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SCHOOL OF GRADUATE STUDIES

MASTERS IN BUSINESS ADMINISTRATION (MBA)

THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE PERFORMANCE THE CASE OF NIB INTERNATIONAL BANK SHARE COMPANY

BY

FETSUM TEDLA

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION (MBA)

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DECLARATION

I, Fetsum Tedla hereby declare that a thesis work entitled "the effect of performance appraisal on the employee performance with reference to Nib International Bank" submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (Mba) is a record of original work done by me during 2022 academic year under the supervision and guidance of Tewodros M. (PhD) and it has not formed the basis for the award of any Degree/Diploma/Associate ship/Fellowship or other similar title of any candidate of any university.

Fetsum Tedla

_____   _____

Name   **Signature**

St. Mary's University, Addis Ababa March, 2023

ENDORSEMENT

This is to certify that the thesis entitled " the effect of performance appraisal on the employee performance with reference to Nib International Bank" submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (Mba) is a record of original research carried out by Fetsum Tedla, under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

Tewodros M. (PhD)

_____   _____

Advisor   **Signature**

St. Mary's University, Addis Ababa March, 2023

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Acronym/ Abbreviation

ANOVA	Analysis of the Variance
EmP	Employee Performance
FedB	Feedback of Performance Appraisal
Meth	Methods of Performance Appraisal
PPS	Population Proportionate Sampling
Proc	Process of Performance Appraisal
Purp	Purpose of Performance Appraisal
SPSS	Statistical Package for Social Science
VIF	Variance Inflation Factor

ABSTRACT

The general objective of the study was to investigate the effects of performance appraisal on the employee performance with reference to Nib International Bank as study case. The study was considered the purpose, methods, process and feedback of performance appraisal influence the dependent variable employee performance. The close-ended questionnaire was used as the measuring instrument. The representative 365 respondent employees from the selected branches from each district's were selected by using non probability sampling approach specifically convenient sampling technique. Quantitative data gathered via questionnaire was edited, coded and entered into statistical software SPSS and analyzed by both descriptive and inferential statistics. The finding of the study showed that, combination of the purpose, methods, process and feedback of performance appraisal has a significant positive relationship with Employee Performance. According to the magnitude of correlation Purpose of Performance Appraisal is ranked first in its magnitude of correlation. Method of Performance Appraisal is the second highly correlated variable with Employee Performance next to Purpose of Performance Appraisal dimension in this study. Process of Performance Appraisal is the third highly correlated variable with Employee Performance next to Methods of Performance Appraisal dimension in this study and Feedback of Performance Appraisal is the third highly correlated variable with Employee Performance next to Process of Performance Appraisal dimension in this study. The results of the present study also showed that, Purpose of Performance Appraisal is the most important Performance Appraisal dimension that contributed significantly towards maintaining Employee Performance in Nib Bank. Finally, in order for Nib Bank, to be benefited the most out of the Employee Performance forwards the recommendations for the management regarding the purpose, methods, process and feedback of employees' performance appraisal and forward suggestion for other researchers.

Keywords: Performance Appraisal, Employee Performance, Nib Bank

CHAPTER ONE

INTRODUCTION

This chapter was consisted of the background of the study, statement of the problem, research question, and objectives of the study, significance of the study, scope of the study, limitation of the study, definition of terms and organization of the study.

1.1. Background of the Study

Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization. The appraisal is usually prepared by the employee's immediate supervisor (David and Geoffrey, 2009). The procedure typically requires the supervisor to fill out a standardized assessment form that evaluates the individual on several different dimensions and then discusses the results of the evaluation with the employee (Field, 2005). Performance appraisal is a mechanism of assessing employees work performance against prescribed criteria. The out came of the appraisal gives an insight to the management to haw and what extent an employee is performing a given tasks and exhibit behaviors. In this regard scholars has defined performance appraisal from different perspectives. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting (Armstrong, 2009).

On the same note, lack of effective performance appraisal system leads to an increased risk of litigation, there are several other detrimental outcomes of poorly implemented systems, including employee burnout and job dissatisfaction, damaged relationships, and increased turnover (Brown & Benson, 2005). In addition, there is a large opportunity cost because poorly implemented systems waste time and resources, including time and money. To avoid such drawbacks in performance appraisal processes and ensure its effective implementation: guideline system and reference manual pointed out the purpose, methods, process and feedback of performance appraisal factors that the system should positively reinforce (Moulder, 2011).

According to Ivancevich (2004) and, Rao (2000), performance evaluation has many purposes; among them are: Development can determine which employees need more training, and it can help evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and it encourages supervisors to observe subordinates behavior to help employees

motivation can encourage initiative, develop a sense of responsibility, and stimulate efforts to perform better.

Kumar (2005) grouped the objectives of performance appraisal in a number of ways: administrative, informative and motivational. Administrative providing an orderly way of determining promotions, transfers and salary increases. Informative is supplying data to management on the performance of subordinates and to the individual on his or her performance. Motivational is creating a learning experience that motivates staff to develop themselves and improve their performance.

Henri, (2014) categorizes a four- step process of the performance appraisal system. Performance appraisal systems comprises of established performance standards, a method of determining individual performance, comparison against standards and an evaluation of performance based on the comparison. The first step of establishing performance standards outlines the employee's job responsibilities. The job standards are set against the worker performance. The second step involves pegging the worker performance (such as traits approach, behavioral approach, ranking methods, alternation ranking, and results methods, productivity measures, 360 degrees evaluation and Management by Objectives (Evan, 2018).

According to Armstrong (2006) feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action. Effective performance feedback between employees and supervisors is the key to successful organization productivity. Regular feedback helps employees focus their work activities so the employees, the department, and the organization to achieve their goals (Solmon & Podgursky, 2010). It builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation. However, there are some organizations that fail to provide feedback (James & Manuel, 2009). Thus, Elisha (2015) and Kipsegerwo et al. (2016) discussed that providing feedback has positive impact on employee work motivation.

The performance on part of the workforce is the driving force behind the survival of any business firm. Further, they are of the view that well performing employees contribute to the efficiency and success of the organization. So, performance is crucial for the organizations and making strategies to improve performance and measuring it from time to time are a basic step that is to

be taken. Without desired performance results, it is of no use continuing to invest in processes and projects (Hameed & Waheed, 2011).

Noe, (2009) define that employee performance is the set of employee behavior, results, and outcomes that come after completing the job tasks using certain competencies and that are measured through different metrics constitute employee performance. Two types or dimensions of performance are being given by Aguinis (2006): Tasks Dimension of Performance (includes all those work activities that allow the completion of tasks in a job); Contextual Dimension of Performance (includes all those behaviors that make an employee act responsibly toward the organization). Determinants of employee performance are those competencies or factors that are used to measure the effectiveness and level of individual performance. These are the indicators of workforce performance in any organization. The indicators of performance as given by Aguinis (2006) are: procedural knowledge, declarative knowledge, and motivation. These are the constituents of performance and their product is equal to performing well.

Hailesilasie (2009), in his study about determinants of public sector employees' performance, has declared motivation and awareness about job roles as the determinants of employee performance. Moreover, in a lecture, the determinants for employee job performance are mentioned as: readiness of an employee to carryout job tasks (willingness to perform), an employee's individual capability to do the work (capacity to perform), and the encouraging conditions available to do a job (opportunity to perform).

1.2. Statement of the Problem

Kuvaas (2011) established that perceived helpfulness of performance appraisal was directly related to affective commitment and the relations between performance appraisal and work performance was significant only for employees reporting higher levels of perceived regular feedback. At the same time the relationship between performance appraisal reactions and work performance was moderated by regular feedback that's suggest formal performance appraisal cannot compensate for low levels of regular feedback. Robinson and Fink (2009) established that there are a number of flaws in the evaluation process. However, formal performance appraisal programs have often yielded disappointing and unsatisfactory results. According to Robinson and Fink (2009) performance appraisal should be abandoned as the last hope as they outline pitfalls and problems as evidence and at the same time consider the potentials of performance appraisal programs. The issues should not dwell on whether to scrap but rather it should be to

make them better. The irony is that time becomes an enemy when performance appraisal feedback are not dealt with openly. One reason for failure is that firms often select extensively from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective.

Longenecker, Frink and Caldwell (2014) established that organizations employ a wide variety of performance criteria in assessing their employees. The data obtained to form the actual formal performance appraisal process of organizations were rather limited and the researchers provided critical insights into the current practice limiting potential generalize ability. Another study by Zhang, Zheng and Li (2012), found out that there is a relationship between performance appraisal process and organizational citizenship behavior mediated by affective commitment and perceived rating reward linkage strengthened the direct association between organizational citizenship and performance appraisal process where as it weakened the relationship between affective commitment and appraisal process.

The findings Pettijohn and Taylor (2009) shows that if performance appraisal is properly conducted the outcome have positive impacts. Omusebe, Gabriel and Douglas (2013) found out that there was a positive and significant effect between employee efficiency and performance appraisal. Walsh (2008) established that respondents perceived that the performance appraisal tools to be fair as nine out of ten scales used for measuring reaction. Yang (2008) asserts that organization can use rewards based on rewards and direct bonuses on individual performance if employee performance is noticeable. With agreement with Yang (2008) Bishop (2011) carried an investigation of employee performance and he revealed that recognition, acknowledgment and reward of performance of employees direct discrimination between employee productivity.

Evans and Bae (2018) found out that effect of system dynamics and system structures on the outcome of employees and suggested that decreasing the number of a rater's subordinates has a significant effect on the accuracy of the performance appraisal method, however, the study advances a framework in assessing effect of system dynamics and system structures and the extent to which it enhances the accuracy of organization performance appraisal system. Mutunge (2013) established that the performance appraisal system does not seem to involve all the staff during the process of development. It also had a number of loopholes that encourage subjective evaluation of the staff some of the loopholes includes lack of clarity on the parameters used, lack of knowledge of the appraises personal differences between appraise and appraiser among others. Nyaoga (2010) established that performance appraisal tool that performance appraisal is

the only tangible metric way an organization can know the level of staff performance of its diverse employees. According to Nyaoga (2010) the effectiveness of performance appraisal in private universities were only based on training on the staff involved in the rating process and are multi rating system. Awori (2007) established that the corporations use performance appraisal tools and the preferred choice was management by objectives as opposed to the balance scorecard; self-reviews, upward and peer review.

According to the finding of the study by Abeba, (2016) the performance appraisal practices of the Nib International bank are being implemented twice a year. However, the practice is currently outdated and the appraisal results were not helpful for factors like recognition for well done work or motivation, and training. There is also no attitude difference among the different job levels. The performance appraisal process does not involve subordinates in goal setting actions even though the performance appraisal were linked to organizational as well as corporate goals. In due effect, employees faced challenges such as they are unable to identify their strength and weaknesses throughout the development.

Even though several significant studies in Ethiopia by (Almas Sabir, (2017); Eniye, (2007); Aschalew, (2015); Abdurezak and Tigist, (2019); Genet, (2017); Wondwosen, (2016); Solomon, (2016); Abeba, (2016); Muluwork, (2018)) have used the different variables to evaluate employee performance appraisal practice but it affects the result on the limited scope and under the influence of few variables. This study by taking this as a literature gap to assessing the current practices of the performance appraisal system in Nib International Bank by using the conceptual model identified by Dick, (2002) the appraisal process involves four phases namely performance planning, performance execution, performance assessment, and performance review. In this the researcher in assessing the current practices of the performance appraisal system in Nib International Bank each of the phases are used

From the researcher's observation, none of these local studies have used the variables such as purpose, methods, process and feedback of performance appraisal influence employees' performance in the Nib International Bank; it's in this light that current study intends to investigate effects of performance appraisal on employee performance in the Nib International Bank the research will there for be aiming to fill this gap by using the study by Birhanu, (2017) at United bank. In this regard the study investigating how the independent variables such as purpose, methods, process and feedback of performance appraisal influence the dependent variable employee performance.

1.3. Basic Research Questions

To realize the purpose of this study and to give appropriate answer for the issues raised in the statement of the problem section the researcher was tried to answer the following research questions.

1. How does performance appraisal feedback affect employee performance at Nib International Bank?
2. In what ways does performance appraisal process affect employee performance at Nib International Bank?
3. In what ways does a performance appraisal goal affect employee performance at Nib International Bank?
4. How does performance appraisal method affect employee performance at Nib International Bank?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study was to investigate effects of performance appraisal on the employee performance the case of Nib International Bank in Addis Ababa as study case.

1.4.2. Specific Objectives

➢ To determine how performance appraisal feedback affects employee performance at Nib International Bank
➢ To establish how performance appraisal process affects employee performance at Nib International Bank
➢ To determine how performance appraisal goals affects employee performance at Nib International Bank
➢ To find out how performance appraisal methods affects employee performance at Nib International Bank

1.4. Significance of the Study

The study has the following immense importance. First, the study was a step towards the researcher's future educational career. Second, even though there are studies related to the effect performance appraisal on the employee performance there are scant studies conducted in the context of the Nib International Bank of in our country. This study, therefore, attempts to contribute to this scant body of literature by investigating the how the independent variables such

as purpose, methods, process and feedback of performance appraisal influence the dependent variable employee performance. And also this study will be an input to the Nib International Bank management when developing a strategy regarding the implementation of performance appraisal. Last but not least, the study will notably contribute to other studies made in different sectors by showing the generalize-ability of the effect performance appraisal on the employee performance.

1.5. Scope of the Study

Theme wise, the scope of the study was delimited on investigates the effect performance appraisal on the employee performance in the case of Nib International Bank. The study was considered how the independent variables such as purpose, methods, process and feedback of performance appraisal influence the dependent variable employee performance. The study was limited to Nib International Bank and pertinent data that was collected the employees in Addis Ababa.

In methodological terms, the researcher was used both descriptive and inferential statistics for analysis purpose. Inferential statistical tools such as correlation analysis and multiple regressions were used determine the effect performance appraisal on the employee performance. The demographic data of the respondents were analyzed by descriptive statistical tools frequency and percentage. The study used the current data of the year 2022.

1.8. Organization of the Study

The study was divided into five chapters in order to provide clarity and coherence on the discussion of the study. The first part of the study was discussed the background, problem statement, questions and objectives and the significance and limitations. The second chapter was discussed the relevance of the study in the existing literature. The third part of the study was discussed the methods and procedures used in the study. The chapter was comprised the presentation of the utilized techniques for data collection and research methodology. The fourth chapter was discussion of the results of the study. The data was presented statistically treated in order to uncover the relationship of the variable involved in the study. The last chapter was comprised three sections: the summary of the major findings, conclusions of the study, and the recommendations. With the three portions, the chapter was addressed the problem stated in the initial chapters of the study. Reference and annex was provided in the final part of the paper.

CHAPTER TWO

REVIEW OF THE RELATED LITRATURE

2.1. Theoretical Review

2.1.1. Overview of Performance Appraisal

Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization. The appraisal is usually prepared by the employee's immediate supervisor (David and Geoffrey, 2009). The procedure typically requires the supervisor to fill out a standardized assessment form that evaluates the individual on several different dimensions and then discusses the results of the evaluation with the employee (Field, 2005).

Performance appraisal is a mechanism of assessing employees work performance against prescribed criteria. The out came of the appraisal gives an insight to the management to haw and what extent an employee is performing a given tasks and exhibit behaviors. In this regard scholars has defined performance appraisal from different perspectives. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting (Armstrong, 2009).

Performance appraisal is a measure of personality traits that were felt to be important to the job. These included traits such as resourcefulness, enthusiasm, drive, application and other traits such as intelligence. (Torrington, Laura & Taylor 2005)

Performance Appraisal is the process of evaluating how well employees do their jobs compared with the set of standards and communicating that information to employees. (Mathis & Jackson1991) Performance appraisal refers to a formal, structured system for measuring, evaluating and influencing an employee's job-related attributes, behaviors and outcomes. (Susan & Schuler 2000).

Too often, performance appraisal is seen merely as a once-a-year drill mandated by the personnel department. But in organizations that take performance appraisal seriously and use the system well, it is used as an ongoing process and not merely as an annual event. In these companies, performance appraisal follows a four-phase model (Greg and Kenneth, 2009):

Phase 1: Performance Planning. At the beginning of the year, the manager and individual get together for a performance-planning meeting. In this hour-long session they discuss what the

person will achieve over the next twelve months (the key responsibilities of the person's job and the goals and projects the person will work on) and how the person will do the job (the behaviors and competencies the organization expects of its members). They typically also discuss the individual's development plans (Greg and Kenneth, 2009).

Phase 2: Performance Execution. Over the course of the year the employee works to achieve the goals, objectives, and key responsibilities of the job (DeCenzo and Stephen, 2010).

The manager provides coaching and feedback to the individual to increase the probability of success. He creates the conditions that motivate and resolves any performance problems that arise. Midway through the year perhaps even more frequently they meet to review the individual's performance thus far against the plans and goals that they discussed in the performance-planning meeting (Cardy and Leonard, 2011).

Phase 3: Performance Assessment. As the time for the formal performance appraisal nears, the manager reflects on how well the subordinate has performed over the course of the year, assembles the various forms and paperwork that the organization provides to make this assessment, and fills them out. The manager may also recommend a change in the individual's compensation based on the quality of the individual's work. The completed assessment form is usually reviewed and approved by the appraiser's boss. Others perhaps the department head or the compensation manager—may also review and approve the assessment (Yee and Chen, 2010).

Phase 4: Performance Review. The manager and the subordinate meet, usually for about an hour. They review the appraisal form that the manager has written and talk about how well the person performed over the past twelve months. At the end of the review meeting they set a date to meet again to hold a performance-planning discussion for the next twelve months, at which point the performance management process starts anew (Victoria, 2012).

2.1.2. Effective Performance Appraisal System

From reviewing the literature, there appears to be no one single best method of Performance Appraisal, although there are certain common elements throughout all effective methods. „Effective performance appraisals are commonly associated with clear goals that are attached to specific performance criteria and are well-accepted by both appraiser and appraise" (Stredwick, 2005). All effective performance appraisals include elements such as linking appraisal to rewards, the supervisor and employee working together to identify goals, performance goals clearly defined, feedback given to the appraiser on their effectiveness and compliance with legal requirements (Rankin & Kleiner, 2008).

Having both the manager carrying out the appraisal and the employee setting goals mutually is crucial for the effectiveness of the performance appraisal. This can ensure that the employee will work harder to reach these goals as they participated in setting them initially. The degree of involvement of subordinates in the appraisal has been seen to be of benefit to the success of the system. Cawley et al (1998) proved that subordinate participation in the appraisal procedure is related to employee satisfaction and their acceptance of the performance appraisal system. Employee Participation is a key element of intrinsic motivational strategies that facilitate worker growth and development (Roberts and John, 2013). Roberts and John (2013) stated that the participation of employees in the appraisal system gives employees a voice and empowers them to rebut ratings or feedback that they are unhappy with.

Moulder (2011) identify participation and perceptions of fairness as integral to employees' perceptions of job satisfaction and organizational commitment. They conclude that Performance Appraisal Systems can be used to actually improve employees' levels of job satisfaction, organizational commitment, and work motivation.

On the same note, lack of effective performance appraisal system leads to an increased risk of litigation, there are several other detrimental outcomes of poorly implemented systems, including employee burnout and job dissatisfaction, damaged relationships, and increased turnover (Brown & Benson, 2005). In addition, there is a large opportunity cost because poorly implemented systems waste time and resources, including time and money. To avoid such drawbacks in performance appraisal processes and ensure its effective implementation: guideline System and reference manual pointed out the following factors that the system should positively reinforce (Moulder, 2011).

➢ **Effective Communication:** Employees at all levels should have a clear understanding of their roles, responsibilities and what is expected of them. Feedback on performance must be given on a continuous basis.
➢ **Objectivity**: Assessments should be made against agreed, clearly stated targets.
➢ **Transparency:** There should be no "surprises". Evaluations and decisions should be based on evidence drawn from well documented processes that can stand scrutiny.
➢ **Fairness:** Decisions and actions should be made and taken with due regard to changing circumstances and environment as they relate to the achievement of objectives.

- ➢ **Equitable Treatment:** All employees should be treated equally and must have equal and appropriate access to benefits, training and resources to achieve targets.
- ➢ **Mutual Respect and Trust:** Discussions about performance should be conducted with due regard to accepted principles of courtesy, respect and an understanding of each other's roles and responsibilities.

2.1.3. Purpose of Performance Appraisal

According to Ivancevich (2004) and, Rao (2000), performance evaluation has many purposes; among them are: Development. It can determine which employees need more training, and it can help evaluate the results of training programs. It helps the subordinate-supervisor counseling relationship, and it encourages supervisors to observe subordinates behavior to help employees. motivation can encourage initiative, develop a sense of responsibility, and stimulate efforts to perform better. Robbins (2003) defined motivation as the process that account for an individual's intensity, direction, and persistence of effort toward attaining a goal. Human resources and employment planning can serve as a valuable input to skills inventories and human resource planning. Communications can serve as a basis for an ongoing discussion between superior and subordinate about a job-related matter. Through interaction and an efficient feedback process, the parties get to know each other better. Legal compliance can serve as a legally defensible reason for promotions, transfers, rewards, and discharges. HRM research can be used to validate selection tools such as a testing program.

Kumar, (2005) grouped the objectives of performance appraisal in a number of ways: administrative, informative and motivational. Administrative providing an orderly way of determining promotions, transfers and salary increases. Informative is supplying data to management on the performance of subordinates and to the individual on his or her performance. Motivational is creating a learning experience that motivates staff to develop themselves and improve their performance.

According to Stredwick (2005) there are two main purposes driving towards performance management. Firstly, the operational reasons (control, communication and effectiveness), which serve to lead and control. As organizations exist in an increasingly competitive environment, it becomes more and more important for employees to have clear guidance and direction towards the organization's aims and objectives.

As per Gilley, Gilley, Quatro, & Dixon (2009) Performance Appraisal is defined as the evaluation of an individual's work performance in order to arrive at objective personnel decisions where employees and their supervisors interact to examine the performance of the former by the latter to identify strengths and weaknesses with the view to improving future performance.

According to Gilley, Gilley, Quatro, & Dixon (2009), the purpose of Performance Appraisal is to maximize employee performance. By assessing the strengths and weaknesses of its employees, an organization can create goals to develop the most effective, highly skilled, productive, and satisfied workforce. In same token Mathis and Jackson (1991) described the aims of Performance appraisal as clarifying the employees work expectation, improving employee development, linking pay with performance and assessing workforce development.

In the other way Robbins & Timothy (2013) has mentioned a number of purposes of performance evaluation. One is to help management make general human resource decisions about promotions, transfers, and terminations. Evaluations also identify training and development needs. They pinpoint employee skills and competencies for which remedial programs can be developed. Finally, they provide feedback to employees on how the organization views their performance and are often the basis for reward allocations, including merit pay increases. And hence Armstrong (2009) stated that it is the basis for providing and generating feedback, it identifies where things are going well to provide the foundations for building further success, and it indicates where things are not going so well, so that corrective action can be taken.

2.1.4. Performance Appraisal Process

Peter (1994) categorizes a four- step process of the performance appraisal system. Performance appraisal systems comprises of established performance standards, a method of determining individual performance, comparison against standards and an evaluation of performance based on the comparison. The first step of establishing performance standards outlines the employee's job responsibilities. The job standards are set against the worker performance. The second step involves pegging the worker performance (such as traits approach, behavioral approach, ranking methods, alternation ranking, and results methods, productivity measures, 360 degrees evaluation and Management by Objectives (MBO).

Performance appraisal as it is one of HRM practices it has its own process which provides the primary basis for any appraisal program. According to De Cenzo & Robbins (1994) performance appraisal has six basic processes of performance appraisal.

Established performance standards with employees- it is the establishment of performance standard in accordance with the organization's strategic goals. These should have evolved out of the company's strategic direction, the job analysis and the job description.

Method of determining individual performance- an employee does a good job or he/she is an asset to the department is not sufficient measure of individuals result. The organization needs appraisal instruments that measure desired performance.

Measure actual performance-to determine what actual performance is, it is necessary to acquire information about how and what we measure. For common source information are frequently used by managers regarding how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of the increases both the number of input sources and the probability of receiving reliable information. In the other way, what we measure is probably more critical to the evaluation process. The selection of wrong criteria can result in serious dysfunctional consequences. And it determines, to a great extent, what people in the organization will attempt to excel at.

Comparison of performance with standards- at some point, usually once annually, the individual's work record should be compared with the standards set for the job.

Discussion of the appraisal with the employee-it is one of the most challenging tasks facing managers is to present an accurate appraisal to the employee. The impression that employees receive about their assessment has a strong impact on their self-esteem and very importantly, on their subsequent performance. The discussion of performance appraisal can have negative as well as positive motivational consequences.

Initiate corrective action- it can be of two types: one is immediate and deals predominantly with symptoms, and the other is basic and delves in to causes. Immediate corrective action is often described as —putting out fires, whereas basic corrective action gets to the source of deviation and seeks to adjust the difference permanently.

2.1.5 Performance Appraisal Methods

Performance can be appraised by a number of methods. The various methods are categorized into four major groups: category rating, comparative, narrative and special methods (Mathis and Jackson, 1997).

2.1.5.1. Category Rating Methods

The simplest methods for appraising performance are category rating methods, which require a manager to mark an employee's level of performance on a specific form. The graphic rating scale and checklist are common category rating methods while the other is forced choice method (Mathis and Jackson, 1997). Graphic Rating Scale allows the rater to mark an employee's performance on a continuum. Because of its simplicity, this method is the one most frequently used. It is also the oldest method in which the rater checks the appropriate place on the scale for each duty listed. More detail can be added in the space for comments following each factor rated (Singh et al, 2002). Checklist is composed of a list of statements or words. Raters check statements most representative of the characteristics and performance of employees. The following are typical check list statements presented by (Mathis and Jackson 1997). The checklist can be modified so that varying weights are assigned to the statements or words. The results can then be quantified. Usually, the weights are not known by the rating supervisor and are tabulated by someone else, such as a member of HR unit. There are different difficulties with the checklist as with the graphic rating scale. The words or statements may have different meanings to different raters; raters cannot readily discern the rating results if a weighted checklist is used and raters' don't assign the weights to the factors. These difficulties limit the use of the information when a rater discusses the checklist with the employee, creating a barrier to effective developmental counseling. According to Ivancevich (2004), the checklist is a set of objectives or descriptive statements .If the rater believes that the employee possesses a trait listed, the rater checks the item; if not, the rater leaves it blank. A rating score from the checklist equals the number of checks.

This method was developed at the close of World War II. Under this method, a large number of statements in groups are prepared. Each group consists of four descriptive statements (treated) concerning employee behavior. Two statements are most descriptive (favorable) and two are least descriptive (unfavorable). Sometimes there may be five statements in each group out of which one would be neutral. The items are designed to discriminate effective from ineffective

workers as well as reflect valuable personal qualities described by Mathis and Jackson (1997). Ivancevich (2004) has argued that the forced choice method was developed to avoid the problems faced in graphic rating scale which allowed supervisors to rate high. This creates difficulty in distinguishing poor and good performance, as sensitivity is one necessary characteristics of a good criterion.

2.1.5.2. Comparative Methods

These methods, unlike the other methods, require managers or supervisors to compare performance appraisals of employees having same job description (Mathis and Jackson, 1997). For example, an accountant's performance can be compared with that of other accountants. Comparative techniques of evaluation methods include ranking, paired comparison and forced distribution. Ranking is listing of all employees from highest to lowest or ranked from best to worst in performance. Rankings require a supervisor to generate a list of subordinates in order of some overall criterion. This is very difficult to do if the supervisor is asked to rank the best and worst employees in a reliable way than it is to rank the average ones. In this approach, the evaluators pick the top employee first, and then the bottom employees next until all employees are ranked (Ivancevich, 2004).

Paired Comparison method was designed to make the ranking process easier for the supervisor and perhaps more reliable, especially when there are many people to rank. The supervisor uses a series of cards which show the strength and weakness of each pair of employees simultaneously, selects one of the two, continues until all employees are paired and compared, and the final ranking is determined by counting how many times a given employee is chosen as the better performance of all of the comparisons made (Ivancevich, 2004).

2.1.5.3. Narrative Methods

Some managers and HR specialists are required to provide written appraisal information. Mathis and Jackson (1997) divided these methods into: critical incident, essay and field review methods. Documentation and description are the essences of these methods. These records describe an employee's actions rather than indicating an actual rating. This method requires listing down good and bad performance actions of the employees. When a critical incident involving an employee occurs, the manager writes down. A listing of critical incidents is kept during the entire rating period for each employee. The critical incident method can be used with other methods to document the reasons why an employee was rated in a certain way. The critical incident method also has its

unfavorable aspects. First, what constitutes a critical incident is not defined in the same way by all supervisors. Next, producing daily or weekly written remarks about each employee's performance can take considerable time. Further, employees may become overly concerned about what the supervisor writes and begin to fear the manager's black book (Mathis and Jackson, 1997).

The essay or free-form appraisal method requires the manager to write a short essay describing each employee's performance during the rating period. The rater is usually given a few general headings under which to categorize comments. The intent is to follow the raters more flexibility than other methods do. As a result, the essay method is often combined with other methods (Stredwick, 2005).

In the field review, the HR unit becomes an active partner in the rating process .A member of the unit interviews the manager about each employee's performance. The HR representative then compiles the notes from each interview into a rating for each employee. Then the rating is reviewed by the supervisor for needed changes. This method assumes that the representative of the HR unit knows enough about the job setting to help supervisors give more accurate and thorough appraisals. The major limitation of the field review is that the HR representative has a great deal of control over rating. Although this control may be desirable from one view point, the supervisors may see it as a challenge to their managerial authority. In addition, the field review can be time consuming, particularly if a supervisor has to rate a large number of employees (Mathis and Jackson, 1997).

2.1.6. Feedback

Feedback is the sharing of observations about job performance or work-related behaviors. The goal is to achieve work objectives by reinforcing or changing behavior (Gilley, Gilley, Quatro, & Dixon, 2009). Feedback can be given upward, downward, and laterally, by an employee to his/her manager, direct reports, or peers. One of a manager's most important responsibilities is to provide actionable feedback to his/her direct reports to enable them to build on their strengths address areas in need of development, and achieves their performance goals (Gilley, Gilley, Quatro, & Dixon, 2009).

According to Armstrong (2006) feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action. In the other way, Torrington, Laura & Taylor (2005) stated that feedback is collected from every angle on the way that the individual carries out their job: from immediate line manager; peers; subordinates; more senior managers; internal customers; external customers; and

from individuals themselves refers to the use of the whole range of sources from which feedback can be collected about any individual.

Effective performance feedback between employees and supervisors is the key to successful organization productivity. Regular feedback helps employees focus their work activities so the employees, the department, and the organization to achieve their goals (Solmon & Podgursky, 2010). It builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation. However, there are some organizations that fail to provide feedback (James & Manuel, 2009). Thus, Elisha (2015) and Kipsegerwo et al. (2016) discussed that providing feedback has positive impact on employee work motivation.

According to Armstrong (2006) feedback provides information to people on their performance, which helps them to understand how well they have been doing and how effective their behavior has been. The aim is to promote this understanding so that appropriate action can be taken. In same token Mathis & Jackson (1991) explained that when supervisors identify the weakness, potentials, and training needs and tell them what skills they need to develop to become eligible for promotions transfer and other HR actions. According to Martin (2010), in order for feedback to have a meaningful and positive impact on the recipient, it is important that the giver of the feedback follow some general guidelines.

➢ Provide feedback as close to the performance event as possible.
➢ Feedback focused on behaviors and actions, not personality and where good is balanced with bad.
➢ Ensuring the intent of feedback is towards improvement and not of punitive nature.
➢ Specific, concrete and actionable feedback.
➢ Provide feedback with appropriate performance examples and avoid making sweeping generalizations.
➢ Review the downside of continuous poor performance.
➢ Check for agreement/understanding and establish a commitment for next steps.
➢ Express confidence in the employee's ability to improve.

2.1.7. Employee Performance

There is no doubt in it that employees are the building blocks of an organization. As put forward by Hameed & Waheed (2011), the most value adding possessions (assets) available to any firm, business, or organization are its workforce. The performance on part of the workforce is the

driving force behind the survival of any business firm. Further, they are of the view that well performing employees contribute to the efficiency and success of the organization. So, performance is crucial for the organizations and making strategies to improve performance and measuring it from time to time are a basic step that is to be taken. Without desired performance results, it is of no use continuing to invest in processes and projects. If we define employee performance then we may say that "the set of employee behavior, results, and outcomes that come after completing the job tasks using certain competencies and that are measured through different metrics constitute employee performance."

Two types or dimensions of performance are being given by Aguinis (2006): Tasks Dimension of Performance (includes all those work activities that allow the completion of tasks in a job); Contextual Dimension of Performance (includes all those behaviors that make an employee act responsibly toward the organization).

2.1.7.1. Indicators/Determinants of Employee Performance

Determinants of employee performance are those competencies or factors that are used to measure the effectiveness and level of individual performance. These are the indicators of workforce performance in any organization. The indicators of performance as given by Aguinis (2006) are: procedural knowledge, declarative knowledge, and motivation. These are the constituents of performance and their product is equal to performing well i.e.

$$\text{Motivation} \times \text{Declarative knowledge} \times \text{Procedural knowledge} = \text{Performance}$$

It is important to know that motivation refers to the degree of hard work inserted into the job and the level of contribution toward achieving the goals; declarative knowledge is inclusive of the knowledge about different guiding principles, procedures, particulars and the job responsibilities; procedural knowledge is to know the way of doing the job properly and the skills required to perform the job e.g. technical, functional, and cognitive skills. Any one of these determinants equal to zero results in zero performance. It is not like that no performance exists in such a case, but actually the contribution of performance in producing results becomes zero. On the other hand, Hailesilasie (2009), in his study about determinants of public sector employees' performance, has declared motivation and awareness about job roles as the determinants of employee performance. Moreover, in a lecture, the determinants for employee job performance are mentioned as: readiness of an employee to carryout job tasks (willingness to perform), an employee's individual capability to do the work (capacity to perform), and the encouraging

conditions available to do a job (opportunity to perform). According to the view of Glaveli & Karassavidou(2011), providing training and learning opportunities, innovation, and cost reductions stimulate performance. together with these the competencies gained during training and development have a dramatic impact on job performance if transferred properly. Khan et al., (2011) also declared training to be greatly impacting employee performance. The biggest issue that has been observed in failure of training programs in organizatons and particularly in banks is the inability of the employees to not to apply at the workplace what they learned during training sessions. Talking of the banks particularly,Glaveli & Karassavidou, (2011) also pointed out layalty of the employees with their branch of the bank they are working and the quality of services provided to the branch customers as the indicators of performance. Noe (2008) has given the factors that hinder the transfer of training on individual's part. These include the unavailability of appreciation and positive feedback from co-workers, managers, and the organization itself in terms of not providing the required resources and working conditions.

2.1.7.2. Measuring Employee Performance

Employee performance is measured using several methods based on the organizational preferences and the performance management system in practice over there. The performance management system defines the performance measures for employees i.e. the criteria to quantify and calculate the level of performance. Kaplan & Norton (1992, as cited in Glaveli & Karassavidou, 2011) tell that the BSC transforms the mission and startegic vision of the firms into such metrics that can aid in measuring and quantifying performance of both the organizations and their workforce. Dessler(2005); Aguinis(2006); and Dessler & Varkkey(2010) have discussed the various methods for measuring the performance of employees: *Alternate ranking* (ranks employees from best to the worst performer), *Graphic rating* (rank employees based on the score won in the list of traits included on the rating graph), *Paired comparisons* (making pairs of employees by decidind on certain traits then measuring the individuals' standing on each trait and declaring who is better), *Forced distribution* (employees are to be ranked on predecided criteria), *Critical incidents* (manager notes down the incidents of critical importance both good & bad and then evaluate the employee), and *Behaviorally anchored rating scale* (it uses a cobination of rating methods and critical incidents). These methods are selected by supervisors based on the evaluation policies of the organization. also the selection of measure method could be based aon the approach being prefered by the performance mangement system in practice in any organization. Aguinis (2006) identified three basic approaches to performance

measurement: ***Approach of traits*** is during the year approach and deals with measuring the individual characteristics indicating the performance; ***Approach of behavior*** deals with evaluating the ways employee uses to carry out his/her job; ***Approach of results*** that is an end of the year evaluation approach and deals with evaluating the employees based on achievement of targets.

2.1.8. The Effect of Performance Appraisal on Employee Performance

2.1.8.1. Performance Appraisal Feedback and Employee Performance

Kuvaas (2011) carried a research on the interactive role of performance appraisal reactions and regular feedback and his intentions were to test the relationship between performance appraisal reactions and staff outcomes in terms of affective organizational commitment and workplace performance. The study adopted a cross sectional survey of 803 from three organizations located in Norway. His study established that perceived helpfulness of performance appraisal was directly related to affective commitment and the relations between performance appraisal and work performance was significant only for employees reporting higher levels of perceived regular feedback. At the same time the relationship between performance appraisal reactions and work performance was moderated by regular feedback that's suggest formal performance appraisal cannot compensate for low levels of regular feedback (Kuvaas, 2011).

Robinson and Fink (2009) established that there are a number of flaws in the evaluation process. However, formal performance appraisal programs have often yielded disappointing and unsatisfactory results. According to Robinson and Fink (2009) performance appraisal should be abandoned as the last hope as they outline pitfalls and problems as evidence and at the same time consider the potentials of performance appraisal programs. The issues should not dwell on whether to scrap but rather it should be to make them better. The irony is that time becomes an enemy when performance appraisal feedback are not dealt with openly. In order to prevent the larger problem continuous feedback and documentation are very important. One reason for failure is that firms often select extensively from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective.

2.1.8.2. Performance Appraisal Process and Employee Performance

Longenecker, Frink and Caldwell (2014) conducted a study on current US trends in formal performance appraisal process in a cross section of manufacturing firms and service firms in

their study the authors identified the current trends that have emerged from improved opportunities that exists for companies that are currently engage in the practice of formally apprising their employees. Their study targeted 183 firms in the US that were reviewed by a panel of three people and their contents were analyzed to indentify the formal performance appraisal process, rating and procedure to opportunity for improvement. That data that was collected was analyzed using qualitative analysis that revealed the average rating procedure that had been in place for more than five years, the purpose of the performance appraisal process and identification trainings and development. The study also established that organizations employ a wide variety of performance criteria in assessing their employees. The data obtained to form the actual formal performance appraisal process of organizations were rather limited and the researchers provided critical insights into the current practice limiting potential generalize ability. The social implication of the study suggest that companies can do a much better job of equipping their staff to more effectively reap the organizational benefits of this key practice (Longenecker, Frink, & Caldwell, 2014).

Zhang, Zheng and Li (2012), conducted a study on performance appraisal process and organizational citizenship behavior. The objective of their study was examine how performance appraisal process is associated with organizational citizenship behavior, the study was anchored on two theories namely impression management theory and social exchange theory, the study used commitment as mediator and rating reward as moderator. The researchers used a multi source sample of 777 and examined the mediating role of affective commitment with structural equation modeling and Sobel tests and the moderating role of rating – reward linkage with ordinary least squares regression model. The study found out that there is a relationship between performance appraisal process and organizational citizenship behavior mediated by affective commitment and perceived rating reward linkage strengthened the direct association between organizational citizenship and performance appraisal process where as it weakened the relationship between affective commitment and appraisal process (Zhang, Zheng, & Li, 2012).

2.1.8.3. Performance Appraisal Methods and Employee Performance

A study conducted by Evans and Bae (2018) on Simulation based analysis of forced distribution performance appraisal system in identification of best performing employees within their organization, the objective of the study was to quantify the limitations of a performance appraisal system in the identification of the best qualified individuals to future requirements of the

organization. The methodology adopted by their study was an exploratory study using discrete event simulation based on the assignment, promotion and evaluation of 2,500 officers in the US army. The data that was obtained provided a basis for estimating simulation with the inputs that included system structures, policy constrains, human behaviour and system dynamics. They found out that effect of system dynamics and system structures on the outcome of employees and suggested that decreasing the number of a rater's subordinates has a significant effect on the accuracy of the performance appraisal method, however the researchers allowed organization leadership to evaluate the possible consequences associated with evaluation policy prior to policy implementation. This study advances a framework in assessing effect of system dynamics and system structures and the extent to which it enhances the accuracy of organization performance appraisal system (Evans & Bae, 2018).

Mutunge (2013) conducted a study to investigate staff perception on the effectiveness of performance appraisal system at Teachers service commission in Nairobi Kenya, the study adopted a descriptive research survey method, the research used stratified random sampling technique was used to arrive at 49 staff out of the possible 3000. That the researcher collected data from, the study established that the performance appraisal system used at teachers service commission is simple and has been consistence of time and all staff members are subjected to the same standards as far as the performance appraisal system is concerned. However, the study also established that the performance appraisal system does not seem to involve all thestaff during the process of development. It also had a number of loopholes that encourage subjective evaluation of the staff some of the loopholes includes lack of clarity on the parameters used, lack of knowledge of the appraise, personal differences between appraise and appraiser among others. She recommends that the performance appraisal system at teachers service commission needs a total overhaul since it has quite a number of loop holes that should be addressed and also needs to be reviewed in order to ensure that it's based on ideals that are more realistic (Mutunge, 2013).

According to Nyaoga (2010) the effectiveness of performance appraisal in private universities were only based on training on the staff involved in the rating process and are multi rating system. He concluded by saying that because the performance appraisal system in this universities were not effective and they exist just as a matter of formalities, the organizations could not measure employees performance hence making it difficult to achieve the organization objective. Awori (2007) conducted a research on performance appraisal in state corporations in

Kenya, his findings indicated that the corporations use performance appraisal tools and the preferred choice was management by objectives as opposed to the balance scorecard; self-reviews, upward and peer review.

Mackenzie (2008) also investigated the performance appraisal system for organization success. The objective of his study was to examine the issues associated with performance appraisal and to identify proven and suitable methodologies that will result to a process that is suitable, equitable, and credible and the one that reinforces the desired organization directions. This was attained by evaluating the need for performance appraisal, problems associated with various methodologies and examining the qualities that need to be measured in both terms of organization and individual and finally identifies the means of improving organization performance. The study established that current process within the study organization focused on dealing with diminished performance issues and subsequently the efforts of the individual are not necessarily aligned with the desired organizational direction and little incentive exists amongst managers to challenge the current process and encourage risk taking to improve service delivery.

2.1.8.4. Performance Appraisal Purpose and Employee Performance

Empirical studies show that effective performance appraisal lead to important outcomes such as job satisfaction, employee productivity, quality work and employee trust and commitment. A study conducted by Pettijohn and Taylor (2009)examined the relationship between performance appraisal and sales performance and they established that if performance appraisal are properly conducted the outcome have positive impacts a similar study was conducted by Daley (2003) conducted an investigation on general performance appraisal practices focusing on the use of explicit performance standards and the study established that there is a strong relationship between performance appraisal system that have been adopted as means of implementing pay for performance schemes and the productivity incentives that these system provided. In another study by Omusebe, Gabriel and Douglas (2013) found out that there was a positive and significant effect between employee efficiency and performance appraisal in Mumias sugar company. Walsh (2003) conducted a study on perceived satisfaction and fairness of performance appraisal in the United States. The study was investigating the employee's reaction to satisfaction and fairness with the existing performance appraisal tools. The data obtained from four hundred and forty respondents from two organizations and the findings of the study

established that respondents perceived that the performance appraisal tools to be fair as nine out of ten scales used for measuring reaction.

Yang (2008) conducted a study on individual performance and his findings were that individuals performance are had to verify, he asserts that organization can use rewards based on rewards and direct bonuses on individual performance if employee performance is noticeable. With agreement with Yang (2008) Bishop (2011) carried an investigation of employee performance and he revealed that recognition, acknowledgment and reward of performance of employees direct discrimination between employee productivity. Asim (2013) also carried a study on effects of employee motivation on employee performance, and the findings and conclusion were if staff are more motivated their performance will definitely increase.

In developed nations studies have shown that there is a shift from a micro analytical approach to a macro strategic approach perspective that is organizational performance. This is explained by a study by Delaney and Huselid (2006) in their studies of profit and non profit firms in the United States the study established that there is a positive associations between human resources management practices such as staff training, staff selections and job performance to perceptual organization performance measure. Conversely micro analytical research to determine the relationship of employee attitudes and behavior with performance has also created interest in the field of performance management particularly in developed world. Studies have shown that there is a strong relationship between performance and personal factors such as motivations, commitments, competency and job satisfaction as well as the introduction of performance related pay (Elorza, Aritzeta, & Ayestaran, 2011).

2.2. Empirical Review

The paper by Almas Sabir, (2017) main focus is to highlight certain aspects of performance appraisal in the organization as performance appraisal is an essential part of the human resources to an organization. This paper was also focused on critical needs of evaluating employees in organization. Practical flaws have also been discussed to understand fair and consistent reward Program.

The study by Eniye, (2007) examines methods, process and the responsibilities of PA and explores the relationship between PA and its purpose in the organization. The study used questionnaire and interview to collect the necessary data. The data gathered has been analyzed using the various statistical methods like tables, graphs, percentages. Employees are evaluated by

themselves, their immediate supervisor, next in-line supervisor, review committee and finally it is approved by senior managers. The company's major problems identified from the data collected are on frequency and timing of evaluation, lack of knowledge about the purpose and objective of evaluation and absence of training and discussion about the evaluation method are the major problems identified. Based on the problems recommendations are suggested.

The study by Aschalew, (2015) assessing the employee performance appraisal practice of Dashen bank S.C. Recent research has moved away from studies of rater accuracy and rating instruments to themes of employee reactions towards performance appraisal as indicators of system satisfaction and efficiency. The findings of the study indicated that respondents perceived the performance appraisal system. Majority of employee (63.33%) agreed that they do not known the purpose of performance appraisal system, 6.66% of employee said that the purpose of performance appraisal system is for bonus & promotion, 20% of employees agreed that for salary increments and 3.33% of employee said that for training & development. The objective of appraisal should be made clear to all employees before appraisal take place and employees should accept it In general the overall view of management should advocate the accuracy of measurement and take corrective action in case of unfair ratings. With this context the management effort to the betterment of the appraisal system will result in reliable performance measurement.

The research conducted Abdurezak and Tigist, (2019) to assess the practices and challenges of employee performance management system (EPMS) at Commercial bank of Ethiopia (CBE), a leading commercial bank in the country by collecting evidences from Bishoftu district area. The study focused on how PMS process was practiced, identify the purpose and challenges faced while implementing performance management in the case organization. The research has confirmed that CBE has good qualities in practicing clearly by defining the mission, vision and values and developing strategy map. However, the study identified that the EPMS of the CBE has limited awareness and trainings concerning the purpose, requirements and implications of PM (performance management) among employees; lack of trust and continuity of the system; lack of regular feedback and coaching to improve performance, subjective supervisor assessment. The study was limited to empirical data collected from one district of the case bank, however as the HRM policy of the bank is same throughout the bank system the data is expected to be valid.

The study Genet, (2017) was investigated the effect of performance appraisal on employees' job-satisfaction in the case of CBE. Currently in CBE most of employees not satisfied by the performance appraisal practice. They informally complains bias of the raters, lack of continuous communication, lack of trust in the supervisor, lack of clear performance expectations. The study used a descriptive research design. A stratified random sampling was used to sample 181 respondents from Commercial Bank of Ethiopia (CBE). The study used questionnaires as its data collection instrument qualitatively and quantitatively. Regression Analysis and Correlations were used to analyze the data collected using SPSS version 20. The study revealed that performance appraisal is positively related to job satisfaction and performance appraisal is has positive effect on job satisfaction.

The study conducted by Wondwosen, (2016) was to assess the practice of employee performance management system at Self Help Africa Ethiopia Office. The study tries to address basic questions which include, determining the processes involved in the existing employees' performance management system; investigate the practice of the current employees' performance management system; and identify areas for improvement on Self Help Africa's employee's performance management system. The findings of the study include lack of peer groups' feedback in assessing employees' performances and narrow range of rating scales of showing the degree of performances between staff. Employees also stated that they are well aware of the organization's strategic objective and assume they contribute for the achievement of those objectives. However, significant numbers of respondents have expressed their disagreements on the fairness of the performance management system in determining pay raises and development plans.

This study by Solomon, (2016) tried to assess the practice of employees' performance appraisal in Abay Bank S.C. The researcher has used descriptive research method. The data collection tools were interview and questionnaire. The study found out that Abay Bank uses PA to measure employees' job performance on January and July. The bank does not follow formal appraisal process and the performance standards of the bank addresses issues such as quantity, quality, timelines, cost effectiveness and strategic relevance but it fails to address stability or consistency or the extent to which individuals tend to maintain certain level of performance over time. Abay Bank also faces huge problems on its performance appraisal practice, most of them are rater's error like recency, halo/horns, situational influence etc and the remaining is the problem of the system. The HR department of the bank takes the ultimate responsibility for appraisal and

supervisors take the lion share by filling appraisal forms for most of the employees. The appraisal result in Abay Bank used only for making promotion, bonus payment and annual increment decisions. Performance review discussion does not take place in the case company unless an employee comes up with grievances. Generally the outcome of the research confirmed that the performance appraisal practice of Abay Bank S.C. has problems and weaknesses that need to be improved.

According to the finding of the study by Abeba, (2016) the performance appraisal practices of the Nib International bank are being implemented twice a year. However, the practice is currently outdated and the appraisal results were not helpful for factors like recognition for well done work or motivation, and training. There is also no attitude difference among the different job levels. The performance appraisal process does not involve subordinates in goal setting actions even though the performance appraisal were linked to organizational as well as corporate goals. In due effect, employees faced challenges such as they are unable to identify their strength and weaknesses throughout the development. A major reason for this, according to Divya and Jaya, (2015) is that very little is still concerned with acquisition of knowledge about the processes that underlie the act of judging the performance of others. They argue that improvements in performances appraisal rest on a better understanding of such processes. In the present research efforts will be made to find the factors involved for discontent among the on roll employees of the Bank about the process of the performance appraisal system that is followed and to find the gaps in the same.

This study by Muluwork, (2018) has tried to address each of the above and other related issues by taking Dashen Bank S.C. as a case study organization. Accordingly, samples from the Bank's staff members (both managers and non-managers) were selected and administered. The results are presented in this paper. While the practice by Dashen Bank S.C. has been that immediate supervisors are the people in charge of appraising employees, response from the sample respondents has indicated that others such as peers, subordinates, customers, or any combination of these should be allowed to participate if the process is expected to be more effective. It is identified that the appraisal format addresses different aspects of employee performance with traits being the dominant ones. It is also found out that the Bank adopts the rating scales method of appraisal. Although the existing practice of appraising employees twice a year has got the highest support among the sample respondents, some have suggested a more frequent time period for increased effectiveness. Employee participation in the appraisal process is set at a low

level. Most of the non-supervisory respondents perceived performance appraisal as a punishment tool contributing little to motivation whiles their supervisory counterparts perceived it as an administrative and developmental tool. Owing to subjectivity (non-job relatedness) of most of the performance criteria in use, problems related to measurement, rater bias, and lack of appropriate rater training are seen to characterize the Bank's appraisal system. Problems are always prevalent and what one should be concerned about is on how to overcome them. Irrespective of how they are handled, the appraisal system of the Bank is found to encourage giving performance feedback and handling post assessment interviews with employees.

Asamu (2013) explored that the relationship of performance appraisal and worker's performance. In his research finding he showed that there is a significant relationship between performance appraisal and worker's performance. Similarly Onyije (2015) confirms that performance appraisal has a great impact on employee productivity. Based on the analysis that he made, performance appraisal and employee productivity has a direct relationship. This is due to Performance Evaluation results are normally used to identify the strength and weaknesses of employees. This implies that one of the major factors that affect the worker's performance in an organization is the performance appraisal conducted over time.

Asuma (2013) aimed to examine whether there is a relationship between performance appraisal and promotion and salary increments. The results showed that performance appraisal is related to the promotion exercise carried out in the organization as well as it is a means for salary increment or distribution of rewards. This particular finding highlights the importance of performance appraisal for the determination of reward and employee's advancement. From this one can conclude that Performance appraisal is a yardstick for employment decisions which helps organizations in determining promotions, terminations and transfer of employees, determining wages and salary administration.

Onyije (2015) from the analysis made on Impact of Performance Criteria in Relation to Performance Evaluation and Employee Productivity, the obtained result indicates that there is a significant relationship between performance appraisal criteria and employee productivity. This outcome is supported by Lawrence (2014) cited by Onyije (2015) which reveals that severity error occurs when individuals are given ratings that are lower than actual performance warrants. Severe ratings may be assigned out of a dislike for an individual, perhaps due to personal bias. A performance appraisal criterion which is seen as an evaluative statement indicates what is to be

assessed and the required level of performance. It is very important that when assessing an employee, ensure the evidence provided by the employee is sufficient enough to show competence in all of the performance criteria has to be backed by the provision of periodic and formal feedback to individual staff members.

2.3. Conceptual Frame Work

The study will investigate the relationship between performance appraisal and employee performance. In this regard how the independent variables such as purpose, methods, process and feedback of performance appraisal influence the dependent variable employees performance in Nib International Bank.
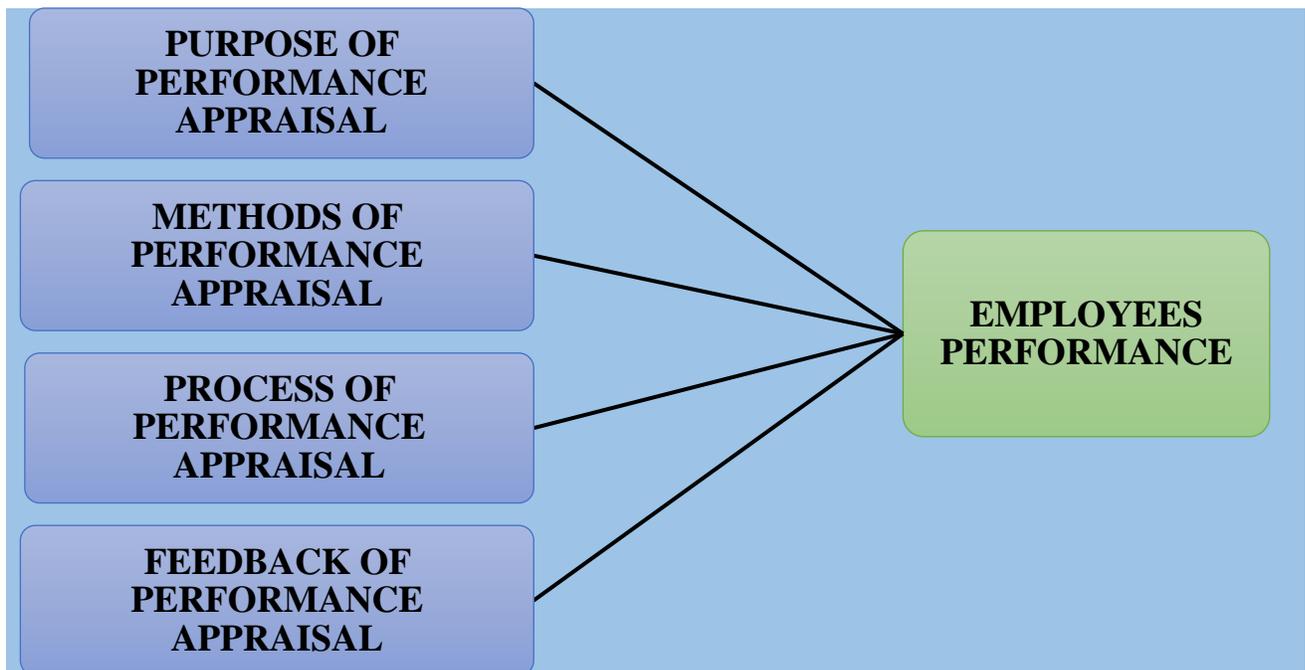
Figure 2.1. Conceptual Frame work Source; Birhanu, (2017)

Hypothesis of the Study

H1: There is a significant positive effect of Purpose of Performance Appraisal on Employee Performance.

H2: There is a significant positive effect of Methods of Performance Appraisal on Employee Performance.

H3: There is significant positive effect of Process of Performance Appraisal on Employee Performance.

H4: There is significant positive effect of Feedback of Performance Appraisal on Employee Performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Approach

Based on the type of research data collected researches are classified as qualitative and quantitative. This study was applied quantitative data that was the numeric values that indicate how much or how many of something. Quantitative research was based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Quantitative research is a means for testing objective theories by examining the relationship among variables. Quantitative research is often regarded as being purely scientific, justifiable, and precise and based on facts often reflected in exact figures. This approach often appears when the audience consists of individuals or readers with a quantitative orientation. This quantitative research approach can be further sub classified into inferential (survey research), experimental and simulation approaches to research.

3.2. Research Design

Based on the nature of the research enquiry, research design is classified as exploratory, descriptive, explanatory (causal) or predictive research. This study was used descriptive research design. In descriptive or size exploration research design fact finding enquiries, describing the state of affairs as it exists. This type of research is carried out to answer more clearly defined research questions.

3.3. Data Type and Source of Data

Both primary and secondary sources of data collection were employed in the study. Well designed and structured questionnaire will be utilized. This was completed by employees and customers NIB. Secondary data obtained from annual report was used to provide additional information where appropriate. Besides, variety of books, published and/or unpublished government documents, reports and newsletters were reviewed to make the study fruitful.

3.4. Data Gathering Technique and Instruments

The primary data was gathered particularly using survey questionnaire. The researcher was distributed the questionnaire to sampled respondents. For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they

are less costly and less time consuming than other measuring instruments. For the purpose of this study a quantitative methodology involving a close-ended questionnaire was used as the measuring instrument. The close-ended questionnaires were administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. The Likert-type scale method was used a range of responses: 'Strongly Disagree', 'Disagree', 'Neutral', 'Agree', and 'Strongly Agree' and the 5-point rating scale also used a range of responses. The usage of this particular scaling method was ensured that the research study was illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend was produced in order to assess research objective. A pilot study was conducted to refine the methodology and test the questionnaire before administering the final phase. Questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable. Issues raised by respondents were corrected and questionnaires were refined.

3.5. Population, Sample Size and Sampling Technique

According to Hair *et al.* (2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. Therefore, for this study, the target populations were 4,185 employees from the four districts of NIB in Addis Ababa (North Addis District, West Addis District, South Addis District and East Addis District).

NIB in Addis Ababa has 394 Branches in the four districts in Addis Ababa. Multi stage sampling techniques will be employed to select the study respondents. For the purpose of this study the branches from the four districts of NIB were selected by nonprobability sampling approach and simple judgmental sampling technique. Non-probability sampling approach relies on the personal judgment of the researcher rather than on chance to select sample elements. The researcher can arbitrarily or consciously decide what elements to include in the sample. Judgmental sampling technique is a form of convenience sampling in which the population elements are selected based on the judgment of the researcher. The researcher, exercising judgment or expertise, chooses the elements to be included in the sample because he or she believes that they are representative of the population of interest or are otherwise appropriate.

The sample size was determine using Taro Yamane's statistical formula (1967:886) with 95% confidence level and 5% error. From the total population of 4,185, the sample size from the total population will identify as per this formula.

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

= **365.18**

Where n is the sample size, N is the population size, and e is the level of precision. Using this formula appropriate sample size was determined. Accordingly, 384 respondent employees were taken as the representative sample size in order to have sufficient and reliable data. For these eligible samples were identify from the total populations, sample proportion allocation among the four districts will be perform. Therefore, the researcher was used the percentage ratio of sample size 365 to target population 4,185 to get the number of participants for questionnaire distribution to each bank. Finally, the number of employees participating in each districts were determined using the population proportionate sampling (PPS).

n= nf * N in a Addis district

   N total

Where, n= Proportion of employees participate in the study in a given district, nf= Final sample size obtained using correction formula (365), N=is the total number of four Addis Ababa districts (4,185) i.e. N total = Total number of employees in the selected branches.

Table 3.1. Population Proportionate Sampling

No	Districts	Employees' Population	PPS	Sample Size
1	East Addis Ababa District	1,059	0.253	92
2	North Addis Ababa District	1,092	0.261	95
3	South Addis Ababa District	1,025	0.245	89
4	West Addis Ababa District	1,009	0.241	88
	Total	**4,185**		**365**

Accordingly the 365 respondent employees from the selected branches from each districts were selected by using non probability sampling approach specifically convenient sampling technique. Convenience sampling technique attempts to obtain a sample of convenient elements. Often, respondents were selected because they happen to be in the right place at the right time. Convenience sampling is the least expensive and least time-consuming of all sampling techniques.

3.6. Method of Data Analysis

The data that was collected and edited, coded and entries was made into statistical software (Statistical Package for Social Sciences, SPSS version 20). This was involved converting quantitative (nominal and ordinal data) into numerical codes. Both descriptive and inferential statistics was used to analyze and interpret the findings. Demographic variables of the respondents were interpreted using descriptive statistics whereas inferential statistics was used to find out the relationship between the study variable using correlation analysis. The study was adopted multiple linear regression and Pearson correlation analysis to establish the relationship between variables of interest. Specifically, multiple linear regression analysis was used to determine the joint relationship between independent and dependent variables.

3.7. Validity and Reliability

The ultimate goal of any research study is to obtain high-quality, trusted, valid and reliable results (Yilmaz, 2013). Therefore, researchers should ensure that the adopted research methodology meets the defined standards and criteria. Common criteria was used to achieve these standards in research methodology are validity and reliability.

Yilmaz (2013) and Denscombe (2014) described the term 'validity' as the appropriateness and accuracy of collected data. Yilmaz (2013) defined reliability as 'consistency or the degree to which a research instrument measures a given variable consistently every time it is used under the same condition'. Accordingly, to maximize the quality of the research, Yin (2014) suggested four tests for validity and reliability that are commonly used in social research regardless of the data collection technique. The tests include:

- ➢ Construct validity
- ➢ Internal validity
- ➢ External validity
- ➢ Reliability

3.7.1 Construct validity

Construct validity is referred to as the establishment of the correct operational measures for the research topic under study (Yin, 2014). Yilmaz, (2013) stated that this type of validation is largely based on testing proper instruments during the data collection phase. This ensures that the most accurate and rich information is collected after a rigorous review of previous documents, an

academic literature review and the conducted interviews; however, accuracy can be achieved through a focused use of different techniques/tactics, which include referring to multiple sources of evidence and establishing a chain of selections. The establishment of a rich chain can help immensely in producing a complete draft of evidence for further validity evaluations. For this research, construct validity was achieved through the triangulation of research techniques using different sources of evidence.

3.7.2 Internal Validity

This criterion refers to the appropriateness of the data analysis techniques utilized to analyze the collected data. It is therefore important that the theoretical propositions are linked with the data accurately in addition to the appropriate application of the analytical strategies. For this research, to increase the internal validity, a careful and comprehensive review of the literature related to the topic of choosing a research design to enable the selection of an accurate data analysis technique was conducted, and the analysis steps were followed precisely. In addition, by fulfilling all research objectives, internal validity was achieved.

3.7.3 External validity

External validity refers to the degree to which the research findings can be generalized or stratified in other research studies. For quantitative research, the generalization of results is applicable, as generalization can only occur for theoretical propositions. The findings of this research will be generalized or transferred to a context similar to the NIB context. Therefore, as this research will involves the study of the assessing the performance appraisal practice in the case of Nib International Bank, the findings of this study was generalized to other financial institutions within the same industry.

3.7.4 Reliability

Reliability means that the process (such as data collection procedures) of the study can be repeated to obtain the same results (Yin, 2014). For this research, reliability was achieved by selecting and following an appropriate research methodology model to ensure that the aim and objectives were fulfilled. In addition, to further ensure reliability, all participants were provided with an overview of the research background to ensure all questions will be understood in the same way.

In order to measure the consistency of the questionnaire and the overall reliability of constructs that it is measuring, the reliability test was carried out based on Cronbach's Alpha coefficient. Cronbach's Alpha can be interpreted like a correlation coefficient. Its coefficient range lay on the

value from 0 to 1. A reliability coefficient (alpha) higher than or equal to 0.7 is considered as acceptable. That means the targeted questions raised in the questionnaires are capable to meet the objective of the study. Thus, according to reliability statistics, Cronbach's Alpha coefficient of this study is 0.956 which is acceptable. This implies that both function of the covariance's among items and the number of items in the analysis is the mark of a "good" or reliable set of items and the question designed was accurately measuring the variable of interest of the study.

3.8. Ethical Considerations

This study was entirely devoted to identify the assessing the performance appraisal practice in the case of Nib International Bank and determine how these factors significantly affecting the success of their businesses so as to forward possible recommendation for future improvements and maintain marketing efficiency. It was be interested to defame or abuse or expose secrets (if any) in any way to the public. To realize this fact, formal letter will be written from the St Mary University for permission of the bank from which the information was required. The study participants were informed about the purpose of the study and the informed verbal consent was obtained from each participant before data collection. The employees performance appraisal practice in the case of Nib International Bank was measured objectively, based on information collected from respondents. Finally confidentiality was assured and the data was made to be kept by avoiding personal identifiers.

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter deals with the results and analysis of the findings. The first three sections present the response rate, the reliability analysis and the demographic data of the respondents. The rest three sections deal about the correlation analysis and hypothesis testing, multiple regressions and discussion. Both descriptive and inferential statistics are used to analyze and interpret the findings. The frequency and percentage of the finding are interpreted using descriptive statistics whereas inferential statistics are used to predict the relationship between the Employee Performance and the various independent variables of Performance Appraisal such as, Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal.

4.1. Response Rate

Out of the 365questionnaires distributed to the respondent employees of Nib Bank from the five territories in Addis Ababa, 336 copies were completed and returned making a response percent of 92. This rate concurs with Mugenda and Mugenda (2003) who explains that for hypothesis a response rate of half is palatable for examination and reporting, 60% is extraordinary and a response rate of 70% and over is awesome, thus 92% was surprising for an examination.

4.2. Reliability Analysis

Cronbach's alpha, α (or coefficient alpha), developed by Lee Cronbach in 1951, measures reliability, or internal consistency. "Reliability" is how well a test measures what it should. For example, a company might give a Employee Performance survey to their employees. High reliability means it measures Employee Performance, while low reliability means it measures something else (or possibly nothing at all). Cronbach's alpha tests to see if multiple-question Likert scale surveys are reliable. These questions measure latent variables hidden or unobservable variables like: a person's conscientiousness, neurosis or openness. These are very difficult to measure in real life. In general, a score of more than 0.7 is usually okay. Coefficient of .90 or greater are nearly always acceptable, .80 or greater is most situations and .70 may be appropriate in some explanatory studies for some induces. By tracing this literature the researcher tested the reliability of the items which were developed for respondents.

Thus, according to reliability statistics, Cronbach's Alpha coefficient of this study is 0.956 which is acceptable. This implies that both function of the covariance's among items and the number of

items in the analysis is the mark of a "good" or reliable set of items and the question designed was accurately measuring the variable of interest of the study.

Table 4.1. Reliability Analysis

Variables	Cronbach's Alpha
Purpose of Performance Appraisal	0.796
Methods of Performance Appraisal	0.807
Process of Performance Appraisal	0.809
Feedback of Performance Appraisal	0.780
Employee Performance	0.885

Source; Own Survey, (2022)

On the other hand, to appraise the validity of the instrument, the questionnaire was reviewed, commented upon, modified, and finally approved by the advisor having experience within the research area. The questionnaire was given to the advisor of this research and was approved before distributing to the respondents. Moreover, the researcher addressed construct validity by examining whether or not there exist empirical relationships between the study measure of the underlying concept of interest and other concepts to which it should be theoretically related.

4.3. The Demographic Data of the Respondents

Identifying the respondent characteristics in any study is crucial since it describes the type of respondents who have taken part, in particular their gender, educational attainment, and age, all of which jointly influence their comprehension levels. The researcher took into account the respondents' distribution on gender, age and education levels of the respondents.

Table 4.2.Demographic Data of the Respondents

Item	Characteristics	Frequency	Percentage
1. Gender	Male	188	56.06
	Female	148	43.94
	Total	336	100
2. Age	21-30	79	23.5
	31-40	175	52
	40-50	66	19.7
	Above 50	16	4.9
	Total	336	100
3. Educational Background	Grade 10 Complete	25	7.3
	Grade 12 complete	44	13.2
	Diploma	22	6.5
	Degree	239	71.2
	Above Degree	6	1.9
	Total	336	100

Source; Own Survey, (2022)

The general characteristic of the respondents discussed include gender, age and Educational background of respondents. According the result of the study, the majority of the respondents, 56.06 % were male and the rest 43.94% were female. The gender distribution of respondents of the study ensured that both genders are included as respondents and its minimizing partiality in the responses. The ages category that the respondents found indicates that 52% of the respondents' age is between 31 and 40 and the second highest age category is between 21 and 30 which comprises 23.3% of the respondents and 19.7% of them were found on the age range of 41-50 and last 4.9% of them were above 50 years old. This implies that the greater parts of the respondents were sufficiently experienced to give genuine answers concerning the study and it portrays the intention of all age groups.

From the entire respondents the 20.5% of them are Grade 10 and 12 completed and the rest 6.5%, 71.2% and 1.9% of the respondents' were graduated diploma, degree and above degree. This implies that the educational level of the respondents play a vibrant role in influencing individual's judgment towards the study objectives through the ability to answer the presented inquiries effectively.

4.4. Analysis of Descriptive Statistics

The descriptive analysis of this study presents the mean and standard deviation of findings. Respondents felling towards the statements under the dependent variable (employees' performance) and the independent variables (Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal).In this section, the answers of the respondents are present in the form of descriptive table. The tables contain mean and standard deviation of their response. Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value.

To determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by $(5 - 1 = 4)$ then divided by five as it is the greatest value of the scale $(4 \div 5 = 0.80)$. Afterwards, number one which is the least value in the scale was added in order to identify the maximum of this cell. The range of the mean values interpreted in the scale of likert when: from1 to 1.80 represents (strongly disagree); from 1.81 until 2.60 represents (do not agree); from 2.61 until 3.40 represents (neutral); from 3:41 until 4:20 represents (agree); from 4:21 until 5:00 represents (strongly agree). The mean indicates to what extent the sample population averagely agrees or does not agree with the different statements. The higher the mean, the more the

respondents agree with the statement. The standard deviation on the other hand indicates the variability of an observed response from a single sample.

Table 4.3.Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Dev
Purpose	336	2.25	5.00	3.8025	.58360
Methods	336	1.50	5.00	3.2682	.89044
Process	336	2.11	5.00	3.7929	.69062
Feedback	336	1.43	5.00	3.7473	.78108
Employee Performance	336	2.05	5.00	3.7561	.65924
Valid N (listwise)	336				

Source; Own Survey, (2022)

As it can be seen the descriptive statistical result the mean scores of the statements of dependent variable Employee Performance and the various independent variables of Performance Appraisal such as, Employee Performance Purpose of Performance Appraisal, Methods of Performance Appraisal , Process of Performance Appraisal and Feedback of Performance Appraisal which fall within the range of 3.2 to 3.8. The mean value for the Purpose of Performance Appraisal is 3.802, for Methods of Performance Appraisal is 3.26, for Process of Performance Appraisal is 3.79, for Feedback of Performance Appraisal is 3.74 and for the employees' retention3.75. From the results observed that most respondents have neutral attitude towards the statements about the Process of Performance Appraisal. On the other hand the majority of the respondents agree with the statements about the Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal, Feedback of Performance Appraisal and Employee Performance.

4.5. Inferential Statistics

4.5.1. Correlation Analysis

The bivariate Pearson Correlation produces a sample correlation coefficient, r, which measures the strength and direction of linear relationships between pairs of continuous variables. By extension, the Pearson Correlation evaluates whether there is statistical evidence for a linear relationship among the same pairs of variables in the population, represented by a population correlation coefficient, ρ ("rho"). The Pearson Correlation is a parametric measure. The bivariate Pearson Correlation is commonly used to measure: the Correlations among pairs of variables, Correlations within and between sets of variables. The bivariate Pearson correlation indicates

- ➢ Whether a statistically significant linear relationship exists between two continuous variables
- ➢ The strength of a linear relationship (i.e., how close the relationship is to being a perfectly straight line)
- ➢ The direction of a linear relationship (increasing or decreasing)

Correlation can take on any value in the range [-1, 1]. The sign of the correlation coefficient indicates the direction of the relationship, while the magnitude of the correlation (how close it is to -1 or +1) indicates the strength of the relationship (-1indicates perfectly negative linear relationship, 0 indicates no relationship and +1 indicatesperfectly positive linear relationship) The strength can be assessed by these general guidelines (which may vary by discipline):

- ➢ < | r | <0.3 … small / weak correlation
- ➢ < | r | <0.5 … medium / moderate correlation
- ➢ 0.5 < | r | ……… large / strong correlation

The Flag significant correlations is checking this option will include asterisks (**) next to statistically significant correlations in the output. The statistical alpha result is less than 0.01 interpreted as there is significance relationship between variables.

Table-4.5. Correlations

		Purp	Meth	Proc	FedB	EmP
Purp	Pearson Correlation	1	.726**	.758**	.746**	.872**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	336	336	336	336	336
Meth	Pearson Correlation	.726**	1	.732**	.702**	.852**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	336	336	336	336	336
Proc	Pearson Correlation	.758**	.732**	1	.766**	.846**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	336	336	336	336	336
FedB	Pearson Correlation	.746**	.702**	.766**	1	.833**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	336	336	336	336	336
EmP	Pearson Correlation	.872**	.852**	.846**	.833**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	336	336	336	336	336
**. Correlation is significant at the 0.01 level (2-tailed).						

Source; Own Survey, (2022)

From the above correlation matrix, the researcher found the following results under each constructs, supported with their related empirical evidences:

Correlation between the Employee Performance and Purpose of Performance Appraisal

The result of Pearson correlation test between the dependent variable Employee Performance and the independent variable Purpose of Performance Appraisal showed that, there is a positive relationship between the two variables at the significance level of (R=0.872), (P<0.01).This indicates that the magnitudes of relationship between the two variables are strong. Compared to other relationship dimensions considered in this study, Purpose of Performance Appraisal is ranked first in its magnitude of correlation. In addition, this result is also consistent with the studies by Abeba, (2016), Muluwork, (2018), Asamu (2013), Pettijohn and Taylor (2009), Omusebe, Gabriel and Douglas (2013), Asim (2013)

Correlation between the Employee Performance and Methods of Performance Appraisal

Pearson correlation test was conducted to know the degree of association between the dependent variable Employee Performance and the independent variable Methods of Performance Appraisal. Hence, the result of the study showed that, both variables are positively correlated to one another at a significant level of (R=0.852), (P<0.01). This indicates that the magnitudes of relationship between the two variables are strong. From the Performance Appraisal constructs observed so far, Methods of Performance Appraisal is the second highly correlated variable with Employee Performance next to Purpose of Performance Appraisal dimension in this study. The result found in this study is also similar with the study conducted by Wondwosen, (2016), Solomon, (2016), Evans and Bae (2018) and Mutunge (2013).

Correlation between the Employee Performance and Process of Performance Appraisal

The result of Pearson correlation test between the dependent variable Employee Performance and the independent variable Process of Performance Appraisal showed that, there is a statistically significant positive relationship between the two variable at the level of (R=0.846**), (P<0.01). This indicates that the magnitude of relationship between the two variables as strong. From the Performance Appraisal constructs observed so far, Process of Performance Appraisal is the third highly correlated variable with Employee Performance next to Methods of Performance Appraisal dimension in this study. This finding is also supported by a study conducted by Aschalew, (2015), Abdurezak and Tigist, (2019), Longenecker, Frink and Caldwell (2014) and Zhang, Zheng and Li (2012).

Correlation between the Employee Performance and Feedback of Performance Appraisal

The Pearson correlation result of the study, between the predicted variable of Employee Performance and the predictor variable of Feedback of Performance Appraisal showed that, there

is significant positive relationship between the two variables at a statistical level of (R=0.833**), (P<0.01). From the Performance Appraisal constructs observed so far, Feedback of Performance Appraisal is the fourth highly correlated variable with Employee Performance next to Process of Performance Appraisal dimension in this study. This indicates that the degree of association between these two variables (.i.e. Employee Performance and Feedback of Performance Appraisal) was strong. This result is consistent with some previous studies in different setting by Almas Sabir, (2017), Eniye, (2007), Kuvaas (2011) and Robinson and Fink (2009).

Correlation between the Employee Performance and Performance Appraisal

Under this test, the average sum of all the Performance Appraisal constructs discussed so far was to taken into consideration, in order to know the degree of association between all components of Performance Appraisal and Employee Performance. Hence, the result of Pearson correlation test showed that, both variables are correlated at a degree of (R=0.85**), (P<0.01). At this level we could say that, the correlations between the two variables are strong.

Concluding remark on the correlation and hypothesis tested.

The researcher considered four constructs of Performance Appraisal, i.e. Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal, to see their degree of correlation with the dependent variable of Employee Performance. Accordingly, all the components of Performance Appraisal are positively associated with Employee Performance using Pearson correlation test and as a result of this, all hypothesis were also accepted. This result is consistent with some previous study by Birhanu, (2017) that used the four constructs of performance appraisal, i.e. purpose, methods, process and feedback of performance appraisal to evaluate their effect on the employee performance.

4.5.2. Regression Analysis

4.5.2.1. Basic Assumptions

Depending on the number of variables, one can run either simple linear regression with one dependent or one independent variable or otherwise, run multiple regressions to see the linear relationship between one dependent and two or more independent variables. This particular study put in place, linear multiple regressions to study, the impact of Performance Appraisal components (i.e. Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal) on the dependent variable Employee Performance. Hence, to be able to develop the regression line formula, the dependent

and the independent variables are denoted as, (X1=Purpose of Performance Appraisal, X2=Methods of Performance Appraisal, X3=Process of Performance Appraisal and X4=Feedback of Performance Appraisal) and the dependent variable, Y=Employee Performance.

Before running a multiple linear regression on the SPSS, the researcher conducted a test of basic assumptions that are required to be fulfilled while conducting multiple regression, which otherwise be impossible to do.

Assumption 1- Independent of residuals

Linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other. In other words when the value of y(x+1) is not independent from the value of y(x). For instance, this typically occurs in Performance Appraisal variable, where the Performance Appraisal is not independent from the previous Performance Appraisal. A value of 2.0 means there is no autocorrelation detected in the sample. Values from zero to 2.0 indicate positive autocorrelation and values from 2.0 to 4.0 indicate negative autocorrelation (Chatterjee & Hadi, 2012; Fox, 1997; Weisberg, 2005). Breach of this assumption leads to, biased estimate of standard errors and significance, even if the estimate of the regression coefficient remain unbiased but yet inefficient. (Chatterjee & Hadi, 2012), as cited by, Matt N, Carlos A, and Deson (2013).

The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic will always have a value between 0 and 4, a value of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation. The table below showed the Durbin-Watson test of this study. .

Table –4.6 Durbin-Watson test result Model

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.923[a]	.852	.851	.25476	.852	542.148	4	376	.000	1.468
a. Predictors: (Constant), Purp, Meth, Proc, FedB										
b. Dependent Variable: EmP										

Source; Own Survey, (2022)

The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Babatunde, Oguntunde, Ogunmola and Balogun, 2014).

In this case, Durbin-Watson is 1.468, close to 2 and within the acceptable range and hence, we assumed independence of residuals assumption**.**

Autocorrelation, also known as serial correlation, can be a significant problem in analyzing historical data if one does not know to look out for it. A positive autocorrelation would indicate that the Performance Appraisal yesterday has a positive correlation on the Performance Appraisal today so if the Performance Appraisal fell yesterday it is also likely that Performance Appraisal falls today. Having the negative autocorrelation, on the other hand, has a negative influence on itself over time so that if Performance Appraisal fell yesterday, there is a greater likelihood the Performance Appraisal will rise today.

Assumption 2- Multicolinearity

The term multicollinearity describes a perfect or exact relationship between the regression exploratory variables. Multiple linear regression analysis assumes that there is no perfect exact relationship among exploratory variables. In regression analysis, when this assumption is violated, the problem of Multicollinearity occurs.

Multiple linear regressions assume that there is little or no multicollinearity in the data. Multicollinearity occurs when the independent variables are not independent from each other. A second important independence assumption is that the error of the mean is uncorrelated; that is that the standard mean error of the dependent variable is independent from the independent variables.

Multicollinearity is checked against 4 key criteria:

1) Correlation matrix – when computing the matrix of Pearson's Bivariate Correlation among all independent variables the correlation coefficients need to be smaller than .08.

2) Tolerance – the tolerance measures the influence of one independent variable on all other independent variables; the tolerance is calculated with an initial linear regression analysis. Tolerance is defined as $T = 1 – R^2$ for these first step regression analysis. With T

3) Variance Inflation Factor (VIF) – the variance inflation factor of the linear regression is defined as $VIF = 1/T$. Similarly with $VIF > 10$ there is an indication for multicollinearity to be present.

4) Condition Index – the condition index is calculated using a factor analysis on the independent variables. Values of 10-30 indicate a mediocre multicollinearity in the regression variables, values > 30 indicate strong multicollinearity.

If multicollinearity is found in the data one remedy might be centering the data. To center the data you would simply deduct the mean score. This typically helps in cases where multicollinearity sneaked into the model when applying non-linear transformations to correct missing multivariate normality.

Other alternatives to tackle the problem of multicollinearity in multiple linear regression is to conduct a factor analysis before the regression analysis and to rotate the factors to insure independence of the factors in the linear regression analysis.

Table 4.7.multicollinearity

Model	Correlations			Collinearity Statistics	
	Zero-order	Partial	Part	Tolerance	VIF
(Constant)					
Purp	0.872	0.416	0.176	0.221	4.532
Meth	0.852	0.222	0.088	0.218	4.586
Proc	0.846	0.17	0.066	0.207	4.828
FedB	0.833	0.396	0.166	0.322	3.107

a. Dependent Variable: EmP

Source; Own Survey, (2022)

The tolerance values for each of the variables scales ranged from 0.207 to 3.22 which are not less than 0.20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 3.107 to 4.828 which are under 10 suggesting that the assumption of no multicollinearity is tenable.

According to (Hair et al., 2006) the pair-wise correlation among the independent variable should not exceed 0.90. As it is portrayed in the above table, the bold values showed the pair-wise correlation result and hence none of them exceeded the tolerable range of 0.90 to the maximum. Armed with this, we can say that multi co linearity was not a problem in this particular study.

Assumption 3 Linearity test

The other assumption in is linearity. Multiple linear regressions need the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since multiple linear regressions sensitive to outlier effects.

Graph 4.1. Linearity test
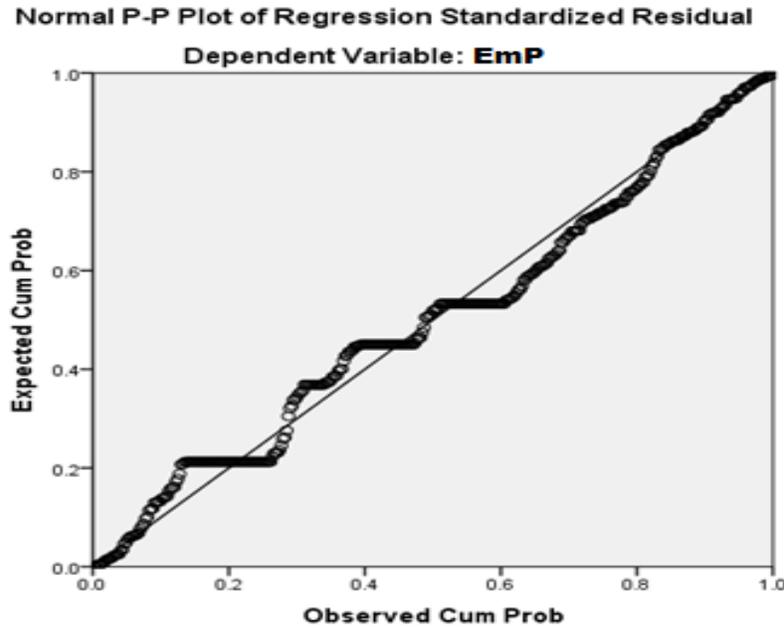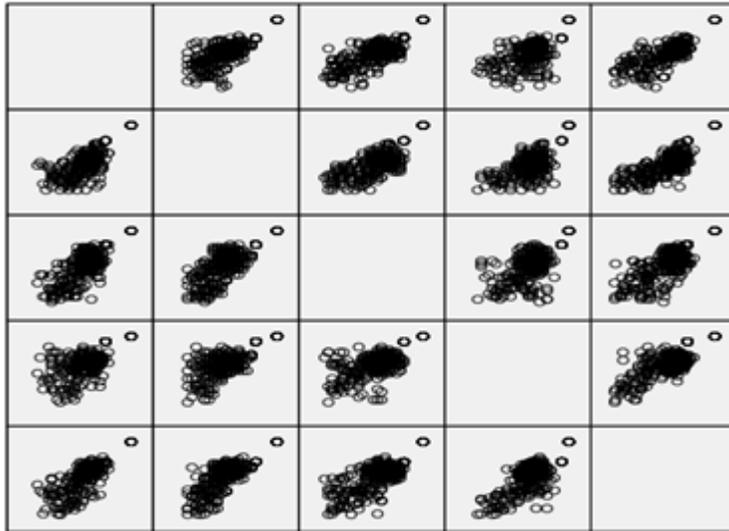

Source; Own Survey, (2022)

The p-plot of residuals discloses that there is no large deviation in the range of the residuals. As we look from left to right on the figure it looks like almost all residuals lay on the linear straight line. Therefore, this tells us the relationships of independent variable with the dependent variable are linear.

Assumption 4- Homoscedasticity (equal variance)

Heteroscedasticity is a hard word to pronounce, but it doesn't need to be a difficult concept to understand. Put simply, heteroscedasticity (also spelled heteroskedasticity) refers to the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. The model errors are generally assumed to have an unknown but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption (Weisberg, 2005 as cited by, Matt, Carlos and Deson, (2013).

It means simply that, the variance of Y for each value of X is constant in the population. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regressions standardized predicted value. The following scatter plot was obtained from the average results of the dependent variable Employee Performance and the independent variables of employee's motivation constructs to see whether homoscedasticity is really a pressing problem of this particular study.

Graph 4.2.Homoscedasticity Variance

Source; Own Survey, (2022)

As it can be seen on the diagram 4.2 the set of data exist on the same scatter, the points have the same distance from the line and the scatter plot roughly rectangular-shaped. This shows that the sample fit with the assumption of equal variances (i.e. assumption of homoscedasticity). This implied that even if the data came from different samples have the same variance.

4.5.2.2. Regression Analysis Results

Once all the assumption was met, the researcher decided on the data and further processed it. Analysis of variance (ANOVA) is a method of splitting the total variation into meaningful components that measure different sources of variation. In other words, we split the total sum of squares into 'between groups (sample) sum of squares' and 'within group (sample) sum of squares'. Analysis of Variance (ANOVA) is a parametric statistical technique used to compare datasets. It is similar in application to techniques such as t-test and z-test, in that it is used to compare means and the relative variance between them.

However, analysis of variance (ANOVA) is best applied where more than 2 populations or samples are under this part, the researcher was mainly focused on the three most important elements of regression output, i.e. the Model summary, the ANOVA test and the Beta coefficient. The average response obtained from the employee of Nib Bank under the dependent variable, Employee Performance and each of the predictor variables, Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal was used.

*Table 4.7.*Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.923[a]	.852	.851	.25476	.852	542.148	4	376	.000	1.468
a. Predictors: (Constant), Purp, Meth, Proc, FedB										
b. Dependent Variable:EmP										

Source; Own Survey, (2022)

The regression model considered Employee Performance as dependent variable and the Performance Appraisal score for the individual dimensions as the independent variables. A multiple regression analysis is conducted to evaluate how well the four dimensions predict Employee Performance. As it is depicted under the model summary table, the linear combination of the four dimensions is significantly related to Employee Performance (R^2 =0.852, F=542.148 and P<0.001). This means that, 85.2 percent of the variance of Employee Performance in the sample can be accounted for by the linear combination of the four construct dimensions of Performance Appraisal (i.e. Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal).

Table 4.8. ANOVA

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	140.743	4	35.186	542.148	.000[b]
Residual	24.403	376	.065		
Total	165.146	380			
a. Dependent Variable: EmP					
b. Predictors: (Constant), Purp, Meth, Proc, FedB					

Source; Own Survey, (2022)

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables. ANOVA provides, the result of test of significance for R and R^2using an F-statistic. According to Procen, J (2010), if the result of the test is significant, with P-value below 0.05, then we reject the null hypothesis that $R^2$is equal to zero and accept the research hypothesis that $R^2$is significantly different from zero and there is a relationship between the independent and dependent variable in the population.

As it is depicted on the ANOVA table above, the P-value of the dependent variable Employee Performance and the independent variables of Performance Appraisal constructs of Purpose of

Performance Appraisal, Methods of Performance Appraisal , Process of Performance Appraisal and Feedback of Performance Appraisal is well below .05(P<0.001).

Therefore, we concluded that the **R** and **R²** between the dependent variable Employee Performance and the independent variables of Performance Appraisal constructs are statistically significant (different from zero), based on the opinion collected from employee of Nib Bank.

Table 4.9.– Beta Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.245	.098		2.503	.000	.052	.437
	Purp	.422	.048	.374	8.860	.000	.329	.516
	Meth	.139	.031	.188	4.418	.000	.077	.201
	Proc	.139	.042	.146	3.344	.001	.057	.221
	FedB	.247	.029	.292	8.359	.000	.189	.305
a. Dependent Variable: EmP								

Source; Own Survey, (2022)

Under the Beta Coefficient table, the researcher highly emphasized on the values of the standardized Beta coefficient in order to figure out the relative importance of each independent variable, in predicting the dependent variable and on the unstandardized Beta coefficient in order to formulate the linear regression equation.

A. Standardized Beta Coefficient

Standardized beta coefficient is sometimes called relative importance weight. More specifically, RIWs are the proportionate contribution from each predictor to R^2, (i.e. in our case to the R^2=0.852), after correcting for the effects of the inter-correlations among predictors (Lorenzo-Seva et al., 2010). This method is recommended when the researcher is examining the relative contribution each predictor variable to the dependent variable Johnson, (2000, and 2004).

From table 4.10 we can infer that, Purpose of Performance Appraisal is found to be the most important dimension of Performance Appraisal construct in Nib Bank in determining the variation in Employee Performance which accounted for 37.4% of the beta coefficient. The second most important element of Performance Appraisal that contributed most, to the positive variation in the dependent variable Employee Performance is Feedback of Performance Appraisal, accounted for 29.2% of the beta coefficient, followed by, Methods of Performance Appraisal and Process of Performance Appraisal , which had equal beta coefficient share of 18.8% and 14.6% respectively.

In the case of Nib Bank, Process of Performance Appraisal dimension of Performance Appraisal contributed least to the variance in the response variable among the others, accounted for only 14.6% and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Note that: This doesn't mean that Process of Performance Appraisal dimension has no contribution; rather its contribution was significant.

B. Unstandardized Beta Coefficient

This is sometimes called, the Beta Weights. According to Pedhazur, (1997), a β weight coefficient informs us, as to how much change in the criterion variable (i.e. Employee Performance in our case) we might expect with a one-unit change in the predictor variables, (i.e. Purpose of Performance Appraisal, Methods of Performance Appraisal , Process of Performance Appraisal and Feedback of Performance Appraisal in our case) holding all other predictor variables constant.

The linear multiple regression formula for on dependent variable, Employee Performance and more than one independent variable of Performance Appraisal constructs, Purpose of Performance Appraisal, Methods of Performance Appraisal , Process of Performance Appraisal and Feedback of Performance Appraisal, took the form of:

$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$

Where, Y'= the dependent variable Employee Performance

a = y axis intercept (the constant beta value)

b_1, b_2, b_3, b_4, b_5 =beta weight for each independent variables

X_1, X_2, X_3, X_4, X_5= representing, Purpose of Performance Appraisal, Methods of Performance Appraisal , Process of Performance Appraisal and Feedback of Performance Appraisal respectively.

e = the error term (0.05 in our case)

Taking in to consideration the unstandardized beta value in the table above, the regression equation of this particular study to the nearest decimal was written as:

$Y'= 0.245 + 0.422X_1 + 0.139X_2 + 0.139X_3 + 0.247X_4 + 0.05$

The positive value for the constant intercept should be a cause for concern here. This simply means that, the expected value of the dependent variable Employee Performance was greater than zero when all independent variables are set to zero.

Findings from the equation

- For every unit increase in the value of Purpose of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 42.2%.
- For every unit increase in the value of Methods of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 13.9%.
- For every unit increase in the value of Process of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 13.9%.
- For every unit increase in the value of Feedback of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 24.7%.

Hypothesis Testing

H1: There is a significant positive effect of Purpose of Performance Appraisal on Employee Performance.

Purpose of Performance Appraisal dimension of Performance Appraisal is found to be the most important dimension of Performance Appraisal construct in Nib Bank in determining the variation in Employee Performance which accounted for 37.4% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Based on the result obtained from tests, there is a positive effect of Purpose of Performance Appraisal on the Employee Performance. Hence, we accept the first alternative hypothesis H1.

H2: There is a significant positive effect of Methods of Performance Appraisal on Employee Performance.

Methods of Performance Appraisal dimension of Performance Appraisal is found to be the third important dimension of Performance Appraisal construct in Nib Bank in determining the variation in Employee Performance which accounted for 18.8% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

The result of the study showed that, Employee Performance and the independent variable Methods of Performance Appraisal has a positive effect on Employee Performance and hence we accept the second alternative hypothesis H2.

H3: There is significant positive effect of Process of Performance Appraisal on Employee Performance.

Process of Performance Appraisal dimension of Performance Appraisal contributed least to the variance in the response variable among the others, accounted for only 14.6% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

The researcher beforehand hypothesized that, there is a significant positive effect on Employee Performance and the predictor Process of Performance Appraisal. Hence the result of the study confirmed same and we accept the third hypothesis, H3.

H4: There is significant positive effect of Feedback of Performance Appraisal on Employee Performance.

Feedback of Performance Appraisal dimension of Performance Appraisal is found to be the second most important dimension of Performance Appraisal construct in Nib Bank in determining the variation in Employee Performance which accounted for 29.2% of the beta coefficient and it is statistically insignificant at p-value greater than Alpha,(0.000>0.05).

Based on the positive association result obtained from the tests so far, between the two variables, (i.e. Employee Performance and Feedback of Performance Appraisal) the fourth hypothesis was proven to be valid and hence, H4 is accepted.

Based on the test result we obtained in the above table, we concluded that, Performance Appraisal has a high influence on the dependent variable of Employee Performance. Hence we accepted the main hypothesis.

4.7. Discussion

The discussion part is important to give a clearer understanding on the subject under study. The present research was conducted in order to see, the impact of Performance Appraisal on Employee Performance in Nib Bank. The study included four Performance Appraisal dimensions such as Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal, to see their effect on Employee Performance. Increased Employee Performance is frequently argued to be the single most important driver of organizations' long-term performance.

Performance Appraisal is one of the most important tools in securing a high level of Employee Performance in today's dynamic and vibrant environment, especially for financial industry like Nib Bank. Performance Appraisal is an emerging concept that facilitates the organizations to view their employee requirements in a more personalized way. Performance Appraisal usually

involves providing more personalized service and providing quality product that exceeds employee expectations at each step.

The present study showed that, Performance Appraisal has a significant positive relationship with Employee Performance at a significance level of $R^2=0.85$. Thus the finding is in line with the hypothesis number five; (H5) stated in the paper that the Performance Appraisal had a high influence on Employee Performance. Thus the major hypothesis stated is well accepted.

In the present study, the correlation between the dependent variable Employee Performance and each of the independent variables, together with their relative importance was identified.

Compared to other relationship dimensions considered in this study, Purpose of Performance Appraisal is ranked first in its magnitude of correlation. Method of Performance Appraisal is the second highly correlated variable with Employee Performance next to Purpose of Performance Appraisal dimension in this study. Process of Performance Appraisal is the third highly correlated variable with Employee Performance next to Methods of Performance Appraisal dimension in this study and Feedback of Performance Appraisal is the third highly correlated variable with Employee Performance next to Process of Performance Appraisal dimension in this study. The results of the present study also showed that, Purpose of Performance Appraisal is the most important Performance Appraisal dimension that contributed significantly towards maintaining Employee Performance in Nib Bank.

Degree of influence of the Performance Appraisal dimensions shows that: for every unit increase in the value of Purpose of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 42.2%.For every unit increase in the value of Methods of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 13.9%.For every unit increase in the value of Process of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 13.9%.For every unit increase in the value of Feedback of Performance Appraisal in Nib Bank, setting all other predictor variable to zero, the value of response variable Employee Performance will increase by 24.7%.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

5.1.1. Employee Performance and Purpose of Performance Appraisal

The result of Pearson correlation test between the dependent variable Employee Performance and the independent variable Purpose of Performance Appraisal showed that, there is a positive relationship between the two variables at the significance level of (R=0.872), (P<0.01). According to the first hypothesis which states there is a significant positive relationship between Purpose of Performance Appraisal and Employee Performance is supported by the result obtained from Pearson correlation.

5.1.2. Employee Performance and Methods of Performance Appraisal

Pearson correlation test was conducted to know the degree of association between the dependent variable Employee Performance and the independent variable Methods of Performance Appraisal showed that, both variables are positively correlated to one another at a significant level of (R=0.852), (P<0.01). The second hypothesis developed states; there is a significant positive relationship between Methods of Performance Appraisal and Employee Performance is accepted by the result obtained from Pearson correlation.

5.1.3. Employee Performance and Process of Performance Appraisal

The result of Pearson correlation test between the dependent variable Employee Performance and the independent variable Process of Performance Appraisal showed that, there is a statistically significant positive relationship between the two variable at the level of (R=0.846**), (P<0.01). Accordingly the third hypothesis which state there was significant positive relationship between Process of Performance Appraisal and Employee Performance supported.

5.1.4. Employee Performance and Feedback of Performance Appraisal

The Pearson correlation result of the study, between the predicted variable of Employee Performance and the predictor variable of Feedback of Performance Appraisal showed that, there is significant positive relationship between the two variables at a statistical level of (R=0.833**), (P<0.01). From the result of Pearson correlation test we can infer that, the degree of association between these two variables (.i.e. Employee Performance and Feedback of Performance Appraisal) was significant positive relationship and the fourth hypothesis was proven to be valid and accepted.

5.1.5. Performance Appraisal and Employee Performance

Under this test, the average sum of all the Performance Appraisal constructs discussed so far was to taken into consideration, in order to know the degree of association between all components of Performance Appraisal and Employee Performance. Hence, the result of Pearson correlation test showed that, both variables are correlated at a degree of (R=0.85**), (P<0.01).

Based on the Pearson correlation test result we obtained in the above table, we concluded that, Performance Appraisal has a high influence on the dependent variable of Employee Performance. Hence we accepted the main hypothesis which states Performance Appraisal has a high influence on Employee Performance.

The present study showed that, Performance Appraisal has a significant positive relationship with Employee Performance at a significance level of R^2=0.85. Thus the finding is in line with the hypothesis number five stated in the paper that the Performance Appraisal had a high influence on Employee Performance. Thus the major hypothesis stated is well accepted. In the present study, the correlation between the dependent variable Employee Performance and each of the independent variables, together with their relative importance was identified. Accordingly the P values of the constructs were significant (P< 0.05) and therefore the result supported the initial hypothesis.

5.2. Conclusion

The researcher considered four constructs of Performance Appraisal, i.e. Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal, to see their degree of correlation with the dependent variable of Employee Performance. Accordingly, all the components of Performance Appraisal are positively associated with Employee Performance. The entire research objective for this study was attained; the general objective of this study was to investigate the effect of Performance Appraisal on the Employee Performance in Nib Bank.

Further regression analysis was also conducted to verify if the independent variables have impact on Employee Performance and that it is not limited to having correlation.

The descriptive analysis results showed that the respondents agreed for the statements that demonstrate the study variables and the finding of the study that there is positive relationship among the measures used and support the assumption that Performance Appraisal dimensions can enhance Employee Performance. All the four dimensions of Performance Appraisal (Purpose of Performance Appraisal, Methods of Performance Appraisal, process of Performance Appraisal

and Feedback of Performance Appraisal) are positively perceived by most respondents. The correlation result shows that all the selected dimensions of Performance Appraisal (Purpose of Performance Appraisal, Methods of Performance Appraisal, Process of Performance Appraisal and Feedback of Performance Appraisal) have a significant and positive impact on Employee Performance.

5.3. Recommendations

Based on the findings of the study, the researcher forwards the following recommendations to the management of the NIB and suggestion for other researchers.

- The human resource management can be strategic partner for any business when it presents a tangible support for an organization's profitability. This tangible support is achieved when the HR system in place is effectively implemented along with the individual HR practices which are sure to lead to increased productivity of firm. Performance appraisal is one of the major pillars in contemporary HR system. The potential value of using performance appraisal system as a tool to manage and measure both employee and organizational performance depends largely on the quality of how the system is implemented. It is seen as an efficient vehicle to successfully deliver on the strategic objectives and goals of organizations. As the proper implementation of such a system is of critical importance to success, organizations should watch over to confirm its functionality and able to take timely measures as necessary. In addition, knowing the major challenges that are associated with effective implementation and practice should not be left to luck.

- Accordingly, to better enhance the performance appraisal system of the case organization, the following recommendations are forwarded. For the expected performance to be achieved, employees should understand their role and contribution to their team and organization. Therefore, employees should be provided with updated job descriptions at least at the beginning of every performance period.

- As planning is the backbone for the whole process of performance appraisal NIB should confirm the practice and usage of SMART objectives in the application by giving the necessary trainings on how to develop the SMART objectives.

- To enhance employees' capability, at the beginning of every performance period, employees should be checked for their skills and abilities with regard to managing performance. Then, the employees should get refreshed or thorough trainings basing performance appraisal training need analysis and/or gaps identified in previous performance period.

- As feedback and coaching practices are the basis for success of performance appraisal system, the management must commit to make continuous feedback and coaching the predominant style of managing people, were commitment to achieving organizational objective is embedded in a parallel commitment to improving the people.

- On the assessment and review process, the finding indicated that there is lack of standardization in the exercise, therefore, to make sure the presence of consistent evaluation across people and time, ongoing training of the individuals in charge of appraisals, usually managers is essential.

- All supervisors should be responsible to manage the performance of subordinates properly. To make the supervisors accountable, the development of their subordinates should be counted as their responsibility and incorporated in their own performance objectives as major performance expectation. Managers again should be held accountable for the failure of their subordinates on performance appraisal activities. So NIB should enforce accountability concerning employee performance.

- The findings indicated that NIB is highly focused on administrative purposes by the application. To get a balanced outcome from the system it should also comprehensively focus on developmental and organizational maintenance activities like, feedback, coaching, training, development and career management.

- As a challenge in this regard, lack of budget and inadequate HR support was found during the survey. Therefore, NIB's management and the HR unit should together commit themselves in resolving the budget problem to deliver the required trainings to employees. In such a way, developed and motivated employees can support the achievement of organizational objective.

- Appropriate perception and understanding of employees on the performance appraisal processes and its purposes plays a vital role in the acceptability and success of the application. Therefore, NIB should work on raising awareness of employees to develop better attitude towards the performance appraisal system.

5.4. Suggestion for Future Research

Future researches should apply the study the model on a larger population of Nib Bank, other financial companies and other industries to increase its external validity. It is also possible to include additional dimensions of performance appraisal and constructs that can be included in a comprehensive model.

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APPENDICES

APPENDIX I

ST MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS IN BUSINESS ADMINISTRATION (MBA)

Questionnaire to be distributed for the Employees Nib International Bank

Dear Respondents.

This questionnaire is developed for an academic effort planned for the collection of data to conduct a thesis paper on the title **"*The Effect of Performance Appraisal on Employee Performance the case of Nib International Bank Share Company*"**, in order to fulfill the University's (St Mary's University) requirement set for awarding of a Master of Business Administration. The information obtained from this questionnaire will be kept confidential and will not be used for any other purposes. Hence, I am kindly asking respondents to give your candid information.

NB:

➢ It is not necessary to write your name

➢ Try to address all the question given below

➢ For the closed ended questions use (√) mark for your choice in the given box

Contact Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: 09   ) Email: @gmail.com

Thank you for your cooperation!

PART 1: DEMOGRAPHIC INFORMATION

1. Gender

Male ☐   Female ☐

2. Educational Qualification:

Grade 10 completed ☐   Grade 12 completed ☐   Certificate ☐

College diploma ☐   First Degree ☐   Second Degree and above ☐

PART 2: QUESTIONS DIRECTLY RELATED WITH THE STUDY

2.1. Here under the questions with regard to regard how the independent variables such as purpose, methods, process and feedback of performance appraisal influence the dependent variable employees performance therefore, you are kindly requested to put "√" "X" mark on the box which represents your degree of agreement. 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree,

	Statements of Purpose of Performance Appraisal	5	4	3	2	1
Pur01	The performance appraisal system of the bank has purpose.					
Pur02	The Bank collects information through performance appraisal and uses it to make personnel decisions as, promotion, suspension and termination.					
Pur03	The performance appraisal data are used to differentiate between high performers and low performers.					
Pur04	The purpose of performance appraisal in Nib Bank focuses on employee development.					
Pur05	The purpose of performance appraisal in Nib Bank is basically to identify and prepare individuals for increased responsibility.					
Pur06	Appreciation and being praised by their managers for successful employees is effective to increase their performance.					
	Statements of Performance Appraisal Methods	5	4	3	2	1
Met01	The Performance Appraisal method covers a number of dimensions such as volume of work, quality of work, job knowledge, dependability and cooperation					
Met02	The Bank uses behavioral oriented statements representing good, average, poor performance along each dimension.					
Met03	The method requires the manager to keeps records of specific incidents of effective and ineffective performance on the part of each employee.					
Met04	In my opinion performance appraisal method can evaluate employee's performance properly.					
Met05	I am satisfied with the current performance appraisal method of the Bank.					
	Statements of Process of Performance Appraisal	5	4	3	2	1
Pro01	The performance appraisal process communicates performance expectations of the Bank to employee before measuring the actual performance.					
Pro02	The manager tries to measure employee actual performance using personal observation, statistical report, oral and written reports.					
Pro03	The manager has a skill to evaluate employee performance.					
Pur04	The manager has enough information on my real work performance.					
Pur05	The manager consistently provides lower rating to people with certain characteristics, such as Women and minorities.					
Pro06	I feel that the manager take into consideration my performance throughout the evaluation period rather than looking the short term achievement or failure.					
	Statements of Performance Appraisal Feedback	5	4	3	2	1
Fed01	The feedback I receive from my immediate manager helps me to improve my work.					
Fed02	I believe the performance evaluation report reflects my true performance.					
Fed03	When my performance has not met minimum standards, my manager discusses with me the reasons.					
Fed04	The manager provides me with clear direction for improving my work performance.					
Fed05	The manager communicates with me frequently about my performance.					
Fed06	The manager tries to understand my point of view when he/she discusses problems or projects with me.					
	Statements of Employee Performance	5	4	3	2	1
EmP01	I perform well in my overall job by carrying out tasks as expected.					
EmP02	I could manage more responsibility in my job than is typically assigned to me.					
EmP03	I always reach my performance target.					
EmP04	I am able to perform my work well with minimal time and effort.					
EmP05	I do my job independently (without waiting for specific instruction from my supervisor)					
EmP06	Compared to last year, I judge the quality of my work in the past six months to be much better.					
EmP07	I am able and willing to work in collaboration with others.					
EmP08	I actively looked for ways to improve my performance at work.					

"THANK YOU"