what the group has done, arriving at work early to look good, and working late to look good.

b) Supervisor-focused ingratiation: taking an interest in the supervisor's private life, praising the supervisor, doing favors for the supervisor, volunteering to help the supervisor, complimenting the supervisor on his/her appearance and dress, agreeing with the supervisor's ideas.

c) Self-focused ingratiation: presenting self to the supervisor as a polite and friendly person, working hard when results will be seen by the supervisor, letting the supervisor know that you are trying to do a good job. Research suggests however that ingratiation does not always succeed in obtaining good Performance ratings. Unsubtle ingratiation may sometimes be too blatant to be credible, or palatable. Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization.

Besides undermining performance appraisal, and selection research, this tends to be bad for morale, when staff see persons whose true performance is poor, but who are good at ingratiating themselves, get merit awards, or promotion, or other marks of favor. On the other hand, defensiveness and resistance to evaluations are also major problems among workers. To many employees, performance appraisal can be a highly threatening experience. This is because employees regard their performance much more positively than did his supervisor. Research showed that, employees may develop defensive mechanisms and resistance in performance ratings to defend against threats to their self esteem (Michael Beer, 1987; Campbell and Lee, 1988). The defensiveness may take a variety of forms. Subordinates may try to blame their unsatisfactory performance on others or on uncontrollable events; they may question the appraisal system itself or minimize its importance; they may demean the source of the data; they may apologize and promise to do better in the hope of shortening their exposure to negative feedback; or they may agree too readily to the feedback while inwardly denying its validity or accuracy. The defensiveness that results may take the form of open hostility and denials or may be masked passively and surface compliance. Therefore, based on the theoretical understanding gained from the literature, I have tried to assess the extent to which these and other related problems exist in relation to the performance evaluation practice of Debub Gelobal Bank.

2.2. EMPERICAL REVIEW

Many scalars and researchers have conducted studies with regard to the employee's performance appraisal practices and challenges in different sectors. Mostly they have be focused on the factors such as set the policy and procedures about performance appraisal in the

company, training, motivational factors, leadership, organizational culture performance management system work environment factor and employee related factors that have an impact on employee performance such factors can be summarized in to three categories like individual related factors work related factors and organizational related factors.

According to (Rusial Ahmed and Sophian Bujany, University Malysia Sarawork International journal of education and research vol 1 No 4 April 2013) In the 21th century, employees all over the world can be linked and connected through several ICT development. The new innovation and technologies will affect all parties in the organization specially 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. Although the performance appraisal may be viewed in positive way, it is important to be ready with new ideas and solutions performance appraisal system may need to be amended restructured or revised to meet the needs of new challenges and issues in 21th century.

Hika Nigatu,Feleke Solomon and Alemtssehay Gedion Wolayta Sodo University The practice and challenges of employee's performance management and evaluation in Gamogofa Zone finance and economic development Global journal of management and business research:B. Economics and commerce Volume 7 issue 4) The main challenges of performance management and evaluation in economic and finance department subjectivity, biasness, lack of coordination between managers and employees, problem of result interpretation and so on. As the result shows, the organization used goal setting and check-list as the techniques of performance evaluation. Because it involves formal program of setting numerical or quantitative performance goals for individuals. The major draw backs in performance evaluation is rater-bias or unfairness which maybe unconsciousness or quite intentional .As the study indicates the objectives of performance appraisal practices was not clear to employees before performance takes place.

Since Self-evaluation increase the effectiveness of the appraisal system and result in a positive impact on an employee's satisfaction with the evaluation and his/her perception of justice and fairness. The objective of appraisal should be made clear to all employees before appraisal takes

place and it should be inclusive of promotion, transfer, payment and the like. Since employees' evaluation was based on personal judgment, personal likes or dislikes, it is better the government sets a common standard.

According to (Aschalew Twriku 2015) Employee's performance appraisal practices are many problems based on his finding there is no written policy in the organization, lack of consistency, subjective judgment, there lack of training for both employee and management level, employees' performance appraisal system fails criteria to communicate the feedback on time.

The solutions of the above problems are to set organizational policy and procedures, to train employees and managers for the performance appraisal purpose, process and benefits, performance appraisal is to evaluate the job performance of employees so as to improve their performance and consequently the organization performance. in order to do so performance appraisal system should use job related criteria, appropriate method of appraisal for each purpose, qualified and well trained appraiser and participation of employees in one way or the other . the study investigated the performance appraisal system of the bank, it has been found that rating scale method is used by immediate supervisor, review committee and the senior managers uses an essay method of evaluation. In this respect they write a brief narrative description of employee's performance and characteristics.

2.3. CONCEPTUAL FRAMEWORK

Conceptual frameworks which developed based on literature review. This indicate easily understand the overall performance appraisal process.

Processes of Performance Appraisal

```
                        ┌─────────────────────────────────────────────┐
                        │        Establish performance standard        │
                        └─────────────────────────────────────────────┘
                                            ↓
   ┌───────────────┐     ┌─────────────────────────────────────────────┐
   │               │     │       Communicate standards to employees.    │
   │  Performance  │     └─────────────────────────────────────────────┘
   │               │                        ↓
   │   Appraisal   │     ┌─────────────────────────────────────────────┐
   │               │     │          Measure actual performance.          │
   └───────────────┘     └─────────────────────────────────────────────┘
                                            ↓
                        ┌─────────────────────────────────────────────┐
                        │      Compare performance with standards.      │
                        └─────────────────────────────────────────────┘
                                            ↓
                        ┌─────────────────────────────────────────────┐
                        │       Discuss appraisal with employees.       │
                        └─────────────────────────────────────────────┘
                                            ↓
                        ┌─────────────────────────────────────────────┐
                        │           Initiate corrective action          │
                        └─────────────────────────────────────────────┘
```
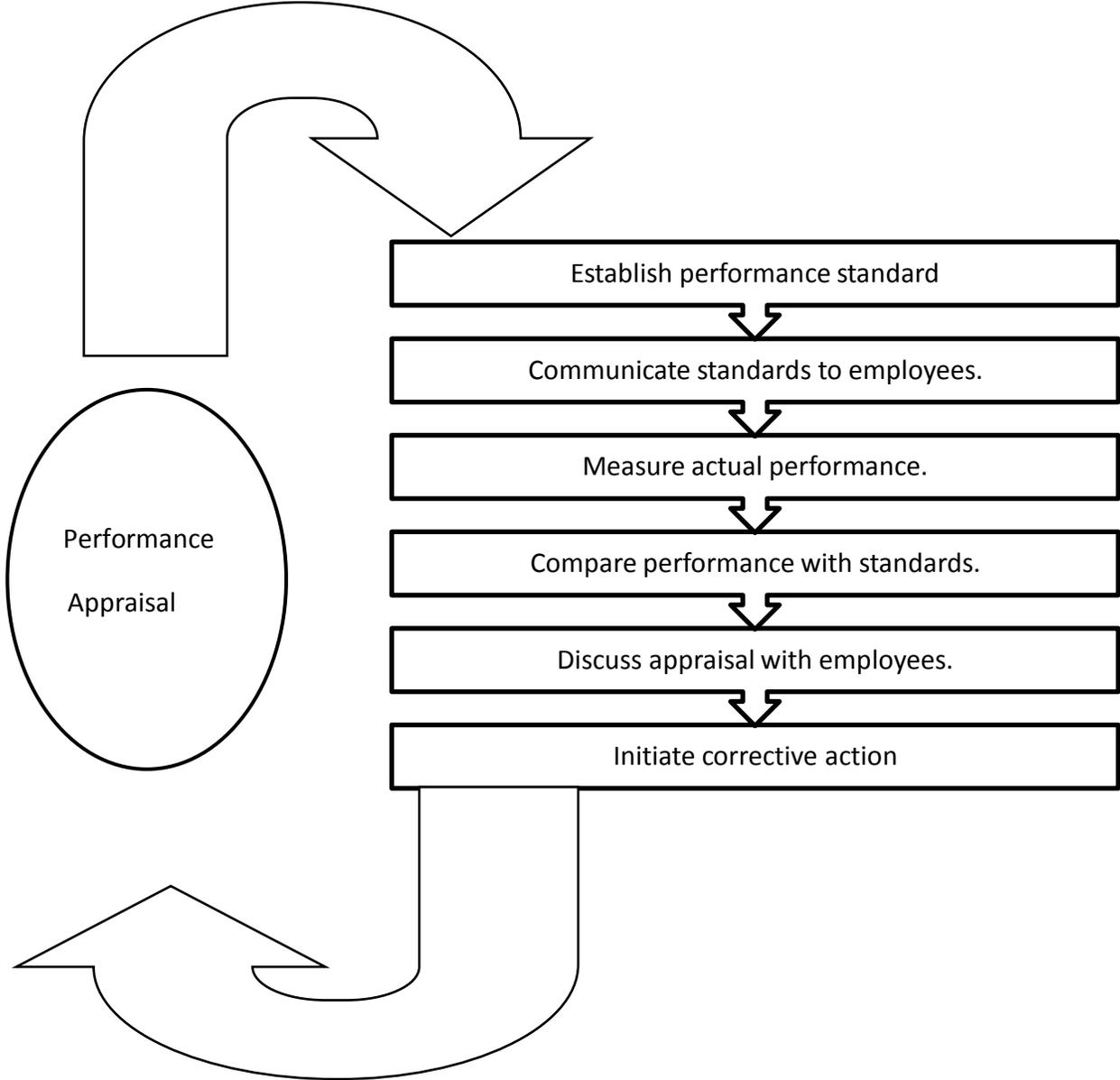
Source: (Werther and Davis 1996)

CHAPTER THREE

RESERCH DESIGN AND METHODOLOGY

3.1. The Research Design and Approach

As Robson asserted the object of descriptive research is to portray an accurate profile of persons, events or situations (Robson 2002:59), as cited in Saunders et al.(2009). Similarly, this study is descriptive study that sets out to describe performance appraisal practice and challenges based on the data collected from employees working in different head office departments and Human Resource directorate of the study organization. Data collected from respondent were analyzed and interpreted so as to arrive at meaningful findings. SPSS Version 23 was used to code and analyze the collected responses from questionnaires. After proper editing, data were coded; entered to the software and then made ready for analysis. Descriptive statistical techniques are adopted for analysis of data collected. In so doing frequency tables and percentages were used. The participants of the study are employees of Debub Global Bank S.C. working in located in Addis Ababa City Head Office. The respondents were selected on the basis of a criterion which demands at least one year of service in the bank which is believed to give them enough exposure to the performance appraisal practice of the Bank.

It is conducted based on the descriptive research technique to describe the employee's performance appraisal practices and challenges in Debub Global Bank S.C. Primary data from employees and human resource staffs of the organization and secondary data collected from the company employees performance appraisal policy and procedures manual, and performance appraisal related books.

3.2 Population, Sample Size and Sampling Techniques

The total populations selected in the Debub Global Bank are 173 employees which 72 are selected as sample size. To attain the objective of the research use the Probability sampling techniques. It uses randomization to make sure that every element of the population gets an equal chance to be part of the selected sample ;it is alternatively known as random sampling.

Simple random sampling every element has an equal chance of getting selected to be the part sample.

To achieve the study objectives, primary data collection has been taken through the following data collecting tools from targeted area by using distribute questionnaire to 68 head office employees and interview for 4 employees who have been working in management area of the bank.

The selection is purposive sampling because the populations are homogeneous. Therefore based on the above information, the sample size can be calculated by using the formula developed by Yemane which is formulated as

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

$n =$ Where, n=sample size

N=total population

e=level of precision i.e. 0.09

$$n = \frac{173}{1 + 173(0.09^2)}$$

$$= 173/2.4013$$

$$n = 72$$

3.2. Sources of Data

The study was undertaken mainly based on the data that is collected from both primary and secondary sources of data that enable the student researcher to meet the objectives of the study outlined at the beginning. Primary sources were used because of their relevance to collect data that help in meeting the study objective and secondary sources were used in order to collect data that raise the information.

Primary data were collected mainly through questionnaires of both types (closed-ended and open-ended) that were distributed to 68 employees of the head office different department employees and supervisors. The questionnaires were prepared in English. On top of questionnaires, structured interview was held with HR directorate. The interview discussion questions were designed to know the HR directorate's understanding of performance evaluation practice and challenges at the Bank and to enhance reliability of the data. Questionnaires were used to collect the required primary data for they are the most suitable ones for the purpose and interview was used in order to collect data that cannot be obtained through questionnaires and to complement reliability of the data collected using questionnaires.

Secondary data relevant for this research work were collected from the Banks' appraisal standard, and websites. The literature review was also entirely depended on secondary sources, which are related studies that were undertaken by different researchers and authors on the topic under study.

3.3. Data Gathering Instrument

The data collected for the study includes both primary and secondary data. The primary data were obtained from feed backs of the employees which were collected through pre organized self-administered questionnaire and supervisors and human resource directorate view which was collected using structured interview. The primary data can provide the appropriate data about the assessment of performance appraisal practice in the bank. In addition, secondary data were obtained from different policies and procedural manuals of the bank, and different books, articles and journals have been also referred to get relevant information and strengthen the theoretical framework of performance appraisal system.

3.4. Data Collection Procedures

As discussed above in the sources of data section, questionnaires were prepared and distributed to 68 employees of the banks. Data was collected from a total 54 from 68 employees for whom questionnaires were distributed. The response rate is 79.41%.

3.5. Pilot Test

The questionnaires were first tested before distributing to the respondents so as to check their viability. The questionnaire test was done by distributing 12 questionnaires for employees. Convenient sampling was used to test the questionnaires. After testing and making revisions, questionnaires were finally distributed to sample respondents. As to interview, questions for the discussion were made ready before hand and the responsible HR directorate was contacted for arranging a meeting. With consent of the respondent interview time was scheduled. During interview data were collected by taking notes of the proceedings of the discussion based on the discussion questions designed.

3.6. Data Analysis Method

Since, this study is descriptive research techniques; the data will be gathering and analyze using SPSS 32 computer program system to find out the overall result. In doing so tables and use frequency, percentages, and mean descriptive methods has applied to summarize and compare the final result.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Demographic Information of the Respondents

The first part of the questionnaire consists of the demographic information of the participants. Accordingly, the following variables about the respondents were summarized and described in the subsequent Tables. These variables include age, sex, work experience and educational background.

Table 1: Respondents According to Gender, Age, Educational Statues and Experience Category

	Items	Frequency	Percent	Commutative percent
Gender	Male	37	68.5	68.5
	Female	17	31.5	100.0
	Total	54	100	
Age	18- 25	4	7.4	7.4
	25-35	39	72.2	79.6
	36-45	11	20	100
	Above 46	0	0	0
Educational Status	Certificate	0	0	0
	College Diploma	4	7.4	7.4
	BA/BSC Degree	32	59.3	66.7
	Masters	18	33.3	100.00
	PHD	0	0	100
	Total	54	100	
Experience	1-3	18	33.3	33.3
	4 -6	25	46.3	79.6
	Above 6 years	11	20.4	100
	Total	54	100	

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires. As indicated .above, about 68.5 % of the respondents were male and the remaining 31.5 % are female. From the total respondents, majority of them found in the age of range 25-35 years, this age group covers 72.2 % of the total respondents. On the other hand, 20.4% of the respondents belong to the age range of 35-44 years quite considerable numbers of respondents, i.e., 7.4% were also under the age of25, those who were above the age of 45 years counts to 20.4 %.

As can be realized from the data, most of the respondents are young. Thus majority of the bank's employee are in the productive age, helps the bank to design a sound working system, since they can be trained, educated and developed. Easily by doing so, the bank will gain a competitive advantage in the banking industries

As we can observe from the above Table, the largest groups of respondents (46.3%) have a working experience of 4 to 6 years of on the current job whereas 33.3% are in the range of one to three   years and above 6 years working experience respondents 20.45%.

On the basis of educational qualification, the majority of the respondents (59.3%) are first degree holders and (33.3%) of the respondents holders of Masters .and (7.4%) respondents to have the college diploma.

This shows that there is a high rate of turnover in the organization because though the Bank has registered ten years of establishment, the majority of the employees serve the Bank not for more than five years looking for other jobs in the industry. This clearly shows that the organization should revise its human resource policy and practices specially its performance measurement practices and promotion policy.

4.2. Frequency of Performance Evaluation

Assessment of Performance Appraisal Practices and Challenges at Debub Global Bank Share Company respondents was asked to indicate their preference of frequency of performance evaluation and their response is represent in Table 2.

Table 2: Employees' Response on Preference of Frequency of Performance Appraisal

	Frequency	Percent
Every 3 months	4	7.4
Every 6 months	49	90.7
7.4Once a year	1	1.9
Total	54	100

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

As stated above 90.7% of respondents prefer performance evaluation to be conducted twice a year while 4 (7.4 %) prefer it to be every 3 months and 1 (1.9%) prefer it to be conducted once a year. This shows that large majority of respondents (90.7%) of employees are comfortable with the frequency in which performance evaluation is conducted (the bank conducts biannually) with significant number of respondents 5 (9.3%) employees seeking it to be conducted once in a year and every 3 months respectively .Interview discussion made with the HR directorate did not relate any reason of the current practice of conducting performance evaluation biannually than saying the Policy document.

Most of the employees to prefer performance appraisal in Debub Global Bank respond the purpose of performance appraisal using improvement of productivity. But some of the respondents do not know the Purpose of the performance appraisal for the bank. On the other hand human resource directorate says one of the purposes of the performance appraisal is to improve employs performance, salary increment and bonus. Based on employee's performance appraisal result the bank should be to coach employees and to develop training assessment for the incapable employees.

4.3. Who conduct performance appraisal

Table 3: Employees' Response on Who Evaluates their Performance

Items	Frequency	Percent
Immediate Supervisor	39	72.2
Colleagues	3	5.6
His/her Subordinate	1	1.9
Immediate supervisor and colleagues	8	14.8
Immediate supervisor and customer	3	5.6
Total	54	100

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

The above response shows that large number of employees 39(72.2%) preferred to be evaluated by their immediate supervisors while 3 (5.6%) prefer to be evaluated by colleagues. 1 (1.9%) preferred to be evaluated by their subordinate. Those who opted to be evaluated by immediate supervisor and colleagues 8 (14.8%) and employees evaluated by immediate supervisor and his or her supervisors 3 (5.6%).

Over all responses obtained from employees show that majority of the respondents (72.2%) believe that it is the immediate supervisor who should evaluate employee's performance. This means that the Bank's practice of using immediate supervisors to evaluate employees' performance is in line with what the ratees believe should evaluate their performance.

4.4. Setting Performance Evaluation Standards

Performance evaluation standards need to in line with the goal and objective of the organization, it must be measurable, should be clearly stated and directly related to employees job duties and responsibilities.

Table 4: Employees View on Setting Performance Evaluation Standards

Statements		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean
The set of performance evaluation standards are realistic and achievable	Frequency	3	27	17	5	2	54	10.8
	Percentage	5.6	50	31.5	9.3	3.7	100	20
The performance evaluation standards used to evaluate my performance	Frequency	5	27	11	9	2	54	10.8
	Percentage	9.3	50.0	20.4	16.7	3.7	100	20
The standards are specific and directly related to the job	Frequency	5	19	14	14	2	54	10.8
	Percentage	9.3	35.2	25.9	25.9	3.7	100	20
The performance evaluation standards used to evaluate my performance is customized based on the characteristics of my job	Frequency	3	25	13	8	5	54	10.8
	Percentage	5.6	46.3	24.1	14.8	9.3	100	20

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

Based on the gathered information from the employees of the bank, the researcher as tried to discuss the employees' attitude towards the performance evaluation standards. As we can see from the above Table respondents the set of performance evaluation standards are realistic and achievable, 3 (5.6%) of the total respondents strongly agreed 27 (50 %) respondents agree, 17 (31.5%) there are neutral not know the standards are realistic and achievable ; from this 5 (9.3%) 17% are 5 (9.3%) disagreed. 2 (3.7%) of the total respondents are disagree to the statement. From the responses of employees we can conclude that Debub Gelobal Bank performance evaluation criteria are not realistic and achievable. Because 27 (50%) respondents neutral and dissatisfied for the standards.

When we see the respondents' opinion regarding the performance evaluation standards used to evaluate employees performance 5 (9.3%) strongly agree 27 (50%) agree 11 (20.4%) neutral 9 (16.7%) disagree and 2 (3.7%) strongly disagree This shows that Debub Global Bank S.C performance evaluation standard is same and there is no form differentiation between employees, in addition employees are evaluated with same standards. But in order to measure employee output, the standard needs to be designed according to the employee's job duties and responsibilities.

According to the information gather from respondents standards are specific and directly related to the job, 5 (9.3%) strongly agreed that the Standards are specific and directly related to the job 19 (35.2%) agreed. From the respondents 14(25.9%) are neutral to the item and a total of 14 (25.9%) disagreed that the standards are not specific and directly related to the job. Since the contribution of each criterion towards the performance of employee evaluated the same standards did not show the achievement of employees, it shows the negative side of the bank.

The other question forwarded to the respondents the performance evaluation standards used to evaluate my performance is customized based on the characteristics of my job 3(5.6%) strongly agree, 25 (46.3%) agree, 13 (24.1%) neutral, 8 (14.8%) disagree, 5 (9.3%) strongly disagree. For this information 25 (48.2%) dissatisfied for performance evaluation standards.

In general Debub Global Bank Performance evaluation standards are not specific and directly related with employees' job and duties, they are not sufficient enough to measure the performance of an individual.

4.5. Communicating Performance Appraisal Standards to Employees

Table 5: Employees' Opinion on Communicating Performance Appraisal Standards to Employees

Statements		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean
I have got the opportunity to participate in the design of the performance evaluation standards used to measure my performance.	Frequency	0	6	10	18	20	54	10.8
	Percentage	0	11.1	18.5	33.3	37.7	100	20
I am informed and reach on an agreement with my supervisor about the performance standards that will be used to evaluate my work	Frequency	1	14	19	10	10	54	10.8
	Percentage	1.9	25.9	35.2	18.5	18.5	100	20
I am clearly understand about what my job responsibilities and what is expected from me	Frequency	10	25	14	2	3	54	10.8
	Percentage	18.5	46.6	25.9	3.7	5.6	100	20
While setting an objectives my supervisor clearly tell me the expectation he/she has from my performance	Frequency	3	25	15	9	2	54	10.8
	Percentage	5.6	46.3	27.8	16.7	3.7	100	20
I am well informed with performance appraisal standards.	Frequency	1	17	17	14	5	54	10.8
	Percentage	1.9	31.5	31.5	25.9	9.3	100	20
Employees are aware of how performance appraisal processes is to be conducted.	Frequency	0	17	17	16	4	54	10.8
	Percentage	0	31.5	31.5	29.6	7.4	100	20

Source: Own questionnaire survey, 2020

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Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

As we can observe from the above Table, 6(11.1%) of the total respondents agreed that employees have got the opportunity to participate in the design of the performance evaluation standards used to measure employees performance, 10 (18.5%) respondent are neutral to the issue but 18(33.3%) and 20(37.7%) of employee strongly disagree the Bank does not got the opportunity to participate the design of the performance evaluation standard

According to information gathered from respondents, employees informed and reach on an agreement with their supervisor about the performance standards that will be used to evaluate their work a total of 1 (1.9%)strongly agree,14 (25.9%) agree, 19 (35.2%) neutral, 10(18.5%)disagree and 10(18.5%)strongly disagree.

This implies managers are not inform performance appraisal standards for employees problem, since this is one of the techniques that help managers to address sensitive and confidential information about employees that hinder their performance, managers are required to give time and full attention to interview and hear their employees. Easily by doing so, employee's performance will increase as well as organization performance.

According to the information, employees clearly understand about what their job responsibilities and what is expected from them 10 (18.5%) of the total respondents strongly agree, where as 25 (46.6%) agree the statements. 14 (25.9%) of the total respondents neutral. 2 (3.7%) strongly disagree 3 (5.6%) disagree. The above data show employees does not well know about their responsibility and what expected from them. The bank managers should be giving information to employees on their performance appraisal standards and recall their responsibilities.

As we can observe from the above table, a total of 2(3.7%) strongly disagree that while setting an objectives their supervisor clearly tell them the expectation from their performance employees with performance, while 9 (16.7%) of respondents disagree.15 (27.8%) of the total respondents are neutral and 25 (46.3%) agree and 3 (5.6%) strongly agree . This implies that supervisors are not giving clear information for the expectation of the employee. Managers easily by doing so, employee's performance will increase as well as organization performance.

On the other hand gathered from respondents, 17 (31.5%) agree and 17 (31.5%) neutral of the total respondents that Employees are aware of how performance appraisal processes is to be conducted. While 16 (29.6%) disagree. 4 (7.4%) of the respondents are disagree to the issue. Even if considerable numbers of respondents disagree with the statement supervisors does not create awareness among employees towards how performance appraisal process is conducted.

4.6. Measuring Actual Performance

Table 6: Respondents Opinion towards Measuring actual Performance

Statements		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean
My supervisor measured Employees based on the standards of the organization	Frequency	9	32	11	1	1	54	10.8
	Percentage	16.7	59.3	20.4	1.9	1.9	100	20
The performance measuring system in is serving its purpose.	Frequency	3	22	19	8	2	54	10.8
	Percentage	5.6	40.7	35.2	14.8	3.7	100	20
My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance	Frequency	1	4	13	26	11	54	10.8
	Percentage	1.9	7.4	22.2	48.1	20.4	100	20
The performance evaluation system is fair and objective.	Frequency	5	23	16	6	4	54	10.8
	Percentage	9.3	42.6	29.6	11.1	7.4	100	20
My rater frequently lets me know how I am doing.	Frequency	4	16	19	10	5	54	10.8
	Percentage	7.6	29.6	35.5	18.5	9.3	100	20

Source: Own questionnaire survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

From the above description supervisor measured employees based on the standards of the Bank it is possible to understand 1(1.9%) of employees strongly disagree, while11 (1.9%) disagree, 11 (20.4%) indifferent, 32 (59.3%) agree and 9(16.7%) strongly agree. This implies supervisors evaluate each employees based on the bank standards but 13(23.8%) of employees do not know or indifferent for organizational standards.

As per the data presented on the above table most of the respondents 22 (40.7%) agree and 3 (5.6%) strongly agree believe that performance measuring system is serving its purpose of the bank but 8(14.8%) neutral, 8 (14.8%) disagree and 3 (3.7%) strongly disagree. Therefore as per the data generated from Debub Global bank employees one can gather that the performance evaluation system of the bank does not provide its purpose.

From the above description of keeping a file on what employees done during the appraisal period, it is possible to learn those majorities 26 (48.1%) of employees disagrees while 11(20.4%) strongly disagree, 13 (22.2%) indifferent, and 4(7.4 %) agree,1 (1.9%)strongly agree respectively. According to the interview conducted with human resource management representatives, and learned from them there is no such practice of keeping file on what employees have done for evaluation purpose as a result of a policy but there are some supervisors who have such cultures of keeping file. Therefore, supervisors were not keeping file for what employee have done during the appraisal period, as the lack of policy and initiation.

Related to Fairness and objectiveness of Performance appraisal system the 4 (7.4%) strongly disagree, 6 (11.1%) disagree,16 (29.6%) of employees neutral , while 23 (42.6%) agree and 5(9.3%) disagree. This implies to most of the employees did not agree the issues. According to the informants of human resource management department performance appraisal is rather seem better since it attached to promotional, salary increment annually, and training and development selections.

As indicated in the above table the employees 4(7.6%) strongly agree,16 (29.6%) agree,19 (35.5%) neutral , while 11(18.5%) disagree and 5 (9.3%) disagree about rater frequently lets employees know how their doing work. According to human resource department officials response employees pretending while watched as if they are hard worker and wise supervisors know them by the output they produce, but their chances of not to be trusted for long is low.

4.7. Comparing performance appraisal result with Standards

Table 7: Employees' Response on Comparing Performance Appraisal Result with Standards

Statements		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	Mean
Evaluation of my performance is based on my achievement.	Frequency	5	23	17	5	4	54	10.8
	Percentage	9.3	42.6	31.5	9.3	7.4	100	20
Information generated through performance evaluation in is used to diagnosis both Organizational and individual problems based on performance result	Frequency	4	21	18	7	4	54	10.8
	Percentage	7.4	38.9	33.3	13.0	7.4	100	20
I think the performance appraisal process is clear and fair	Frequency	1	21	24	5	3	54	10.8
	Percentage	1.9	38.9	44.4	9.3	5.6	100	20
My supervisor avoids giving performance ratings which may have negative consequences to his/her subordinate	Frequency	4	21	19	7	3	54	10.8
	Percentage	7.4	38.9	35.2	13.0	5.6	100	20

Source: Own questionnaire survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

As we can observe from the above Table, trend of Debub Global bank evaluating employees based on their achievement with performance appraisal result with organizational standards is good. Most employees 23 (42%) agree the point and 5 (9.3%) strongly agree, while insignificant amount of respondents 4(7.4%) strongly disagree. 17 (31.5%) of the total respondents are neutral to the statement. Employees' evaluation done by comparing with their achievement another will helps to identify the strongest and weakest side of employees moreover it create competitive environment among employee.

On the other hand, information generated through performance evaluation is used to diagnosis both Organizational and individual problems based on performance result 4 (7.4%) strongly agree and 21(38.9%) of the total respondent agree that evaluation generate individual and organizational problem where 18(33.3%) neutral, 7(13%) disagree and 4(7.4%) strongly disagree of the total respondents to the statement and this implies that most evaluators agree to the statements .But most of the respondents are neutral and not agree for the question. This will be help to see the employees' performance appraisal standards helps to identify once strength and weakness.

According to the respondents performance appraisal process is clear and fair the respondent24 (44.4%) of employees neutral, 5(9.3%) disagree,3 (5.6%) strongly disagree and 21 (38.9%) agree 1(1.9%) strongly agree. Information implies to most of the employees not satisfy for the process of performance appraisal. Debub Global Bank S.C. Human Resource Management department revise the process of performance appraisal practice and guide the supervisors.

Moreover, most of the respondents 4 (7.4%) strongly agree, 21 (38.9%) agree with the statement employees supervisor avoids giving performance ratings which may have negative consequences to his/her subordinate and many of the participants neutral with the statement 19 (35.2) and 3 (5.6%)disagree,3 (5.6%) strongly disagree the result is going to be seen by my supervisor'. From this it is possible to gather that, the problems of performance appraisal as it is related to employees' perception.

4.8. Discuss Performance Appraisal Result with Employees

Table 8: Employees' Response on Discuss Performance Appraisal Result with Employees

Statements		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	Mean
All feedback are written in objective terms to employee in a professional and positive manner	Frequency	6	27	16	1	4	54	10.8
	Percentage	11.1	50	29.6	1.9	7.4	100	20
Feedback is given to employees about their performance evaluation so that they know where they are.	Frequency	4	25	16	7	2	54	10.8
	Percentage	7.4	46.3	29.6	13	3.7	100	20
My supervisor giving chance discuses performance evaluation point during evaluation period	Frequency	3	22	18	7	4	54	10.8
	Percentage	5.6	40.7	33.3	13.0	7.4	100	20

My supervisor generally supports his evaluation with specific incidents of good and poor performances	Frequency	1	23	20	9	1	54	10.8
	Percentage	1.9	42.6	37.0	16.7	1.9	100	20
I have access to see my performance evaluation result	Frequency	18	31	5	0	0	54	10.8
	Percentage	33.3	57.4	9.3	0	0	100	10.8
The standards will be modified according to the relevant feedback from the employees or the evaluators	Frequency	1	14	22	8	9	54	
	Percentage	1.9	25.9	40.7	14.8	16.7	100	20
Employees can appeal to the higher official if they perceive their result is biased and inaccurate	Frequency	7	32	12	3	0	54	10.8
	Percentage	13	59.3	22.2	5.6	0	100	20

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

From the Above description we can understand that the majority 27 (50.%) agree, 5 (6%) of employees are strongly agree all feedback are written in objective terms to employee in a professional and positive manner while some employees 16 (29.6%) neutral and 1 (1.9%) 4 (7.4%) disagree and strongly disagree. Most of the employees agree with these criteria.

According to the respondents informants from the human resource management department, the purpose of the feedback is given to employees about their performance evaluation so that they know where the employees response 25 (46.3%) agree,4 (7.4%) strongly agree and 16 (29.6%) neutral and 7 (13%) and 2 (3.7%) was respectively disagree and strongly disagree. The result to indicate some of the employee did not satisfy for the performance appraisal feedback. Debub global bank human resource department to evaluate each standards and give training for the supervisors.

According to the respondent of Debub Global Bank S.C employees which recorded and presented in the above table, supervisors to give chance discuses performance evaluation point during evaluation period the majority 22 (40.7%) agrees, while 18(33.3%) neutral and 7 (13%) disagree and 4(7.4%) strongly disagree and 3(5.6%) strongly agree. It shows the majority of the respondents of Debub Global Bank S.C employees believe that the supervisors to give chance during evaluation period. In addition to that the interview conducted with human resource management officials, they were expressed that there is the right of the employees to discus for their performance result to the supervisors.

According to the respondents 23 (43.6%) agree with the statement and 20(37.9%) of the respondents neutral with the statement that "My supervisor generally supports his evaluation with specific incidents of good and poor performances". Moreover, about 9(16.7%) of the participants disagree and 1 (1.9%) strongly disagree. The analysis of the questionnaires and the interview shown that lack of transparency and continuous feed back to show the progresses of the employees towards their performance are not visible.

As we can observe from the above Table, trends of Debub Global Bank S.C   Employees access to see their performance evaluation result. Most employees 18(33.3%) strongly agree and

31(57.4%) respondents agree with the statement, While insignificant amount of respondents 5 (9.3%) neutral of the total respondents. Employees to see their evaluation result comparing with the standards help to identify the strongest and weakness side of one another moreover it create comparative environment among employee.

As we can observe from the above Table, The standards will be modified according to the relevant feedback from the employees or the evaluators. This will help to see the progress of employees' performance With regard to this statements, most respondents 22(40.7%) neutral that employee and supervisor feedback do not know relevant or not. Whereas 14 (25.9%) agree the point and 8 (14.8%) disagree and 9 (16.7%) strongly disagree. This shows that Debub Global bank S.C is not modify performance appraisal standards according to the relevant feedback from the employees and evaluators.

Feedbacks from performance evaluation need to motivate employees through recognition and support. The bank should be updated performance appraisal standards.

4.9. Taking Corrective Actions

Table 9: Employees' Responses Evaluators Corrective   Actions

No	Statement		5	4	3	2	1	Total	Mean
1	The objective of corrective action eliminate and resolve employee performance problems and retain employees productive	Frequency	1	20	21	9	3	54	10.8
		Percentage	1.9	37	38.9	16.7	5.6	100	20
2	Information generated through performance evaluation in is used to motivate employees through recognition and support	Frequency	6	19	17	9	3	54	10.8
		Percentage	11.1	35.2	31.5	16.7	5.6	100	20
3	Set clear standards for employees and warns of consequences for noncompliance	Frequency	4	22	18	5	5	54	10.8
		Percentage	7.4	40.7	33.3	9.3	9.3	100	20
4	Employees will be provided their performance appraisal gap(i.e training, couching, counseling	Frequency	2	21	29	7	4	54	10.8
		Percentage	3.7	38.9	37	13	7.4	100	20
5	Revise inadequate organizational structure, system or resource support	Frequency	2	12	23	14	3	54	10.8
		Percentage	3.7	22.2	42.6	25.9	5.6	100	20

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

Majority 21(38.9%) of employees neutral, while 20(37.%) agreed, and 9 (16.7%) disagree ,3 (5.6%) strongly disagree and 1 (1.9%) strongly agree about the objective of corrective action eliminate and resolve employee performance problems and retain employee productive from human resource department heads through interview conducted, the bank to belied employee corrective action to eliminate performance problems. But most of the employees do not satisfy.

According to the respondents information generated through performance evaluation is used to motivate employees through recognition and support majority of the respondents agree 19 (35%) ,17 (31.5) neutral 9 (16.7%)disagree and 6(11.1%) strongly agree and 3 (5.6%) strongly disagree. Some of the employees to satisfied performance evaluation motivate employees' productivity. But most of the employees do not have an idea about the value of performance evaluation taking corrective action manual for Debub Global Bank to train the benefit of performance appraisal for employees.

As per the above table majority of respondents22 (40.7%) agreed, 18 (33.3%) were neutral and 5 (9.3%) disagree 4 (7.4%) being agree . This data infer that most of time performance appraisal set clear standards for employees and warms of consequences for non compliance. Additionally, according to the interview conducted with human resource management officials, the practice of such behavior is very low.

In general the Debub Global Bank S.C should be aware the corrective actions manual policies and procedures for the employees and the supervisors.

From the above description it is possible to understand employees will be provided their performance appraisal gap (i.e. training, couching, counseling) majority 21(38.9%) of employees agree, while 29 (37%) neutral 7(13. %) disagree, 4 (7.4%) strongly disagree and 2 (3.7%) strongly agree. According to the interview conducted with informants Debub Global Bank S.C human resource departments' officials will be provide the gap of employees and supervisors. The management should be assessing employees' performance appraisal practice result to fill the employees' incapability.

According to the respondents the based on performance appraisal results the bank to take corrective action such as to 'Revise inadequate organizational structure, system' majority of the respondents 23 (42.6%) neutral, 14 (25.9%) disagree, 12 (22%) agree, 3 (5.6%) strongly dis agree and 2 (3.7 %) strongly agree. this implies the bank did not revise any organizational structure based on performance appraisal results. according to the interview conducted with human resource management officials, agree with the employees responses.

4.10. Challenges of Performance Evaluation practices

Table 10: Employees' Response on Challenges of Performance Evaluation Practices

Statements		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean
Rater is not a qualified person to evaluate my work	Frequency	13	16	16	7	2	54	10.8
	Percentage	24.1	29.6	29.6	13	3.7	100	20
Employees' does not know the measurement tool of the performance appraisal	Frequency	12	15	18	8	1	54	10.8
	Percentage	22.2	27.8	33.3	14.8	1.9	100	20
My supervisor gives equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among us	Frequency	2	27	14	6	5	54	10.8
	Percentage	2.7	50	25.9	11.1	9.3	100	20
Employees do not have the chance to give feedback while conducting the result. There is one way communication only.	Frequency	1	17	16	10	10	54	10.8
	Percentage	1.9	31.5	29.6	18.5	18.5	100	20
The evaluator is influenced by personal liking and disliking when evaluating my performance.	Frequency	9	21	15	9	0	54	10.8
	Percentage	16.7	38.9	27.8	16.7	0	100	20
My supervisor inaccurately evaluates my performance to the extent that I will be rewarded for doing what I must or penalized for failing to do so	Frequency	16	14	24	0	0	54	10.8
	Percentage	29.6	25.9	44.4	0	0	100	20

Source: Own questioner survey, 2020

Justification: Total populations are 54 in the above table due to 14 are not collected from distribute of 68 questionnaires.

According to the respondents 'Rater is not a qualified person to evaluate my work' the employees 16(29.6%) agree and 16(29.6%) indifferent, 13 (24.1%) strongly agree,7 (13%)disagree and 2 (3.7%) strongly disagree. This result to show raters do not qualified person to evaluate employees work. The interview conducted with human resource management implies supervisors who have no training of the performance appraisal, but have the knowledge and capacity of the task. Rating employees without knowledge is risky, is no better than having appraisal. The performance rating harms the Bank performance and employee's right. Therefore, the cases of those few should be addressed very well and raters with employees think have enough knowledge should be assigned to take the part of the rating.

From the above table regarding to whether Employees' does not know the measurement tool of the performance appraisal, the majority 18(33.3%) of employees while 15(27.8%) neutral and 12 (22.2%) were strongly agree, 8 (14%) disagree and 1 (1.9%) strongly disagree . Interview conducted with human resource management employees were being evaluated by supervisors who do did not aware employees performance appraisal tool because most of the supervisors have not know about performance appraisal tools. Have no training of the performance appraisal tools.

This data infer that most of time performance appraisal challenges are employees does not know the measurement tools of the performance appraisal and luck accuracy to reward or penalize employees properly. Additionally, according to the interview conducted with human resource management officials, the practice of such behavior is very low.

According to the respondents 16 (29.6% of employees agree and similarly16 (29.6% of employees neutral, while 7 (13.%) disagreed, and 13(24.1%) strongly agree about their rater rating their performance basing on personal liking and disliking. According to the information acquired from human resource department heads through interview conducted, the degree of liking and disliking while appraising employees performance may vary from department to department or from supervisor to supervisor, however this type of biases can exist in the organization regardless of the degree of its existence low or high.

From the above description it is possible to understand majority27 (58. %) of employees agree, while 14 (25.9%) neutral and 6 (11.1%) disagree. Supervisors give equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among them According to the interview conducted with informants Debub Global Bank Human Resource Departments' officials the practice of such behavior possibility could be high as its relevance is low regard in the recent years. Therefore, such practices are at low moderate level agreement that there is no bias of equal performance rating in order to avoid resentment and rivalry in their respective organizations. These show existence of such behavior in Debub Global Bank.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

Below are summary of findings gathered from the respondents about performance appraisal at Debub Global Bank S.C.

> Most of the employees are young. Thus majority of the bank's employee are in the productive age,   the bank will gain a competitive advantage in the banking industries

> The majority of the employees serve the Bank not for more than five years looking for other jobs in the industry. This clearly shows that the bank should revise its human resource policy and performance appraisal practices specially its performance appraisal practices and promotion policy.

> Managers are not inform performance appraisal standards for employees problem, since this is one of the techniques that help managers to address sensitive and confidential information about employees that hinder their performance, managers are required to give time and full attention to interview and hear their employees.

> Immediate supervisors evaluate their subordinate performance appraisal this indicated evaluation process did not reliable and consistency it shows one way evaluation methods all evaluation standards pack only the supervisors perspectives do not participate other parties like customer and coligues.

> Performance appraisal is conducted for bonus and salary increments, to reward and promote employees, to encourage employees strong side and to improve their weakness, to   create positive competitive environment among employees, to give feedback about employees performance, to improve work efficiency, to identify employees training and development needs, and to increase overall productivity of the organization. But some of the employees do not aware each benefits, then the bank to

aware the employees.

➢ According to the information gathered from the respondents' performance appraisal criteria are not specific and directly related with the employees duties, they are not sufficient enough to measure the performance of an individual.

➢ The Bank does not got the opportunity to participate the design of the performance appraisal standard to the employees

➢ Supervisors are not giving clear information for the expectation of the employee activity.

➢ Employee are not aware of how the performance appraisal process is conducted

➢ Supervisores do not give time to hear the employees' problem.

➢ Most of the employees do not have an idea about the value of performance evaluation taking corrective action manual for Debub Global Bank to train the benefit of performance appraisal for employees.

➢ There is a good sign that employees are evaluated by based on the performance appraisal standards of the Bank. This will be help to see the employees' performance appraisal standards helps to identify once strength and weakness. But to have some problems

➢ The employees access to see their performance evaluation result and did not agree the result of performance result for appeal to the higher official if they perceive their result is biased and inaccurate.

➢ Supervisors were not keeping file for what employee have done during the appraisal period, as the lack of policy and initiation.

➢ Performance appraisal at Debub Global Bank process is not clear and fair.

- In relation with most serious performance appraisal problems, respondents' opinion confirms that managers are not accountable and employees are not getting feedback frequently.

- Supervisors do not qualified person to evaluate employees achievement, because do not know the performance appraisal tool ,use only one way communication, influenced by personal linkage during evaluation period and inaccurate.

- Managers do not give corrective action on time with response most of the respondent do not have any information about corrective action.

5.2. Conclusions

According to the analysis conducted in chapter four, performance appraisal is implemented in Debub Global Bank but it is difficult to say that information generated through performance appraisal is used to diagnose the problem of both employees and the Bank in the organizations under study.

The standards to measure the performance of employees is not clearly defined and is not objective oriented. Next to that the performance appraisal is not on the base of employees' accomplishments and achievements.

Debub Global Bank S.C. is not providing opportunities to their employees to participate in the design of standards used to evaluate their employees' performance. The standard used for evaluation of employees' performance appraisal is not customized on the basis of their job characteristics.

Raters rating subordinates on the basis of personal liking and disliking exists in the Bank. The practice of supervisors accurately evaluating their subordinate to the extent of they are being rewarded for doing so and penalized for failing not doing so adequately enough in Debub Global Bank S.C .

The raters in the Bank supervisors do not keep files on what employees done during the appraisal period. Errors exist in Debub Global Bank, which the rater commits the bias of giving greater weight to recent occurrences when appraising an individual's performance.

Although its level of endurance is low, employees creating positive impression in the minds of supervisors is clear, which the subordinates required what is not their achievement in return from their supervisors. This practice creates mistrust and weakens competitiveness among employees and rewards organizations' culture.

Employees of the bank have access to results, allowed to appeal unfair appraisal results and there is using appraisal forms. Apart from this Performance review discussions.

Conducted only when an employee come up with complaint. Supervisors do not provide continuous feedback for employees and there is absence of open communication.

5.3. Recommendations

On the source of analysis and its summery of findings, the following recommendations have been set:

Debub Global Bank S.C. should maximize giving feedbacks to the subordinates, as it benefits both the organizations and the employees. Employees who knew where they stand strive to improve their performance. As a result, if their performance is improved, organization's efficiency will be improved. As asserted by Saiyadain (2003, 336) effective performance appraisal systems are relevance, sensitivity, reliability and practicality.

❖ The objective of performance appraisal to motivate employees' moral for creativity and competition, creative mind innovates new product or services that shall improve

productivity/service quality which as a result brings about maximizing efficiency and effectiveness. This eventually brings about the attainment of the bank goals.

Therefore, the organizations standby should work hard to use the information generated through performance appraisal for motivation of employees.

❖ The bank supervisors evaluate their subordinate based on the given performance appraisal standards; this standards lead to ranking and essay method but now a day preferable and productive evolution method is 360- degree appraisal system

❖ The company need to use the performance appraisal to strengthen the relationship between the superior and subordinate by implementing motivational scheme, creating transparency, avoiding bias, and improving employees attitude by giving training.

❖ Debub Global Bank needs to use the performance appraisal to help the employees to improve their job. For such purposes, they should develop policy which enhances the improvement of employees' job.

❖ Hence, Debub Global bank need to do a lot to minimize the risk of the existing situation of weak relationship, between subordinate and supervisors which emanated from the problem of performance appraisal.

❖ Creating transparency within the system of performance appraisal, attaching the performance appraisal with motivations, and providing tanning to both rater and rate can create an attractive mood of working system.

❖ In order to spread and raise the achievement of performance appraisal in a way it strengthens the relationship of both subordinates and supervisors, constant and clear evaluations of levels of employees' performance is an essential measure that needs to be taken.

❖ The standards used for performance appraisal of employees should assess the employees' success and activities and to this result, employees should contribute in preparation of performance appraisal, these can create clearness, reduces standard used not easily managed, promote trusts among the subordinate and supervisor.

❖ To avoid or maximize such rater bias, the raters should the standards in at Bank are standardized and prepared to measure all employees with similar variables, need to be customized in accordance with the employees' jobs, and this also need to be supported by internal policy of the organizations, in order to help human resource management.

❖ Biases of different types, such as personal liking and disliking, avoiding giving performance rating may have negative consequences to employees, and can be managed by developing policy that can guide and organize the reality of such practice in Debub Global Bank.

❖ Feedbacks from performance evaluation need to motivate employees through recognition and support. The bank should be updated performance appraisal standards.

❖ Debub Global Bank management should use performance appraisal for the upgrading of their employees' performance by developing policy that guides and create opportunities, for coaching, training and development programs, which can improve the performance of employees.

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QUESIONENNAIRE

St Mary's University College

School of Graduate Studies

MBA Program

Questionnaire to be filled by Debub Global Bank S.C Employees

Dear Respondents;

The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, **"Assessment of Performance Appraisal Practices and Challenges: The case of Global Bank S.C.** To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would meet the intended purpose. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential.

I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

• You are not required to write your name on the survey questionnaire

• If you have any question, please contact me: Kidist Dibekulu on 0913-96 25 07

Part I: Demographic Profile of the Respondents

Instruction: Please tick (✓) in the appropriate box provide to indicate your answer.

1. What is your gender?   A. Male ☐   B. Female ☐

2. Which age category do you belong?   A. Below 25 ☐   25-35 ☐

C.36-45 ☐   D. 46-55 ☐   E. Above 55 ☐

2. What is your highest educational status?

  A. Certificate ☐   B. College Diploma ☐. BA/BSC Degree ☐

  D. Masters ☐   D. PHD ☐

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

   A. 1-3 years   B. 4-6years   C. above 6 years

5. Name of your department or area in the bank_____

Part II: General Information on Performance Evaluation

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

  A. Every 3 months   B. Every 4 months   C. Every 6 months   D. Once a year

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

A. Every 3 months   B. Every 4 months   C. Every 6 months   D. Once a year

 3. Who should evaluate an employee's performance? You may choose more than one).

     A) Immediate Supervisor   B) Colleagues

     C) His/her Subordinate   D) Him/herself   E) Customers

     F) Others (specify)_____

4. For what purpose(s) is the performance evaluation result used in the bank? (You may tick more than one).

 A) Performance improvement   B) Promotion   C) Training

 E) Termination   F) I don't know   G) Others (specify)_____

5. Which of the following problem(s) apply to the appraisal systems of the bank? (You may tick more if applicable).

A)   Lack of rater ability to evaluate employee performance

B)   No link between some evaluation criteria and employee job

C)   Rater bias in evaluating performance

D)   Absence of employee participation in setting performance evaluation criteria

E)   Lack of communicating performance standards and expectations to the employees

F) Others, (Specify) _____

Part III: Information on Performance Evaluation Practices

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

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

1. **Strategic Objective of the Company**

Number	Statements	5	4	3	2	1
1	I know strategic objective of the bank					
2	My work unit objective is aligned with strategic objective of the bank					
3	I am well clear about my work unit objective					
4	My individual objective is aligned with the objective of my work unit as well as the bank					
5	My work unit objective is realistic and attainable					

2. **Setting Performance Evaluation Standards**

	Statements	5	4	3	2	1
1	The set of performance evaluation standards are realistic and achievable					
2	The performance evaluation standards used to evaluate my performance					
3	The standards are specific and directly related to the job					
4	The performance evaluation standards used to evaluate my performance is customized based on the characteristics of my job					

3.   Communicating Employees with performance standards

	Statements	5	4	3	2	1
1	I have got the opportunity to participate in the design of the performance evaluation standards used to measure my performance.					
2	I am informed and reach on an agreement with my supervisor about the performance standards that will be used to evaluate my work					
3	I am clearly understand about what my job responsibilities and what is expected from me					
4	While setting an objectives my supervisor clearly tell me the expectation he/she has from my performance					
5	I am well informed with performance appraisal standards.					
6	Employees are aware of how performance appraisal processes is to be conducted.					

4.   Measuring Actual Performance

	Statements	5	4	3	2	1
1	My supervisor measured Employees based on the standards of the organization					
2	The performance measuring system in is serving its purpose.					
3	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance					
4	The performance evaluation system is fair and objective.					
5	My rater frequently lets me know how I am doing.					

5. Comparing Actual Employee Performance with Standards

	Statements	5	4	3	2	1
1	Evaluation of my performance is based on my achievement.					
2	Information generated through performance evaluation in is used to diagnosis both Organizational and individual problems based on performance result					
3	I think the performance appraisal process is clear and fair					
4	My supervisor avoids giving performance ratings which may have negative consequences to his/her subordinate					

6. Discusses performance appraisal result with employees

	Statements	5	4	3	2	1
1	All feedback are written in objective terms to employee in a professional and positive manner					
2	Feedback is given to employees about their performance evaluation so that they know where they are.					
3	My supervisor giving chance discuses performance evaluation point during evaluation period					
4	My supervisor generally supports his evaluation with specific incidents of good and poor performances					
5	I have access to see my performance evaluation result.					
6	The standards will be modified according to the relevant feedback from the employees or the evaluators					
7	Employees can appeal to the higher official if they perceive their result is biased and inaccurate					

7.   Taking Corrective Action

	Statements	5	4	3	2	1
1.	The objective of corrective action eliminate and resolve employee performance problems and retain employees productive					
2	Information generated through performance evaluation in is used to motivate employees through recognition and support.					
3	Set clear standards for employees and warns of consequences for noncompliance					
4	Employees will be provided their performance appraisal gap(i.e training, couching, counseling					
5	Revise inadequate organizational structure, system or resource support					

8.   Challenges of performance evaluation process

	Statements	5	4	3	2	1
1	Rater is not a qualified person to evaluate my work					
2	Employees' does not know the measurement tool of the performance appraisal					
3	My supervisor gives equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among us					
4.	Employees do not have the chance to give feedback while conducting the result. There is one way communication only.					
5	The evaluator is influenced by personal liking and disliking when evaluating my performance.					
6	My supervisor inaccurately evaluates my performance to the extent that I will be rewarded for doing what I must or penalized for failing to do so					

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

 _____
_____
_____
_____

ANNEX II

St. Mary's University
MBA Program

Interview Questions for Managers/Raters and Human Resource Department Managers

This interview is designed to collect information about employees' performance appraisal practice and challenges at Debub Global Bank S.C. The information shall be used as a primary data in my research which I am conducting as a partial requirement of my study. Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the project.

List of Interview questions;

1.   How often is the bank conducting performance appraisal in a year?

2.   What are the purposes to conduct performance appraisal at Debub Global Bank S.C.?

3.   How are employees involved in the performance appraisal processes?

4.   How do you communicate the performance appraisal Results of the employees in your organization?

5.   Which performance evaluation methods used in the bank? Why?

6.   What are the major challenges and there consequences that your department is facing with respect to performance appraisal?

7.   Is there anything that you want to comment about the performance appraisal system of Debub Global bank S.C.?

Kidist Dibekulu Alemu