



ST. MARY UNIVERSITY
SCHOOL OF GRADUATES STUDIES
SCHOOL OF BUSINESS

PRACTICES AND CHALLENGES OF PERFORMANCE APPRISAL
SYSTEM IN DASHEN BANK

BY

KIDIST NIGATU AYCHELET

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JULY, 2024
ADDIS ABABA, ETHIOPIA

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Abstract

Effective job appraisal systems are important in increasing organizational performance and employee satisfaction across various industries. The primary objective of this research was to investigate practice & challenges associated with the performance appraisal system at Dashen Bank. The study focused on several key aspects including examining the role of the performance appraisal system, assessing employee perceptions of the system, identifying available methods for appraising performance, determining the frequency of appraisal practices, analyzing problems associated with performance appraisal, proposing solutions to overcome these issues, identify factors crucial for effective performance appraisal, and recommending strategies for involving employees in setting performance objectives using a quantitative research approach with a descriptive design. The research used a combination of primary and secondary data sources. Primary data was collected through structured questionnaires (closed-ended and open-ended) and interviews conducted with a sample of 106 employees, chosen randomly and through judgmental sampling followed by Slovin's formula, from a total population of 144 employees. Secondary sources included are organizational policies and procedures related to performance appraisal. The data was analyzed using Thematic analysis and discovered a few important things. First, job descriptions weren't always used consistently in performance measurement. Second, most evaluations used rating scales with set criteria. Third, supervisors were generally seen as helpful for growth, while non-supervisors were more focused on rules. Some problems found were unclear evaluation rules and decisions based on personal opinions. Based on these findings, the researcher proposes practical recommendations to address these challenges effectively. These recommendations include revising the appraisal criteria to improve relevance and transparency, establishing a clear connection between appraisal outcomes and rewards, exploring the integration of team-based evaluations together with individual assessments, and encouraging more frequent appraisal cycles together with regular coaching sessions.

ACRONYMS

PA = Performance Appraisal

DB = Dashen Bank

S(M)= Supervisors (Managers)

NS = Non-Supervisor

CHAPTER ONE

INTRODUCTION

This Chapter presents the background of the research, background of the organization, the statement of the problem, objectives of the study, research questions, and significance of the study. The chapter further presents the scope of the study, operational definition of terms, organization of the thesis.

1.1 Background of the Study

As a service giving organization, the most important thing about a bank is the people who compose the bank's staff. Without an adequate number of the right sort of people with appropriate training, qualifications and experience, a bank cannot do a good job. No matter how fine the building and the equipment, nor how perfect the systems and policies, there is no substitute for an adequate and capable staff.

Customer goodwill is a valuable asset. A bank's employees, through their daily contacts with customers, are the ones who, for the most part, determine the quality of its services and public relations.

Human resources are among the fundamental resources available to any organization. Successful managers recognize that human resources deserve attention because they are a significant factor in top management strategic decisions that guide the organization's future operations. Three crucial elements are needed for firms to be effective: Mission & Strategy, organization structure, and human resource management. However, people are the basic resources who do the work and create the ideas that allow the organization to survive (Ivancevich & Glueck, 1989, pp. 5-15).

If the objectives of HRM are to be accomplished, top managers have to treat the human resources of the firm as the key to effectiveness. To do this - to accomplish the important objectives of HRM - management must regard the development of superior human resources as an essential competitive requirement that needs careful planning, hard work, and evaluation.

Given these indispensable contributions (roles) of human resources to organizational effectiveness, the need for a system to properly assess their performance towards accomplishment of organizational and/or personal goals is a matter not to be compromised at all.

Performance appraisal is such a function in HRM aiming at enhancing organizational productivity through provision of information on employees' job-related performances.

Overall, researching the performance management system of an organization is vital for enhancing organizational effectiveness, encourage employee engagement and development, and ensuring alignment of employees goals with strategic goals of the organization.

1.2. A Brief Background of the Organization

Dashen Bank is one of the privately owned commercial banks in the country incorporated under the Commercial Code of Ethiopia, 1960. It was established 23 years back.

The bank has succeeded to raise its number of branches to 823 by end of December 2023. It is gathered that 284 of the total area banks & 19 forex offices are located in Addis and the rest are located in the major cities and towns of the nation. The total workforce can be broadly classified as top management (12), Senior Management 49 Middle Management 1144 , Line Managerial (1305), Professional (7283), other clerical (437) and none clerical (551) in terms of job positions available in the bank. For performance appraisal purposes, the bank classified the staff as supervisory, clerical and non-clerical.

1.3. Statement of the Problem

Improving organizational productivity (performance) has become one of the overriding goals of human resource management. Organizational performance is the synergetic sum total of the performance of all employees in the organization. This being the fact, employee performance has to be closely planned, coached, and appraised to ensure that it is in line with the interests of organizations. However, it seems that performance appraisal is not given the proper attention by most organizations in the country and is exercised periodically more as a usual practice than as a tool of motivation on the basis of which various administrative and developmental decisions are taken.

Previous research into performance management has extensively investigated various global contexts, delving into the challenges and practices associated with this domain, with some focus on Ethiopia. Prior studies have traced the evolution, principles, and implementation strategies of performance management systems across diverse organizational and cultural landscapes. They underscore the significance of aligning individual performance goals with organizational

objectives, offering constructive feedback, and nurturing employee growth.

Researchers have pinpointed several challenges in implementing and improving performance management systems within Ethiopian organizations. These include constraints in resources for training and development, ambiguity in performance benchmarks, reluctance to depart from traditional practices, and the intricacies of conducting impartial evaluations in culturally heterogeneous work environments.

Studying the performance management system of Dashen Bank is crucial for several reasons:

1. A well-designed performance management system helps align individual and team goals with organizational objectives. By studying Dashen Bank's performance management system, stakeholders can identify areas where improvements are needed to enhance overall effectiveness.
2. Understanding how Dashen Bank evaluates employee performance provides insights into how it fosters employee development. This knowledge can help in designing training programs, identifying skill gaps, and nurturing talent within the Bank.
3. An effective performance management system can positively impact employee retention and motivation. By studying Dashen Bank's system, one can determine if employees feel valued, recognized, and fairly rewarded for their contributions, which are critical factors in retaining top talent.
4. Dashen Bank's performance management system must be aligned with its strategic objectives. Studying the system can reveal whether there is coherence between individual performance goals and the Bank's long-term strategic direction.
5. Analyzing the strengths and weaknesses of Dashen Bank's performance management system can help identify areas for improvement. This might include issues such as bias in evaluations, lack of clarity in performance expectations, or ineffective feedback mechanisms.

Overall, studying Dashen Bank's performance management system is essential for optimizing organizational performance, fostering employee development and motivation, ensuring regulatory compliance, and enhancing customer satisfaction.

At last, certain factors related both to the instrument of appraisal and the appraiser seem to undermine effective utilization of the performance appraisal system. It is not unusual to find appraisal instruments (forms) burdened with non-job-related criteria against which employees' job-related performances are apt to be evaluated. This subjectivity embodied in appraisal instruments, added to lack of rater training and personal bias, is a challenge for performance appraisal systems in meeting their intended purposes.

1.4. Objective of the Study

1.4.1 General Objective

The General objective of this study is to investigate practices & challenges of performance appraisal systems in Dashen Bank S.C.

1.4.2 Specific Objective

With the above general objective, the study have the following specific objectives:

1. What roles (purposes) performance appraisal system serves and how employees perceive the practice
2. What methods are available to appraising performance and assess the frequency of the appraisal practice
3. What are the problems related to performance appraisal and state ways of overcoming those problems
4. To help suggest whether employees should participate in setting their own performance objectives
5. What are the factors that should be considered in performance appraisal

1.5. Research Questions

This research try to give answers to the following research questions.

1. What are the purpose of performance appraisal system of the Bank? look like?
2. What are the available methods major problems underlying the appraisal system of the Bank?
3. What the performance appraisal system of the Bank meeting its intended objectives and

how do employees perceive the system?

4. What are the factors that the banks should considered in performance appraisal system in the future?
5. Are the criteria used in the system appropriate?

1.6. Significance of the Study

The researcher believes that the study have the following significances:

1. Examine the practice, challenges & opportunity of performance appraisal system in Dashen Bank.
2. Identify the factors of performance appraisal of Dashen Bank
3. Investigate the effect of conscientiousness on performance appraisal system in the case of Dashen Bank.
4. Investigate the effect of conscientiousness on performance appraisal system in the case of Dashen Bank.
5. State ways of overcoming the factors of performance appraisal systems in Dashen Bank.

1.7. Scope of the Study

The study be carried out in Dashen Bank and use the survey research method. The target population of the study comprise managers as well as non-managers working at the head office and eight selected area banks located in Addis Ababa which are Bekelobet Area Bank, Gion Area Bank, Amudi Area Bank, Hayahulet Area Bank, Meksiko Area Bank, Signal Area Bank, Airport Area Bank & Bole Area Bank. The area banks and respondents be selected on the basis of a criteria which demands at least two years of stay in operations for the former and the same length of service for the latter.

1.8 Limitation of the study

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

1.9. Organization of the Thesis

The study is categorized in to five chapters. The first chapter introduces the study by giving the background information on the research problem, objectives, research questions, significant, scope & limitation of the study. The second chapter discusses the conceptual, theoretical and the empirical review of previous researchers from which the conceptual framework for analysis is derived. Chapter three presents the research methodology that describes the research approach and research design of the study, data gathering instrument and procedure used in the study, determination of the sample size, sampling procedure and analysis of data that was used in this study. Chapter four presents the analysis and interpretation of the findings. Finally in chapter five conclusion drawn based on analysis and possible recommendations forwarded by the researcher based on the investigation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter focused & explained on the concepts, empirical literature reviews the various past studies and theoretical review in relation to this research.

Theoretical Review of Performance Appraisals

2.1.1. Concepts of Performance Appraisals System

Performance appraisal is the system of evaluation and an employee of an organization by some qualified persons. Performance appraisal is important to know whitens the selection of an employee was right or wrong, it also help for personnel promotion, transfer, salary increase with their performance. (Gupta, Sharma and Bhala, 1988) Performance appraisal means the systematic evaluation of the performance of an employee by his or her supervisors. It is a tool for discovering, analyzing and classifying the differences among workers in relation to job standards. It refers to the formal system of appraisal in which the individual is compared with others and ranked or rated. Generally appraisal is made by the supervisor or manager once or twice a year. Performance appraisal is the formal system normally conducted by means of completing an instrument that identifies and documents a job holder's contributions and workplace behaviors. A primary reason for appraising performance is to encourage employees to put forth their best effort so that the organization can reach its mission and goal. Through the appraisal system organizations identifies and recognizes effort and contributions (Henderson, 2006).

Performance appraisal (PA) has developed over the course of a century into a complex and costly management support tool. Although objective appraisal systems provide accurate measures of employee performance, they require both organizational support and maintenance.

For supervisors and managers, the appraisal system is an instrument. How they use it depend on both their perception of the organization's needs and how well they have been trained in its use (Daley, 1992, p. 39-49).

The question, then, is not whether an organization should have a rating program but, rather, what kind of program it is to be. For the small organization, where everyone knows everyone else, the most informal evaluations are probably adequate. But larger organizations find that systematic rating procedure is essential to efficient operation, because without it there is no record of an individual's progress and no meaningful way to compare his performance with that of people in similar jobs in other parts of the organization (Barret, 1966, pp. 1-2).

The largest single cost over which the typical organization has direct control is that of its payroll, but, paradoxically, most organizations keep better records concerning the quality of the performance of their machines, plant and equipment than they do of their people (Barret, 1966, pp. 1-2).

Various academicians and researchers on human resource management have defined performance appraisal in different ways. Deanne N. den Hartog, Paul Boselie and Jaap Paauwe (2004) in their article entitled "Performance Management: A Model and Research Agenda" (p. 556-569) have cited the following definitions of performance appraisal:

- Performance appraisal is the system whereby an organization assigns some 'score' to indicate the level of performance of a target person or group (DeNisi, 2000).
- Performance appraisal is a system of review and evaluation of an individual's (or team's) performance (Mondy et al. (2002).
- Fletcher (2001) defines performance appraisal more broadly as "activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards" (p. 473). Defined as such, performance appraisal is an important part of performance management.
- Robert L. Mathis and John H. Jackson (1997) defined performance appraisal as the system of evaluating how well employees do their jobs compared with a set of standards and communicating that information to those employees. It also has been called *employee rating*, *employee evaluation*, *performance review*, *performance evaluation*, and *results appraisal*.

Realistic, measurable, clearly understood performance standards benefit both the organization and the employees. In a sense, standards show the "right way" to do the job. It is important to

establish standards before the work is performed so that all involved understand the level of accomplishment expected.

Standards often are established for quantity of output, timeliness of results, manner of performance and effectiveness in use of resources.

2.1.2. Purposes of Performance Appraisal

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

Performance appraisal serves a number of purposes in organizations. In general terms performance appraisal has two roles in organization, which are often seen as potentially conflicting. These are administrative and developmental roles. Performance appraisals can be sometimes conducted for personnel research purposes (Mathis & Jackson, pp. 344).

Those who favor formal performance evaluation contend that it serves several purposes, which are essentially extensions of the above two major roles (Ivancevich & Glueck, 1989, and Robbins, 1996). The following are some of them:

1. Developmental Purposes

PA can determine which employees need more training and helps evaluate the results of training programs. They pinpoint employee skills and competencies that are currently inadequate but for which programs can be developed to remedy. Similarly, the effectiveness of training and development programs can be determined by assessing how well those employees who have participated do on their performance evaluation.

2. Reward and Compensation Purposes

PA helps the organization decide who should receive pay raise and promotions. It can determine who be laid off. It reinforces the employee's motivation to perform more effectively. PA also provides information that can be used to determine what to pay and what serve as an equitable monetary package.

3. Motivational Purposes

The presence of an evaluation program has a motivational effect: it encourages initiative, develops a sense of responsibility, and stimulates effort to perform better. To maximize motivation, people need to perceive that the effort they exert leads to a favorable performance evaluation and that the favorable evaluation lead to the rewards they value.

4. Legal compliance

It serves as a legally defensible reason for making promotion, transfer, reward, and discharge decisions. Personnel and employment planning purposes serves a valuable input to skills inventories and personnel planning. Performance evaluations can be used as criterion against which selection and development programs are validated. Newly hired employees who perform poorly can be identified through performance appraisal.

5. Communications Purposes

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

2.1.3. Who should appraise?

A rating program should help by ensuring that raters have an opportunity to observe the performance they rate, have ability to make sound judgments, and use appropriate standards against which to rate (Barret, 1966, pp. 99-101).

OBSERVATION- Observation is obviously the first step in any rating procedure. The rater must collect some information about the persons rated, whether it be by direct observation, study of records, or interviews with others who have direct knowledge of performance. What he/she needs is sufficient observation of pertinent data to carry through the succeeding steps of the rating system.

JUDGMENT-Once the observations have been complete, the rater must evaluate what he has seen and record his/her impressions. The rater must have a clear picture of what is required of the job and the standards of satisfactory performance. He/she must understand the purpose of the

rating and what is expected to do. All these tasks call for intelligence and experience. The less able supervisor tends to honor the conservative, cooperative subordinate who doesn't threaten him/her.

POINT OF VIEW- The rater who had adequate opportunity to observe, and who possesses the equipment for making an adequate judgment, is not yet in a position to make a rating, because he must fit what he has observed into his own value system, which provides him/her with the standards against which to judge what he/she has seen. He/she must select from the countless incidents he/she observed those which are pertinent to the rating task at hand. He/she must then decide whether what he/she observed is good or poor, satisfactory or undesirable. It is at this point that his/her own personality, experience, and personal values enter threatening.

POSITION- The position of the rater relative to the person being rated determines, in part, the extent and nature of his opportunity to observe the quality of his judgment and the appropriateness of his/her point of view.

By tradition, a manager's authority typically has included appraising subordinates' performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates' performance, it only makes sense that these managers do the evaluating of that performance. However, others may actually be able to do the job better (Robbins, 1996, pp. 651). Among these are:

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

On the negative side, immediate supervisors may emphasize certain aspects of employee performance to the neglect of others. Also managers have been known to manipulate evaluations to justify their decisions on pay increases and promotions.

Managers and employees evaluate performance appraisal systems on different bases. Managers tend to evaluate the systems on how well they aid in communicating with employees about their performance levels and if they aid in enhancing better performance (Mathis & Jackson, pp. 347-348). Employees rate the fairness of a performance appraisal higher if the following characteristics exist:

- *Ratings are based on actual performance*
- *Standards are consistently applied*
- *Two-way communication is allowed during the interview*

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

SELF APPRAISAL- If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent in the best position to appraise their own performance. It is also appropriate under conditions where an employee is working in isolation or possesses a unique skill in which case he/she may be the only one to rate his/her behavior. Essentially, it is a self-development tool that forces employees to think about their strengths and weaknesses and set goals for improvement. Also, since employee development means self-development, employees who appraise their own performance may become highly motivated. Having employees appraise their own performance is consistent with values such as self-management and empowerment.

On the negative side, self-evaluations get high marks from employees themselves; they tend to lessen employees' defensiveness about the appraisal system; and they make excellent vehicles for stimulating job performance discussions between employees and their superiors. However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious

drawbacks, self-appraisals are probably better suited to developmental uses than evaluative purposes.

A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The “proper” nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists workers may rate the manager only on the way the manger treats them and not on critical job requirements.

Multisource rating (Comprehensive or 360° rating) - Multisource feedback recognizes that the manager is no longer the sole source of performance appraisal information. Instead, feedback from various colleagues and constituencies is obtained and given to the manager, thus allowing the manager to help shape the feedback from all sources. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360° system. Thus, the manager’s perception of an employee’s performance is still an important part of the system.

This source of appraisal has the following advantages and drawbacks (as cited in Bozeman, 1997, pp. 313-316): multi-rater evaluation provides an integrated assessment of individual performance that maximizes the strengths and minimizes the weaknesses of individual ratings, a fuller conceptualization and measurement of the job performance domain, an improved legal defensibility over single-source ratings, and an increased use of performance feedback for individual improvement and development. Multi-rater evaluation also is an attractive prospect to individual ratees in that ratees tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation.

According to the preceding rationale, then inter-rater ratings from different ratings sources should not necessarily be in agreement, in that they are not assessing the same, but different, aspects of job performance. Stated a bit more directly, the various rater groups are not rating the same thing.

Therefore, the issue of inter-rater agreement across rater groups does not appear to be directly relevant in the context of multi-source performance appraisal. It does not seem logical to expect or require agreement between separate performance ratings that do not clearly measure the same phenomenon. The fact that performance ratings provided by different rater groups do not refer to

the same phenomenon, and, thus, do not often agree with one another does not itself render the system of multi-source performance appraisal invalid.

Accordingly, reliability and validity in this context are essentially non-issues, and inter-rater agreement across different rater groups should not be considered a prerequisite to ratings validity. To use a well-worn analogy, comparing ratings across rating groups is a bit like comparing apples and oranges: both are fruits, but fruits of a different kind.

2.1.3 What is appraised?

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

- I. Individual task outcomes (objectives) which measure job-related results like amount of deposits mobilized
- II. Behaviors which measure observable physical actions, movements, and
- III. Traits which are measured in terms of personal characteristics observable in employees job activities.

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

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

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

2.1.4. Methods of Performance Appraisal

In order for performance appraisal to achieve its purposes, a variety of methods have been developed. The choice of a method depends on organizational ethos, its objectives in making the appraisal, its size, product, technology, etc. The most prevalent methods fall under four major groups, namely, category rating methods, comparative methods, narrative methods, and special methods:

1. Category rating methods

These are the simplest methods for appraising performance which require a manager (supervisor) to mark an employee’s level of performance on a specific form. The graphic-rating scales, checklist and the forced choice method fall under this classification.

2. Graphic Rating Scale –

This is the oldest and most widely used performance evaluation technique also known as linear rating scale or simple rating scale. It measures the degree of characteristics required for adequate performance of the job and consists of a number of characteristics and qualities which are judged on a point scale. The rater is presented with a set of traits such as quantity and quality of work, knowledge of job, cooperativeness, dependability, attendance, attitude, initiative, leadership, decisiveness, emotional maturity, etc. The supervisor evaluates these characteristics on a point scale from high to low, excellent to poor, etc.

3. Checklist- The checklist is a simple rating technique in which the supervisor is given a list of statements or words and asked to check statements representing the characteristics and performance of each employee. There are several difficulties with the checklist: (1)

as with the graphic rating scale, the words or statements may have different meanings to different raters; (2) raters cannot discern the rating results if a weighted checklist is used; and (3) raters do not assign the weights to the factors-it is someone else, such as a member from the HR department who usually does so. These difficulties limit the use of the information when a rater discusses the checklist with the employee, creating a barrier to effective developmental counseling.

4. Forced choice

In its simplest form, the method consists of providing a list of behavior related statements. The supervisor is asked to indicate one least and one most descriptive statement for a particular subordinate. These statements are usually grouped in clusters of five based on a broad theme covered by these statement. Each statement carries some weight which is not known to the supervisor.

5. Comparative Methods

Ranking systems involve comparing people against each other and determining whether an employee is better than, the same as, or worse than his or her colleagues on the basis of some set of criteria (Bacal, 1999, pp. 93-107). Comparative methods include ranking, paired comparison, and forced distribution. Ranking. The ranking method consists of listing all employees from highest to lowest in performance. It is difficult to do if the group of employees being compared numbers over 20. It is also easier to rank the best and worst employees than it is to evaluate the average ones.

6. Paired comparisons

This method requires the rater to compare each employee with every other employee working under him/her on the overall efficiency aspect (Saiyadain, 1999, pp. 196-197). The number of comparisons can be calculated using the following formula:

$$N(N-1)/2 \text{ Where } N = \text{Number of people rated}$$

I. Forced distribution

This method is developed to prevent the raters from rating too high or too low. Under the forced distribution method, the rater after assigning the points to the performance of each employee has to distribute his/her ratings in a pattern to conform to normal

frequency distribution (Rao & Rao, 2004,228-229). Generally, the distribution of performance appraisal ratings does not approximate the normal distribution of the bell-shaped curve. Hence this method is based on the rather questionable assumption that all groups of employees have the same distribution of excellent, average and poor performers. If one department has all outstanding employees, the rater would find it difficult to decide who should be placed in the lower categories.

II. Narrative Methods

Written appraisal information is sometimes required of some managers and human resource specialists. These methods are used when documentation and description of an employee's actions are sought rather than an actual rating. The two most widely used techniques that fall under this classification are the essay and critical incident methods. Essay or free form appraisal - This method requires the rater to write a short essay describing each employee's performance during the rating period. The essay technique minimizes rater bias and halo effect (Rao & Rao, 2004, pp.234-235).

III. Management by objectives (MBO) - This method of appraisal was introduced and made popular by Peter Drucker (1961). In this method, subordinate in consultation with the supervisor sets out short term objectives followed by specific actions that he/she has to carry out. The goals are jointly set and are action-oriented. Since they are verifiable, appraisal becomes easy. At the end of specified time period, the activities are jointly reviewed by both the subordinate and the supervisor, and depending on the performance of the subordinate, the goals are modified or redesigned for the next period of time (Saiyadain, 1999, pp. 200-201).

2.1.5 How often should Appraisal be done?

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

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

2.1.6. Potential Problems to Performance Appraisal

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

1. Human errors (rating biases) are called so because they just happen and supervisors may neither know about them nor have much control over them. To the degree that the human factors are prevalent, an employee's evaluation is likely to be distorted.
2. Single criterion- A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees emphasize the single criterion to the exclusion of other job-relevant factors.
3. Leniency error- Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Such ratings do not serve any purpose. Equally damaging one is assigning consistently low rates.
4. Halo error-This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.
5. Central tendency errors- Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job (Rao & Rao, 2004, pp. 247).

6. Recency vs. primacy effect - One difficulty with many of the evaluation systems is the time frame of the behavior being evaluated. Raters forget more about past behavior than current behavior (Ivancevich & Gluedck, 1989, pp.331). Recency refers to the proximity or closeness to appraisal period. Generally, an employee takes it easy for the whole year and does little to get by the punishment. However, as appraisal time gets closer, he/she becomes very active creating an illusion of efficiency in the rater thereby affecting his/her appraisal decision.
7. Similarity error- This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and ratee may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006, pp. 34-40).
8. Problems of Criteria Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform.
9. Problems of Confidentiality

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

2.1.7. Overcoming Problems

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

Use of multiple criteria - The more complex a job, the more criteria that need to be identified and evaluated. Only the critical activities, not everything, that lead to high or low performance are the ones that need to be evaluated.

Emphasizing behaviors rather than traits - Many traits often considered to be related to good performance may, in fact, have little or no performance relationship. For example, individuals who rate high on such traits as loyalty, initiative, courage, reliability, etc., may be poor performers. Conversely, it is possible to find excellent performers who do not score well on such traits.

Documenting performance behaviors in diary - By keeping a diary of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1996, pp.657-658). Diaries, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits.

Use of multiple evaluators - As the number of evaluators increases the probability of attaining more accurate information increases. Thus, if an employee has had nine supervisors, nine having rated him/her excellent and one poor, one can discount the value of the one poor evaluation. Therefore, by moving employees about within the organization so as to gain a number of evaluations or by using multiple assessors (as provided in 360-degree appraisals), the probability of achieving more valid and reliable evaluations can be increased. Evaluate selectively. It has been suggested that appraisers should evaluate only those areas in which they have some expertise (Borman, 1974, as cited in Robbins, 1996, pp. 658. If raters make evaluations on only those dimensions on which they are in good position to rate, inter-rater agreement can be increased and evaluation can be made a more valid system.

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

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

Practice and feedback training provide raters with an opportunity to practice evaluating job performance. The rater is allowed to compare his/her ratings given by “experts” or predetermined “true score.” Feedback also can include the rater pointing out specific rating errors (for example, leniency or halo) that were made by the rater.

Smith (1986) further has outlined that the content of training falls into three categories, namely, Rater Error Training; Performance Dimension Training; and Performance Standards Training. *Rater error training* attempts to directly reduce rating errors, typically by presenting raters with examples of common rating errors such as leniency, halo, central tendency, and contrast errors. After raters are familiar with these errors, they are encouraged to avoid them.

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

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

2.1.6 Factors Affecting Performance Appraisal

According to Ivancevich & Glueck (1989, pp. 322-324), there are several factors that have significance for performance evaluation. One factor is the task. A white collar or supervisory task is more likely to be formally evaluated than a blue collar task. In addition, the performance evaluation technique used differ with the task being evaluated. Other factors affecting performance evaluation are government requirements, regulations and laws. By inducing organizations to keep better records to support their decisions, government action has indirectly encouraged better performance evaluation systems.

Keeley (1978, pp. 428-438) in his “Contingency Framework for Performance Evaluation” has proposed that different appraisal techniques would be appropriate to different organizational structures depending on the degree of task uncertainty. Thus the following are suggested:

- I. *Behavior-based evaluation procedures (e.g., BARS) - those defining specific performance expectations and, hence highly “mechanistic” in structure – are most appropriate for certain tasks.*
- II. *Objective-based evaluation procedures (e.g., MBO) – those defining less specific performance expectations and, hence, moderately “organic” in structure – are most appropriate for tasks which are neither extremely certain nor extremely uncertain.*
- III. *Judgment-based evaluation procedures (e.g., multi-rater techniques) – those defining the least specific performance expectations and, hence, highly, “organic” in structure are most appropriate for uncertain tasks.*

Other factors influencing performance evaluation, according to Ivancevich & Glueck (1989, pp. 322-324) are the attitudes and preferences of employees. For people whose value fit the work ethic, evaluations can be very important. If this system is badly handled, turnover increases, morale declines, and productivity can drop. For employees with instrumental attitudes toward work, performance evaluation is just another system at work. Since work is not too important to them, neither are evaluations. They want a job to earn money, and that is it.

One important factor that can affect performance evaluation is the leader’s (supervisor’s) style. Supervisors can use the formal system in a number of ways: fairly or unfairly, in supportive manner or punitively, positively or negatively. If the supervisor is punitive and negative with an

employee who responds to positive reinforcement, performance evaluation can lead to the opposite of the results expected by the enterprise.

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

2.1.6 Employee Participation in the Appraisal System

One way of approaching appraisal lays emphasis on work performance rather than on the characteristics of the person doing the work (Beveridge, 1975, pp. 42-59). It involves a system of two-way communication not only about means to goals but about the goals themselves. In the midst of today's rapid technological and organizational change managers have to recognize the impossibility of knowing enough about the details of every job to be able to tell their subordinates what to do and how to do it. This recognition implies the acceptance of a new role, no longer that of the more all wise, all powerful autocrat but that of the more democratic resource person who discusses his/her subordinates' work with them, listens to their ideas, encourages their analyses of the problems involved, and their suggestions about how these problems may be dealt with. In this role the manager's task is to help his subordinates evaluate the usefulness of their strengths, assess their practicability, work out how best they may be implemented. The manager as appraiser no longer takes over control of his subordinates' work, as happened in traditional appraisal, but enables them to perform their own work tasks more effectively.

Appraisal in recent years has thus become a tool for corporate planning rather than a method for controlling individual jobs and assessing individual workers. The emphasis in an increasing number of organizations is directed towards work planning and review sessions where managers and subordinates are engaged in an interactive analysis of organizational behavior and the defining of organizational work goals. There are two points of special importance to be noted here. First, this approach to appraisal not work until there is mutual confidence between superior and subordinate. The appraising manager must have confidence in his/her subordinate's competence to analyze and assess his/her own job and in the realism and relevance of the work goals he proposes. The subordinate must also have confidence in his/her manager's comments on his/her work goals and on their interaction with the goals of others in the organization.

Secondly, discussion of individual goals in interactive groups is an increasingly important part of

the appraisal procedure. Such discussion makes visible the real efforts of each man to his colleagues in the managerial team, identifies where his and their goals meet, and opens the way to a more effective coordination of their activities. It helps to prevent the manager foisting his own ideas about goal setting on to his subordinates, urging goals which may be unrealistic.

2.1.8. Feedback and Appraisal Interview

Appraisal is properly a learning system. Through their interaction in the appraisal the appraiser and his/her subordinate each learn how to make a more effective contribution to the adequate performance of the work. If this does not happen, appraisal merely serves a cataloguing purpose, 'this man is effective; that man is ineffective.' To enable learning to take place, the appraiser must provide the opportunity for an analysis by the subordinate and himself of the subordinate's performance so that the later can see where he/she is doing well and where badly. This kind of feedback is essential to learning. At the same time the appraiser must allow the subordinate to exercise influence over his own work methods and targets (Beveridge, 1975, pp.42-59). Beveridge et.al. further stated that there are essentially four approaches used by managers to communicate performance feedbacks to (conduct appraisal interviews with) their subordinates.

1. The tell approach - The objective of traditional forms of appraisal seems to have been to control the job by controlling the man who did it; the emphasis of the appraisal was therefore on the man. The manager told his subordinate how in his opinion he was getting on, what his strengths and weaknesses were, and how he should set about developing the former and eradicating the latter. The manager assumed he had the right to do all these things because he was convinced he knew all about the job and the qualities required of the man who had to do it, he made a personal assessment of the subordinate's qualities and decided how far they were adequate or inadequate for the job, he acted indeed as a sort of judge. Appraisal was essentially a one-way affair and the subordinate listened carefully and, if he wanted to keep his job and get on in the organization, did as he was told. This form of appraisal did not stimulate new ideas, it did not face the subordinate with many challenges but, so long as jobs did not alter very much, it kept the organization steadily ticking over. It was simply a 'tell' procedure.

2. The sell approach- Sometimes, if there was an element of discretion in the job an occasional opportunity to choose between two ways of carrying out some aspect of the job, the manager might adopt a slightly less formidable tactic than the autocratic 'tell' approach; he might attempt to convince the subordinate that it would be best if he took the managerially approved course of action. He used the 'sell' approach, a manipulative style in contrast to the autocratic 'tell' approach.
3. The test approach- A variation of the 'tell' and 'sell' approaches' is the 'test' approach. This has the appearance of being more democratic in that it encourages discussion and decision-making by the subordinate but these are about means, not about ends. It is on a par with the behavior of the king who told his subject, 'I am going to have you executed but I wish to be democratic about it. You shall decide whether you wish to be beheaded, hanged or burned at the stake. It is entirely your decision; I have no wish to go down in history as an autocrat.' The 'test' approach allows for two-way rather than one-way communication. The objectives however are defined by the manager, not by the subordinate.
4. An effective review – one in which the employee perceives the appraisal as fair, the manager as sincere, and the client as constructive – can result in the employee's leaving the interview in an upbeat mood, informed about the performance areas in which he/she needs to improve and determined to correct the deficiencies (Nathan, Mohrman, Milliman, 1991, as cited in Robbins, 1996, pp. 458-659).

2.2. Review of Empirical studies

Performance appraisal is an essential aspect of human resource management, entailing the systematic assessment of employees' performance against predetermined criteria and organizational goals. Research on performance appraisal has examined numerous facets, including its effectiveness, potential biases, influence on employee motivation and performance, and the application of various appraisal techniques.

2.2.1. Findings from Empirical Studies on Performance Appraisal

1. Effectiveness and Impact on Employee Performance:

According to research by DeNisi and Pritchard (2006), well-executed performance

appraisal systems can greatly improve employee performance by offering clear feedback and establishing future performance expectations. A meta-analysis by Kluger and DeNisi (1996) indicated that although performance feedback generally enhances performance, its effectiveness greatly depends on the delivery method. Feedback is more effective when it is constructive, specific, and concentrated on behavior rather than personal traits.

2. Biases in Performance Appraisal:

A study conducted by Varma, DeNisi, and Peters (1996) highlighted the common occurrence of biases in performance appraisals, including the halo effect, leniency bias, and central tendency bias. These biases can compromise the fairness and accuracy of performance evaluations.

3. Impact on Employee Motivation:

Empirical research by Deci, Koestner, and Ryan (1999) highlights the critical role of perceived fairness and transparency in performance appraisals for sustaining and enhancing employee motivation. When performance appraisals are viewed as fair and focused on development, they can significantly boost intrinsic motivation and job satisfaction.

4. Implementation of Different Appraisal Methods:

In Grote's (2002) study, the effectiveness of traditional annual performance reviews was contrasted with contemporary methods like continuous performance management. The research revealed that continuous feedback systems, which offer employees regular and immediate feedback

Practical Implications

Drawing from these empirical discoveries, organizations ought to contemplate the subsequent strategies to augment the efficiency of their performance evaluation frameworks:

- I. Offer Comprehensive Training: Guarantee that managers and evaluators receive thorough training in delivering unbiased and constructive feedback, and in identifying and addressing common biases.

- II. **Prioritize Development:** Shift the focus of performance evaluations towards fostering employee development and advancement rather than solely reviewing past performance or fulfilling administrative requirements.
- III. **Leverage Diverse Feedback Channels:** Integrate various feedback sources to attain a comprehensive understanding of employee performance.
- IV. **Introduce Continuous Feedback Systems:** Transition to continuous performance management approaches that facilitate real-time feedback and ongoing developmental conversations.
- V. **Promote Fairness and Transparency:** Aim for a transparent appraisal system where assessment criteria and procedures are clearly communicated, fostering a perception of fairness and equity among employees.

CHAPTER THREE

METHODOLOGY OF THE STUDY

In this chapter the detail methodology showing the logical frame work that discusses sources of data, target population sampling method and sample size and techniques and data collection techniques method be presented. For the purpose of understanding all the content of this chapter, it is arranged as follows.

3.1 Research Approach and Research Design

3.1. 1. Research Approach

In this study, the researcher used a quantitative research approach. This is because of in quantitative approach, the researcher used for testing a theory by specifying narrow hypotheses and the collection of data to support or refute the hypotheses and employs strategies of inquiry through surveys and collect data on predetermined instruments that yield statistics data (Creswell, D., 2009).

3.1.2. Research Design

This descriptive study is designed to explain, understand and predict the cause-and-effect relationship between variables that are performance related problem independent variables and high staff turnover, low productivity and increasing number of customer complaints many organizations dependent variables. In selecting the research subjects, both judgment and stratified random sampling be used. Judgmental sampling is used to select the area banks located in Addis Ababa that was considered for the study. Accordingly, those area banks that meet the minimum operational requirements and having staff with the desired experience and representativeness be selected.

3.2 . Type of Data Collected

The study make use of both primary and secondary data in its construction. Primary data collect mainly through questionnaires of both types (closed-ended and open-ended) as well as through interviewing.

Secondary sources such as, policy, procedures, forms and other documents which are linked with the performance appraisal system and also company appraisal forms, and the internet have also been extensively reviewed as references.

3.3 Methods of Data Collection

The main data collection tool is questionnaire that was distributed to employees, and as interview with the HR managers of the organization who are working in the organization. The primary data collected through questionnaire and interview. According to R. Kothari, (2004), this method of data collection is quite popular, particularly in case of big enquiries.

3.4 Population and Sampling

According to Ngechu, M. (2004), a population refers to a specific group of individuals, services, elements, events, or households under investigation. In this study, the population consists of employees from Dashen Bank S.C., including both managers and non-managers, working at the head office and eight selected branch locations within Addis Ababa. Selection criteria for both the branch banks and respondents required a minimum operational tenure of two years, ensuring that respondents have sufficient experience with Dashen Bank's performance appraisal system. This approach aims to gather insights from employees with substantial familiarity and exposure to the bank's operational processes. The sample size of 106 participants was determined using the Slovin formula $n = N / (1 + N(e^2))$, applied to a population of 144, with a margin of error set at 0.05.

No.	Name of Branch	Total
1	Bekelobet	8
2	Amudi	12
3	Gion	11
4	Hayahulet	59
5	Signal	12
6	Meksiko	12
7	Airport	18
8	Bole	12
Total		144

Table 3.1. Sample size determination using stratified sampling

3.5 Measurements of Variables

- Researching the performance management of Dashen Bank involves employing various data collection tools to gather comprehensive information.
- Surveys questionnaires designed to gather feedback from employees, managers, and customers regarding their perceptions of Dashen Bank's performance management practices. Questions can cover aspects such as clarity of performance goals, effectiveness of appraisal systems, and satisfaction with performance feedback mechanisms.
- Conducting structured interviews with key stakeholders within Dashen Bank, including managers, HR personnel, and department heads, provide qualitative insights into the challenges and successes of performance management initiatives. These interviews can investigate deeper into specific issues identified in surveys and offer valuable perspectives.
- Organizing focus group discussion with representatives from different departments or employee levels can facilitate in-depth exploration of specific performance management issues. This session can uncover underlying concerns, gather diverse viewpoints, and identify areas for improvement.
- Observing performance management systems and interactions in real-time can provide firsthand insights into how these systems are implemented and experienced within Dashen Bank. The student researcher observed performance appraisal meetings, goal-setting sessions, and feedback discussions to identify patterns and areas for enhancement.
- Analyzing internal documents such as performance appraisal forms, policy manuals, training materials, and performance improvement plans can offer insights into the formalized aspects of Dashen Bank's performance management system. This approach can help assess alignment between stated policies and actual practices.

- Reviewing Dashen Bank's performance management practices in light of industry practices can provide context and identify areas where the bank may be lagging or excelling. This can involve accessing case studies and conducting analyses.
- By employing a combination of these data collection tools, the student research can gain a holistic understanding of Dashen Bank's performance management practices, identify areas for improvement, and make informed recommendations to enhance organizational performance and employee satisfaction.

3.6 Data Analysis

The study on performance appraisals at Dashen Bank S.C. use thematic Analysis as its method to analyze qualitative data. This method is a good fit for the study's goals. It will help understand how employees see the purpose of the performance appraisal system at the bank. It will also look into the different methods used for appraisals and how often they happen. Thematic Analysis will find common problems with performance appraisals, like biases or lack of feedback, and suggest ways to fix them based on what employees and others say. It will also explore if employees should have a say in setting their own goals and what factors are most important in appraisals, like job performance or personal goals. This approach will give a clear picture of how performance appraisals work at Dashen Bank S.C fitting well with what the study aims to find out. A descriptive method used to present and interpret the data that be collected on various dimensions of the appraisal system. Tables along with percentages also be employed to analyze the responses of employees on those dimensions. The analysis lay emphasis on performance appraisal bearing in mind the objectives of the study.

3.7 Validity & Reliability

3.7.1 Validity

Measuring the validity of the research is crucial for ensuring the credibility and reliability of the findings. Validity refers to the extent to which the research accurately measures or predicts what it intends to measure or predict. In the research's context, validity assessment involves evaluating whether the methods used to collect data, analyze information, and draw conclusions are appropriate and accurate. Different strategies and techniques be used to assess the validity of the research, including both quantitative and qualitative approaches.

One fundamental aspect of validity assessment in the research involves establishing the construct validity of the measures used. This entails ensuring that the variables or constructs being studied are accurately defined and operationalized. Moreover, assessing the content validity of research instruments is paramount in ensuring that they adequately represent the content domain of interest. Content validity pertains to the extent to which the questions included in the survey tools cover the relevant aspects of the phenomenon under investigation. Another critical dimension of validity assessment involves evaluating criterion validity. Criterion validity focuses on establishing the degree of correspondence between the measures used in the study and external criteria or standards that are considered valid. In addition to quantitative assessments of validity, qualitative methods can be used to provide a valuable input in evaluating the validity of the research.

In conclusion, measuring the validity of the research requires a comprehensive and multi-faceted approach that encompasses various dimensions of validity. By rigorously evaluating the appropriateness, accuracy, and consistency of research measures and procedures, the student researcher can ensure the trustworthiness and credibility of the findings, thereby contributing to the advancement of knowledge in the field of performance management.

3.7.2 Reliability

Cronbach's alpha coefficient used to assess the reliability of the survey questionnaires, a fundamental step in the research, especially in evaluating the consistency of instruments like survey questionnaires. In evaluating a performance management system, Cronbach's alpha is pivotal for ensuring data consistency and dependability from various tools, including surveys, by measuring the internal consistency of items within the instrument. This coefficient quantifies the cohesion among items, reflecting their collective reliability.

The student researcher meticulously curate and design items that accurately represent the targeted construct, aiming for homogeneity to ensure they measure the same underlying concept. Cronbach's alpha serves to gauge the internal consistency of these items and their contribution to reliable construct measurement.

Post-administration of the research instrument, collected responses undergo statistical scrutiny,

including computation of Cronbach's alpha to assess internal consistency. A high alpha coefficient (typically above 0.70) signifies strong item correlation, indicating consistent measurement of the intended construct. Subpar alpha values prompt the student researcher to contemplate strategies for instrument reliability enhancement, such as item revision or elimination, refining item wording, or exploring alternative measurement approaches.

	Reliability Statistics	
	Cronbach's Alpha	N of Items
Performance Appraisal	.837	8
	.806	4
	.885	10

Table 3.2: Summary on the pre and post-test reliability of items

Reliability assurance via Cronbach's alpha is imperative for upholding research validity. Consistent instruments yield reliable results, bolstering research credibility and facilitating findings' generalizability.

3.8 Ethical Considerations

There must be important ethical concern connected with the collection and validity of data. In fact ethical issues are not only important during the data collecting phase, but throughout the whole research system including during the phase of data analysis and dissemination of findings to ensure that the final thesis report provide an honest, fair and unbiased account and does not negatively affect those who might have participated in this research.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter it is tried to analyze and interpret the response obtained from Employees of the data collected through questionnaires, interviews and company documents are presented and analyzed using statistical tables and narrations, as may be convenient, and interpreted. The findings from the respondents on different aspects of the appraisal system and possible reasons for any forthcoming problems and solutions there to be also presented.

Table 1. Demographical Factors of Respondents

	Non-supervisors*		Supervisors/Managers*		Total	
	Frequency	%	Frequency	%	Frequency	%
Total number of Respondents	67	100	39	100	106	100
Variables						
Sex:						
M	51	76	37	95	88	83
F	16	24	2	5	18	17
Age:						
Below 25	8	12	-	-	8	8
25-35	57	85	23	62	80	75
35-45	2	3	8	21	10	9
45-55	-	-	5	13	5	5
Above 55	-	-	3	8	3	3
Educational Background:						
High school Complete	1	2	-	-	1	1
Diploma	35	52	6	15	41	39
First Degree	31	46	30	77	61	57
Masters & above	-	-	3	8	3	3
Job experience (Years):						
≥ 2 < 5 Years	45	67	7	18	52	49
≥5 Years	22	33	32	82	54	51

Source: Questionnaire, JULY 2021.

Questionnaire served to supervisory & non-supervisory staff (Question No's 1-4)

*Supervisors (managers) represent those staff of the Bank who undertake the responsibility of appraising and non-supervisors represent those whose performance is appraised by the former category.

A vital stage and, of course, the basis for the development of an appraisal system is the establishment of clear and objective performance standards. If employees are expected to perform their duties in a successful manner, it is natural that they be clearly communicated of their performance goals that should prove the highest degree of conformity with organizational goals. In the absence of such clearly laid down goals, personal goals may preside over organizational goals in which case organizational productivity would be adversely affected. Goals provide the basis for setting employee performance expectations. The following table is compiled from responses given by sample respondents included in the survey.

Table 2. Employees' knowledge of performance expectations and satisfaction on job Assignments

Q. 1. Non-supervisors (NS)		Yes	No	Total
Are performance goals clearly communicated to you by your supervisors via job descriptions or other statements of performance expectations	Frequency	59	8	67
	%	88	12	100
Q. 1. Supervisors (Managers) = S(M) Do you provide employees working under your supervision with job descriptions and clear performance expectations	Frequency	37	2	39
	%	95	5	100
Q. 2. Non-supervisors Do you feel satisfied with the kind of job you are performing? In other words, is your present assignment in line with career plans to move up the organizational hierarchy?	Frequency	45	22	67
	%	67	33	100

Source: Questionnaire, JULY 2020.

It can be observed from Table 2 above that the majority of the employees (88%) were provided with job descriptions and hence were well aware of the performance level that was expected of

them. This fact is substantiated by the 95% response rate from supervisors of the employees who claimed to have provided their subordinates with job descriptions and clear performance expectations. Although the figures indicate that it is quite safe to conclude that there is the practice of providing employees with job descriptions, the fact that 12% of the employees and 5% of the supervisors did not come up with such a practice indicates that there is more to do on this aspect. The variations in the response rates of the two categories of respondents may be linked to attribution tendencies each has on the other for any failure in performance of duties. An informal interview with some employees also has revealed that although they were provided with their job descriptions, they had little or no involvement in designing the contents of the latter. Hence the employees perceive job descriptions as something imposed on them by their bosses rather than as guiding tools for the accomplishment of their duties. Consequently they do not want to refer to the descriptions in their day-to-day activities rather than relying on intuition that builds in them as they gain experiences from their colleagues and adapt to the work culture of their units. Moreover, it is stated that job descriptions are prepared on the basis of what the job in different positions of the bank requires without due regard to who the occupants of those positions are and what capabilities and special talents they have. This may require occupants of those positions to either underperform or over- perform particularly if they have to strictly adhere to job descriptions, which in turn would lead to loss of motivation on the job.

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

In their answer to question no. 2 that enquires "What would happen to the performance of employees in the absence of job descriptions and clear performance standards?" the supervisor (manager) respondents have forwarded the following opinions:

- ✚ There would be no benchmark against which employee performance would be
- ✚ Measured. Performance appraisal in such situations, if at all there exists one, would suffer from lack of objectivity and consistency as supervisors' expectations of subordinates'

acceptable performance level would greatly vary with actual output of employees rather than on the basis of a predefined level.

- ✚ Employee effectiveness would decline as there would be no clear understanding and knowledge of the task that he/she is expected to perform. Hence employee efforts would lack clear direction which would in turn lead to confusion and declined performance.
- ✚ Responsibility and accountability would be compromised. In the absence clearly defined performance expectations for which individuals would be held responsible and accountable, inefficiencies may creep in to the job performance: there would be duplication of effort as a single task may be unnecessarily performed by two or more
- ✚ individuals; a single employee may suffer from overlap of duties; managers or supervisors may be required to expend a great deal of their time coaching the day-to-day performance of their subordinates withdrawing their attention from handling their major responsibilities; it may be difficult to obtain employee's obedience to supervisor's instructions - employees may not even know whom they are accountable to; or the employee may suffer from lack of confidence and consequently may require supervisory instruction on every bit of his/her job thereby avoiding risk associated with taking the initiative by one's own, etc.

However, two respondents in supervisory (managerial) positions have a different standing from the rest arguing that nothing would happen to the performance of employees in the absence of job descriptions. The other respondent argues from a different angle stating that a supervisor's continuous engagement in coaching and sharing of experience to his/her subordinate(s) would enhance the latter's performance much more than what formally written down job descriptions would mean to healthy performance.

Table 2 further demonstrates that a greater portion (67%) of the employee respondents is satisfied with the kind of job they are performing. As part of their satisfaction, these employees also have found their present assignment being in line with the career objective they want to achieve in their organization. However, while the response rate in favor of job satisfaction is quiet encouraging, it is equally worthwhile not to undermine the 33% employee job dissatisfaction response rate. It is often said and, of course, substantiated by research that “a

happy worker is a productive worker.” Hence employees who are satisfied with their job have better performance than those who are not. Moreover, absenteeism and turnover less likely for satisfied employees than for dissatisfied ones.

An important role of a performance appraisal system is identification of employees’ career development objectives. It is hard to imagine undertaking an employee’s performance appraisal while in the first place the employee shows little or no interest in the nature of the position or the job he/she is assigned to perform. It is natural that human beings, at least in most cases, would prioritize their personal goals over organizational goals, which may sometimes prove to be counter opposite to each other. Higher level of employee performance and organizational effectiveness would be expected only when a reasonable degree of congruence is achieved between the two sets of goals. One possible measure that can be taken by organizations in this respect may be the latter’s continuous engagement in the provision of career opportunities to their employees and the launching of career development and advice programs taking into consideration the employees’ real talents and capabilities to pursue in that career. Doing so would benefit the bank in many ways such as enhancing person-job and person-organization fits, reducing turnover and boosting productivity.

A related question (Q. 3), posed to the supervisory (managerial) respondents as to whether they are actively engaged in the assignment of their subordinates in their area of interest thereby assisting the latter in achieving their career development objectives, has revealed that although initial staff placement is the mandate of the HRLD, most of them are found involved in some sort of activities that would help them realize this objective once the employees are assigned to their department/area bank. The following are among those practiced by the respondents:

- ✚ Rotating employees in the different work units of the Bank which would enable the employees to broaden their knowledge of the different tasks which would in turn give them the chance to identify those areas in which the employees would be best interested in. Job rotation would help the employees to take the decision whether they should choose banking as their ultimate career and to identify the specific area within banking in which they should find themselves.
- ✚ Rather than engaging in job rotation which may sometimes create confusion to the employee adapting to different jobs, some have used a strategy whereby the employee is

made to concentrate on his/her present job that would enable him/her to gain deep knowledge of the job. Proponents of this strategy believe that the employee would

- ✚ Either find himself/herself interested in the job or arrange in some way with his/her superiors to get a transfer that would enable to satisfy the purported career objective.
- ✚ Carrying out periodic performance review meetings (like the experience of the Fund Management & Accounts Department that does it on a quarterly basis) in which strengths and weaknesses in employee performance would be pinpointed for appropriate action.
- ✚ Others have pointed out that although behavior is dynamic and complex and consequently difficult to predict or identify people's interests and inclinations, their departments/area banks tend to avoid monotonous working procedures and are engaged in triggering self-initiations in the design of jobs as far as that would enable achievement of corporate objectives.

On the contrary, few supervisors (managers) have responded that they made no efforts in assisting their subordinates to find themselves in the right career path pushing this responsibility to the most cases does not have direct contact with employees of other departments and area banks except through their superiors. It is advisable that supervisors (managers) be continuously engaged in setting favorable working conditions to their subordinates so that the latter can realize achievement of their career objectives through effective search of their competencies.

The appraisal form also defines what constitutes excellent, very good, good, fair, and poor performance. Each criterion of performance on the form is broken down into specific measures that indicate the varying degrees of performance for a given performance variable.

The total rating results a non-supervisory staff earns are divided by 16 (the number of criteria available for non-supervisory employees) and those for supervisory staff would be divided by 18 (the number for supervisory employees - with two additional criteria related to their supervisory capability, the 16 being essentially the same with those of non-supervisory staff).

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

Table 3. Opinion of sample respondents on the appropriateness of performance appraisal criteria

Q. 9. For Supervisory (Managerial) staff		Yes	No	Indifferent	Total
Do you think that all the standards are appropriately understood by appraises?	Frequency	21	18	0	39
	%	54	46	0	100
Q. 11. For both (NS) & S(M)*					
Do you think that the weights assigned for the criteria in the appraisal form are appropriate?					
Non-supervisors	Frequency	28	37	2	67
	%	42	55	3	100
Supervisors (Managers)	Frequency	20	19	0	39
	%	51	49	0	100
Total	Frequency	48	56	2	106
	%	45	53	2	100
Q. 12. Supervisors (Managers)					
Do you think that the criteria in the present appraisal form are representative enough to truly reflect a subordinate's real worth to his/her work unit or to the organization as a whole?	Frequency	26	13	0	39
	%	67	33	0	100

Source: Questionnaire, July 2020.

* NS = Non-supervisory employees, S (M) = Supervisory (managerial) employees While people's judgment of others knowledge of something still remains subjective, this element of subjectivity can increase (decrease) with the strength of the relationship between the superiors and their subordinates. The closer the work relationships between a superior and his/her subordinate, the greater the degree of certainty that the superior can predict about the behavior and attitudes of the subordinate.

From Table 4.3 above, it can be seen that 54% of the supervisory respondents do not believe that their subordinates do have a clear understanding of the criteria in the appraisal form on the basis of which their job performance would be rated. It is advisable that there be a reasonable degree of relationship between the employee's job (position) description and the criteria used for appraisal.

As to the appropriateness of the weights assigned to the performance appraisal criteria (Question No. 11), 42% of the non-supervisor respondents answered in support, 3% were indifferent, while the remaining 55% were of the opinion that assigning equal weights to all the criteria would not be appropriate. On the other hand, the response rate in support of and against the appropriateness of the weights was 51-49 for the supervisory (managerial) respondents.

Asked their opinion on whether the criteria in the present appraisal form are representative enough to truly reflect their subordinates' real worth to his/her work unit or to the organization as a whole, 67% answered yes while the remaining 33% had the opinion that the criteria have problems in this regard. The latter had expressed that while an employee might have scored high on many (all) of the job-related performance criteria and his/her contribution to his/her work unit or organization is decisive, his/her less than average performance on non-job-related factors might have pushed his/her rating result down to a level where the employee's real worth might not be recognized.

To the questions "What criterion/criteria must be added (removed) from the existing appraisal form to enhance effectiveness of the appraisal system and how do you see use of the same appraisal format (in terms of content) across all levels in the organization irrespective of the nature of the job?" the following were the results from 36 supervisory (managerial) respondents:

- ✚ 16 (41%) commented nothing
- ✚ 6 (15%) commented that all the criteria are relevant and hence no need to add to or remove from the existing appraisal form.
- ✚ 10 (26%) said that the criteria in the existing appraisal form are quiet relevant, no need to add to or remove from, however, efforts must be exerted to reduce areas of subjectivity as much as possible and to give higher weights to those factors that are job-related and reduce the weights of those that are not job-related, i.e., an appraisal form with varying
- ✚ weights for the different criteria depending on the nature of the job and/or place of assignment. Some supervisors in this category have commented that making the appraisal system job-specific would be costly, confusing, and administratively difficult. Hence better to utilize the same general format to all kinds of employees in the bank.
- ✚ Others (18%) have different comments. Among those commented are: the need to add in

the content a statement requesting the employee whether he/she is satisfied with his/her job and if not, why not?; appraisal criteria must be on the basis of the position an individual holds so that those criteria which do not relate to that position must be

- ✚ removed from his/her appraisal; some redundant criteria must be removed. One area bank manager has particularly suggested removal of the need for rater's comment on the potential of their subordinate for a higher position/greater responsibility as it is evident that supervisors (managers) do not usually deny giving positive remarks on this issue for fear of subsequent conflict with the subordinate. Another respondent has proposed that it would be better if separate appraisal forms are designed for each Head Office organ, which specialize in different functions, and uniform formats for all area banks as the latter carry out similar activities throughout the bank.

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

- ✚ It would be better to develop specific criteria for each specific position on the basis of job description rather than using the same general criteria to all positions. Thus evaluation criteria that are unrelated to some employees' job should be removed.
- ✚ Criterion about employee health situation should be removed as this may cause loss of morale to some employee who repeatedly experience health problems. Some have suggested neatness and style of dressing under personality dimension to be removed from the form.
- ✚ A statement should be added in the comments part of the appraisal requesting on whether he/she is satisfied with his/her position and/or place of assignment. This, according to the respondents would allow searching for the root cause for any employee performance- related problems.
- ✚ The criteria put for the highest point, i.e., 10 seem to be unrealistic requiring performance perfection in each employee, better to make the points reasonably realistic.

In general criteria define performance dimensions against which employee efforts towards achieving organizational goals would be judged. Thus, such criteria need to be quantifiable and measurable as much as possible if they are to be relied upon as bases for any administrative as well as developmental decisions. In the absence of such degree of objectivity, it is unlikely to

find that different raters rate the performance of the same employee in the same manner, nor the same performance criteria judged similarly.

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

A mismatch between employee job descriptions and performance criteria contained in the appraisal form may lead to nonperformance of certain activities on the part of the employees when appropriate measures are not provided for those activities. This may affect the overall performance of the organization when critical activities are not given particular attention in the performance appraisal. Weights reflect the relative importance of performance dimensions. Therefore, it is logical that those performance aspects that are invaluable for the successful accomplishment of a given job should receive a higher weight.

The bank undertakes performance appraisal for all employees twice a year in January (for the period July 1 to December 31) and July (for the period January 1 to June 30). Moreover, performance appraisal is conducted by immediate supervisors for fresh employees who are in their probation period as feedback for management whether the employees should stay permanent. This paper centers on the periodic employee performance appraisal.

Table 4. Response of sample employees on the frequency of performance appraisal

Q. 2. For Non-supervisors		Once	Twice	Quarterly	Monthly	Total
How often do you think performance appraisal should be conducted in a year?	Frequency	2	39	24	2	67
	%	3	58	36	3	100

Source: Questionnaire, July 2020.

Table 4 indicates that 58% of the non-supervisory respondents do support the Bank’s existing practice of appraising employees semiannually while 36% have suggested that appraisal should be carried out on a quarterly basis. Comments from supervisory (managerial) employees on the frequency of the appraisal system indicate that 85% were in support of the bi-annual appraisal practice, 10% recommended appraisal on quarterly basis, and 5% proposed appraisal to be conducted up on completion by the employee of major activities that constitute an important part of the latter’s job. The results indicate that all respondents, in one way or another, believe the need to conduct performance appraisals.

Performance feedback given frequently and closer to the action would be more effective in correcting employee performance problems timely. However, handling the formal appraisal task frequently would not be possible at no cost. It requires a great deal of supervisors’ time, effort, and complicates the decision system due to bulky information apart from the cost of stationery that may rise with added frequency. Many of the respondents that supported the bi-annual appraisal have additionally commented that though the formal appraisals shall be aggregated twice a year, supervisors (managers) should be engaged in giving continuous feedback to their subordinates. The existing practice of semi-annual evaluation may be enough if supervisors (managers) introduce frequent feedback to employees informally and then formally summarize performance at evaluation time.

Asked whether they are busy coaching the performance of their subordinates, the supervisors (managers) have responded as shown in Table 5 below.

Table 5. Supervisors’ response on whether they are engaged in coaching of their subordinates’ performance

Q. 10. For Supervisors (Managers)		Yes always	Yes occasionally	Never at all	Total
Are you busy coaching the job performance of your subordinates?	Frequency	24	11	4	39
	%	62	28	10	100

Source: Questionnaire, July 2021.

It can be observed from Table 6 above that although 90% of the supervisory respondents had been involved in some level of coaching, 10% still had not exercised coaching at all. Coaching involves ongoing communication between supervisors and employees. Working together, a manager and an employee can share information about work progress, potential barriers and problems, possible solutions to problems and how the manager can help the employee. One purpose of ongoing performance communication is to keep the work system dynamic, flexible, and responsive. Such communication helps employees cope with changes. Supervisors (managers) need certain information to coordinate the work of those reporting to them. Potential problems need to be identified early enough so that they can be solved before they become more difficult to manage. A good performance management requires that supervisors (managers) be continuously engaged in coaching of their subordinates’ performance before the launching of the formal appraisal review. As coaching is mainly aimed at employee development, employees would feel highly motivated and consequently productivity would increase.

According to current practice in the Bank, the responsibility for appraising employee performance lies on immediate supervisors. While appraisal by immediate supervisors may be supported in lieu of the latter’s frequent interaction with employees and their knowledge of the employees’ jobs, employees and supervisors may opt for others to take part in the appraising task. Table 7 indicates preference of the sample respondents as to who should handle this task.

Representations:

I = Immediate supervisor

E = Employee himself/herself

P = Peers (Colleagues)

C = Customers S = Subordinates

Table 7. Shows that employee appraisal by immediate supervisor

In your opinion who should evaluate employees' Performance appraisals?		I	P	S	C	I&P	I&S	I&E	I&C	I & Other	Total
Non-supervisors	Frequency	25	1	1	2	8	4	5	12	9	67
	%	37	2	2	3	12	6	7	18	13	100
Supervisors (Managers)	Frequency	19	0	0	0	2	1	5	7	6	39
	%	48	0	0	0	4	2	13	18	15	100
Total	Frequency	44	1	1	2	10	5	10	18	15	106
	%	42	1	1	2	9	5	9	17	14	100

Source: Questionnaire, July 2021

Table 7 shows that employee appraisal by immediate supervisor has got the highest preference among the given alternatives by both the non-supervisory and supervisory (managerial) respondents. Accordingly, 37% of the non-supervisory and 48% of the supervisory (managerial) sample respondents have opted for employee appraisal by immediate supervisors. The Table also indicates that 56% of the non-supervisory and 52% of the supervisory respondents, though were in support of evaluation by immediate supervisors,. Among these combinations, the immediate supervisor's association with customers has got the biggest share both by the non-supervisory and the supervisory respondents, i.e., 18% in each case. The respondents in support of this combination have proposed that as banking is a service rendering business, customers have a stake in the employee performance appraisal system and hence should participate in it. However, some respondents had qualified opinion on this issue stating that customer participation in the appraisal system should be limited to those employees whose place of assignment involves direct customer contact.

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

Others have proposed a sort of multi-person evaluation whereby the immediate supervisor, peers, subordinates and customers participate in the employee evaluation system. While such multi-person evaluations might be time consuming and too expensive to put in practice, there is no reservation that they give complete, multi-dimensional picture of an employee's performance. Having multiple raters has the advantage of reducing rater errors, particularly central tendency, halo error, leniency, and primacy & recency. The management may consider an appraisal system whereby different combination of raters may be involved in so far as the costs of introducing such a system do not exceed the expected benefits.

Although it was not possible to find documentary record on what the intended purposes of performance appraisal in the Bank are and on other aspects of the appraisal system, interview with Head Human resource management department (HRMD) has revealed that employees' performance ratings, along with relevant work experience and educational qualification, are used as valuable inputs in determining who should get salary increment (bonus), promotion, and training and development. While this may be what the HRMD actually does, what employees and managers of the Bank perceived of the real uses of the appraisal system, on the other hand, was different. The sample respondents were asked on whether they believe the Bank's appraisal system is meeting its intended purpose. Table 8, next page shows responses of the respondents.

From Table 8, next page, it can be learnt that 79% of the non-supervisory and 74% of the supervisory (managerial) respondents do not believe that the performance appraisal system of the Bank is meeting its intended purposes. While it cannot be safely concluded that performance appraisal has no significance in determining employees' future in the Bank, the responses from the respondents indicate that one or a combination of the following might have accounted for their perception of the system:

The lack of clear connection between performance and reward. So long as employees could not observe their efforts being accompanied by positive performance that eventually leads to rewards (which may be in the form of promotion, salary increase, or training & development) in a reasonably short period, they wouldn't be motivated and consequently their attitude towards the system's effectiveness would be distorted.

Table 8. Response of sample respondents on matters related to purpose of performance appraisal system

Q. 6. For (NS)* & Q. 8 for S(M)*		Yes	No	Indifferent	Total
Do you think that the performance appraisal system in your organization is strictly meeting its intended purposes?					
Non-supervisors	Freq.	12	53	2	67
	%	18	79	3	100
Supervisors (Managers)	Freq.	10	29	0	39
	%	26	74	0	100
Total	Freq.	22	82	2	106
	%	21	77	2	100
Q. 18. For non-supervisors					
Is there any possibility of misusing the appraisal system by your supervisor (rater) for purposes other than those intended by the organization?					
	Freq.	25	40	2	67
	%	37	60	3	100

Source: Questionnaire, July 2019.

*NS = Non-supervisors, S (M) = Supervisors (Managers)

- The subjectivity embodied in the appraisal instrument (the loose connection between performance criteria provided in the appraisal form and employee actual job performance) and the associated less probability that ratings would not be uniform across raters and might have caused employees to form a negative impression towards the system that their organizational rewards would not be determined by their performance ratings.
- Absence of clear and transparent communications between the Human Resources Department and the different work units on how employees' performance would be valued and what administrative decisions would be taken on that basis might form an impression in the employees that their performance records would be simply damped in their personnel files maintained with the department.

From Table 8, it can also be learnt that 37% of the ratee respondents believe that there is the possibility of misusing the appraisal system by their supervisors for purposes other than what the system ought to serve. This perception by the ratees may create reluctance on the part of the latter in accepting ratings given by supervisors gracefully. Employees who are devoid of promotions and have stayed long in their current positions may probably come up with such perceptions attributing their failure to their supervisors' intentions of misusing the appraisal system. Supervisors should engage in open discussions with subordinates regarding performance issues and should stand cooperative in solving problems faced by the latter in the course of accomplishing their duties rather than using performance appraisals to threaten their subordinates, which creates an atmosphere of fear and misunderstanding. Conversely, subordinates should be encouraged to freely express their feelings, what so ever, about their work relationships with their superiors. In the absence of such transparency, organizational performance may be severely affected. Moreover, the employee respondents have suggested the following to ensure impossibility of misusing appraisal results by supervisors (managers):

- Superiors should have adequate knowledge of their subordinates' job. In this way they can build their self-confidence thereby avoiding their fear that competent subordinates may displace them from their positions.
- Making the appraisal system as objective as possible, such as by giving higher weights to important job related matters that can be quantified thereby giving little room for manipulation of the ratings
- Evaluations better be done by a committee of appraisers having direct or indirect work relations with the employee, rather than immediate supervisors alone
- Introduction of a system of upward evaluation whereby superiors' performance is evaluated by their subordinates.
- Involving raters in trainings that would allow them to maximize their rating ability and boost their ethical considerations (fairness) related to performance rating
- Raters better aid their appraisals with documentation, wherever possible

Given the following choices, the sample respondents were asked as to what their perceptions of the appraisal system in their organization looks like. The answers from the respondents are summarized in Table 9 below.

- A. A mere evaluative tool that aims at magnifying subordinates’ performance weaknesses
- B. As a developmental tool that reinforces positive behaviors and stimulates improvement of weak performances in future
- C. As a system that adds to the paper work of managers without benefits sought
- D. As an administrative tool on which various administrative decisions are based
- E. Other

Table 9. indicates that the non- supervisor employees do perceive the Bank’s appraisal system

Q. 15. For NS & Q. 20 for S(M)*		A	B	C	D	A&C	A&D	B&D	Other	Total	Total B,D, B&D
How do you perceive the performance appraisal system in your organization?											
Non-supervisors	Freq.	4	22	28	6	2	0	0	5	67	28
	%	6	33	42	9	3	0	0	7	100	42
Supervisors (Managers)	Freq.	1	13	5	1	1	1	15	2	39	29
	%	3	33	12	3	3	3	38	5	100	74

Source: Questionnaire, July 2021.

*NS = Non-supervisors, S (M) = Supervisors (Managers)

As far as perception of the respondents is concerned, Table 9 indicates that 42% of the non-supervisor employees do perceive the Bank’s appraisal system as a mere paper work that adds the work load of managers, while the response rate for their counterpart supervisors (managers) was only 12%. The Table further displays that although the majority of the supervisors (74% from Table 8) do not think that the performance appraisal system of the Bank is meeting its intended objectives, just equal portion of them (74%) perceive the system as either a developmental or administrative tool or a combination of these. Only 42% of the non-supervisory respondents have this similar perception.

These findings regarding differences between non-supervisors’ and supervisors’ (managers’) perceptions of the appraisal purpose appear to be related to differences in the roles the two parties play in the appraisal system.

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

Questions on whether employees (subordinates) are allowed to view their appraisal results and conversely whether supervisors (managers) allow their subordinates to view their rating results were posed to the sample respondents. The respondents were also asked whether they engage in appraisal discussions and whether they come across with any disputes related to the feedback giving system. The results are summarized in Table 10 (next page):

Table 10 indicates that both parties to the appraisal system do have the same standing in relation to access to appraisal results. The findings also indicate that 72% of the non-supervisors were invited by their supervisors for appraisal discussions whereby they are encouraged to freely express their comments on their performance ratings. 97% of the supervisors, on the other side, have disclosed that they have engaged in open discussions with their subordinates allowing the latter to freely express any comments on their performance ratings.

Table 10. Employee access to appraisal results and appraisal discussion

Q. 12. For Non-supervisors (NS)		Yes	No	Total
Do you have access to view your appraisal results?	Freq.	66	1	67
	%	99	1	100
Q. 15. Supervisors (Managers)				
Do you allow your subordinates to view their appraisal results?	Freq.	39	0	39
	%	100	0	100
Q. 13. For Non-supervisors				
Do your supervisors call for appraisal discussions whereby you are encouraged to freely express your comments on your rating results?	Freq.	48	19	67
	%	72	28	100
Q. 16. For Supervisors (Managers)				
Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely	Freq.	38	1	39

express comments on their rating results?	%	97	3	100
Q. 18. For Supervisors (Managers)				
Have you ever been engaged in any sort of dispute with your subordinates due to the latter's dissatisfaction with your performance ratings?				
	Freq.	18	21	39
	%	46	54	100

Source: Questionnaire, July 2019.

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

- Letting the employee (ratee) know what his/her performance-related strengths and weaknesses were during the appraisal period just ended so that he/she improves the observed weaknesses and reinforce the strengths in future.
- Free discussions between rater and ratee would instill sense of importance in the latter thereby strengthening the work relations between the two in the succeeding periods. This would motivate the employee to improve performance and allow the rater to see the otherwise obscured facet of their relationship.
- The discussions would give supervisors the opportunity to discharge their responsibility of guiding their subordinates in the right direction. Unless subordinates are informed of their strong and weak points, it would be difficult to expect improvement from them.

Performance weaknesses of employees usually reflect badly on supervisors' leadership capabilities and the latter's success in developing subordinates.

- Free discussion among the parties would give subordinates the chance to air their voice on the strong and weak sides of the management that subordinates do not otherwise dare to raise other times in the normal course of their relationship. This clears misunderstanding between the parties involved and improves employees' perception of the appraisal system.
- With open discussions, attitude of one party to the other and to oneself would become explicit. Appropriate post assessment interviews would also be of help in minimizing perception of biases subordinates create in their supervisors when there was actually none. It would help the parties to make reconciliations in their views to each other thereby enabling them to change those attitudes that were formed on the basis of wrong perceptions of one to the other.

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

- The discussion may open the door for unnecessary debate which may lead to one party's formation of bad attitude to the other. It may further aggravate ill- and hostility.
- The practice may not work well for Ethiopians who in most cases are culturally bound not to accept face-to-face criticisms.
- The supervisor may not be loyal to explicitly state his/her subordinate's weaknesses on the spot may prefer to recommend the poor performer for a possible administrative action by the concerned organ.

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

A supervisor (manager) must have the patience to handle performance appraisal discussions and must have good knowledge of conflict management as most employees might get nervous when told about their performance weaknesses, which they do not want to listen about. People in most cases commit the so called self-serving bias attributing success to themselves and blaming others when they are judged to the negative.

Table 10 also indicates that 46% of the supervisory respondents have had conflicts with their subordinates following performance feedback. Those who had this experience have managed the conflict through giving employees a sort of counseling so that the latter improve their weaknesses in the succeeding periods. All the respondents have favorably responded that their subordinates have improved subsequently as advised.

Table 11. Respondents' answers on whether they maintain critical performance records

Q. 14. Non-supervisors (NS)		Yes	No	Total
Do you maintain documentation of your critical accomplishments during the appraisal period?	Freq.	14	53	67
	%	21	79	100
Q. 17. Supervisors (Managers)				
Do you maintain documentation of your subordinate's critical accomplishments during the appraisal period?	Freq.	27	12	39
	%	69	31	100

Source: Questionnaire, July 2021

Table 11 demonstrates that 79% of the non-supervisors did not have the habit of maintaining documentation of their critical activities during a given appraisal period. On the other hand, the majority of the supervisory (managerial) respondents did maintain record of their subordinates' critical performances during the appraisal period just ended. Maintaining complete record of critical activities performed during the appraisal period would help employees to have tangible evidence in front of court in case administrative decisions were taken on them on the basis of unfair performance ratings. This would also help employees to have a complete account of their performance during progress reviews and the final appraisal discussion with their supervisors. On the other hand, the response from the supervisory (managerial) respondents indicated that some 69% of them had the practice of maintaining documentation on employee performance. It is advisable that supervisors encourage their subordinates to keep track of their own accomplishments so that any forthcoming conflicts, in respect of the appraisal system, between the two can be reduced.

Supervisory (managerial) respondents were asked about what rating biases they usually consciously or unconsciously commit while they rate their subordinates (Q. 19). The question was designed so that raters stand somewhere and look introspectively as to what their behavior in judging others looks like. Accordingly, some 46% of them have answered that they commit no forms of biases, either were genuine or were uning to witness against themselves that they get biased; the other 54% have declared to have committed any one or a combination of the choice of rater biases given to them (similarity error, recency & primacy effect, single criterion error,

halo error) of which the largest share, 15% admitted biased by the recency effect whereby their ratings were influenced by their subordinates' recent performance losing sight of earlier performances in distant to their memory. Biases would continue to prevail as inherent parts of the appraisal system so long as the system accommodates subjectivity. What raters should do is recognize their presence and devise ways to reduce or eliminate their adverse effects, where possible, so that performance ratings can serve their intended purpose. For example, using the diary method of maintaining subordinates' critical incidents, raters may reduce or eliminate recency effects up on their ratings, thereby increasing the objectivity of the system.

Given an explicit list of choices, the respondents were also asked to cite the problems characterizing the appraisal system of the Bank most. The following were the choices forwarded:

- A. Lack of rater ability (training) to evaluate performance
- B. Absence of employee participation in setting performance evaluation criteria
- C. Rater bias in evaluating performance
- D. No link between some evaluation criteria and employee job
- E. Others, specify
- F. The answers from the respondents are summarized in Table 12 below:

Table 12. Employee opinions on problems of the appraisal system

Q. 16. For NS & Q. 21 for S(M)*													
Which of the following problems apply to the performance appraisal system of your organization?													
		A	B	C	D	A&C	A&D	B&C	B&D	C&D	ABC	Other combns	Total
Non-supervisors	Freq.	3	17	15	12	2	1	3	5	1	2	6	67
	%	5	25	22	18	3	2	5	7	1	3	9	100
Supervisors (Managers)	Freq.	1	3	8	4	7	2	3	1	2	2	6	39
	%	3	8	19	11	18	5	8	3	5	5	15	100

Source: Questionnaire, July 2021.

*NS = Non-supervisors, S (M) = Supervisors (M) = (Managers)

Table 12 indicates that despite their degree of prevalence, all problems listed above were found to characterize the appraisal system of the Bank either in isolation or in combination. However, while absence of employee participation was given the highest regard by the non-supervisory respondents, comprising 25% of the total respondents, rater bias was cited as the major problem by a relatively large number (19%) of the supervisory (managerial) respondents. Problems are always prevalent in any appraisal system. It is often said that addressing the problem correctly is half way to solving the problem. Thus once the problems are addressed in this way, the Bank should look for the appropriate solutions, which inherently are implied in the problems.

Finally, the major general comments or observations of the respondents on the appraisal system of the Bank, gathered through both the questionnaire and structured interviews made with the study are summarized in the following findings:

Major Findings

- The link between performance appraisal and rewards would better be explicit. So far no employee has been fired in relation to performance-related problems.
- Supervisors be assessed on the quality of ratings (their effort to exhibit objectivity in the midst of subjective criteria) – their fairness in assessing their subordinates.

- Appraisal should be conducted with a view to maximizing employee benefits
- Appropriate trainings that increase raters' understanding of the appraisal instrument and other aspects of the system should be given to raters. Alternatively, appointing knowledgeable supervisors who have the necessary competence and experience about the duty that their subordinates handle.
- Use of multiple raters instead of a single boss, possibly involving customers where appropriate.
- Giving due respect to performance appraisal, which seems neglected at present. Employees should be constantly reminded about the impact that their performance ratings would have on their future in the organization.
- The performance appraisal system of the bank has little or no contribution to the overall strategic objective of the Bank.
- Appraisers should devise ways to uniformly assess subordinates' performance over the appraisal period without being biased by recency and primacy effects
- Management should not unnecessarily interfere in the system, such as by limiting the number of employees that should fall under the extreme high and low levels of the rating scale – as is the case with the normal distribution
- Encouraging raters to conduct post assessment interviews with their subordinates

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

From the analysis & finding made in the preceding chapter, the following conclusions are drawn:

About 88% of the non-supervisory and 94% of the supervisory (managerial) respondents have admitted that there is the practice of providing employees with job descriptions in the Bank. The following problems were identified in relation to the criteria used in appraising employee performance:

1. Use of same criteria for all sorts of jobs and positions. Employees - not evaluated on the basis of position requirements as put forth in their job descriptions.
2. The non-job-relatedness of some performance criteria. Some criteria in the appraisal format emphasize behavior and traits rather than work-related outcomes, hence difficult to measure lending themselves to high rating subjectivity.
3. Absence of employee participation in setting the job requirements put on the job descriptions or in development of the criteria used in appraising performance.
4. Some employees have suggested the need to remove certain criteria such as, employee health situation and personality as manifested through neatness & style of dressing and add certain enquiries on employee sense of belongingness and job satisfaction.

Overall, employee performance appraisal practice in the Bank is found that it is not given the attention it deserves. No clear guidelines and procedures are outlined in the personnel administration manual regarding this subject and nor its purposes explicitly stated in any part of the manual or other related document. There are also no clear guidelines regarding as to what the minimum rating expected of employees for them to be eligible to stay with the Bank and nor regarding the penalties and rewards for underperformance and exceeding certain performance levels, respectively. The management's reliance on performance appraisal results in taking administrative and developmental decisions is found limited owing to the subjectivity embodied in the system. Most employees also have a distorted built-in perception of the appraisal system as they couldn't draw clear connections between the level of performance they achieved (as

measured through the ratings they earned) and the rewards they expected to receive. There is no doubt that these deficiencies in the appraisal system would affect employee motivation, productivity and tenure. Generally, it seems safe to conclude that non-performance measures such as seniority and qualification take the priority in guiding personnel decisions.

5.2 Recommendations

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

- Criteria in the existing appraisal format need to be revised so as to reflect changes in the operational environment. The more the criteria become job-related, transparent and clearly defined, the better their measurability and objectivity in assessing employees' efforts and the higher be employees' motivation and commitment to exert their maximum efforts and see as to how their efforts are valued by the organization.
- The link between performance appraisal and rewards should be explicit. The performance evaluation system should be well aligned with other HR functions (reward system and training and development). Performance appraisal should be a major consideration in making administrative and developmental decisions related to employees. Developmental benefits of performance appraisal should be given due emphasis as they enhance employee motivation and contribute to changing employees' perception of the system.
- Appropriate performance management policy and strategy, whereby employees are encouraged to participate in the formulation of standards against which their performance is evaluated and the employees along with their supervisors closely follow progress towards accomplishment of objectives, would be an advantage. Team-based evaluation

can be justified owing to the nature of banking that involves team work and the similarity of activities within different work areas. Thus, performance appraisal formats with criteria that satisfy the needs of different teams and individuals within them should be designed so that objectivity in rating can be enhanced results be more relied up on for any subsequent decision-making.

- Appropriate and practical trainings that aim at increasing raters' knowledge of the subject matter of performance appraisal should be among the priorities in the Human Resource Department's periodic training and development plans.
- Rater training suggested above should also enhance the ability of raters in handling these interviews in a way that promotes a conducive work environment where harmony presides over dispute regarding.

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

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Annex I

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION

(MBA WITH HRM CONCENTRATION)

Took from 2010 research paper with some amendment

Questionnaire to be filled by Non-supervisory Employees

Name of Student: - Kidist Nigatu (+251 90 689 9975)

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Assessment of Performance Appraisal System (The case of Dashen Bank) as partial fulfillment to the completion of the Masters of Business Administration (MBA) concentration with HRM Program at St. Mary's University. In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you of confidential treatment of your answers and would like to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time in filling this form.

Directions

- No need to write your name
- Answer by making a \surd mark, by circling or in writing wherever appropriate
- In case you have ambiguities on any of the questions, please do not hesitate to contact me through my mobile number shown above.

PART I. PERSONAL PROFILE

1. Sex: Male Female
2. Age: Below 25 25-35 35-45 45-55 above 55
3. Educational Background: Diploma First Degree Masters & above
4. Job experience in present organization _____

5. Name of your department or area bank _____

6. Present designation _____

PART II QUESTIONS ON PERFORMANCE APPRAISAL

1. Do you clearly know what you are expected to perform in your present assignment, i.e., are your performance goals clearly communicated to you by your supervisor(s) via job descriptions and clear performance expectations?
Yes No
2. Do you feel satisfied with the kind of job you are performing? In other words, is your present assignment in line with your career plans to move up the organization hierarchy?
Yes No
3. How often is your performance evaluated in a year?

4. How often do you think performance appraisal should be conducted in a year?
(A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

5. In your opinion, who should evaluate an employee's performance? You may choose more than one).
(A) Immediate supervisor?
(B) Colleagues

(C) Subordinates

(D) The employee himself/herself

(E) Customers

(F) Others, specify _____

6. Do you think that the performance appraisal in your organization is strictly meeting its intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs? Yes No

7. Does (do) your supervisor(s) actually engage in regular performance discussions with you thereby acknowledging your good contributions to your work unit and point out your bad performance so that you improve it in time before it cripples the whole of your performance?

A) Yes, he (she) does it at all times

B) Yes, but sometimes

C) Never at all

8. If your answer to question No. 7 above is "yes", did the advice really work?

Yes No

9. If your answer to question No. 8 above is "yes", what changes have you introduced to yourself to improve your future performance results? _____

10. If "no", what do you think about the advice? _____

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

Yes No

12. Do you have access to view your appraisal results? Yes No

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

Yes No

14. Do you maintain documentation of your critical accomplishments during the appraisal period for use as a reference in case your appraiser fails to consider them in appraising your performance?

Yes No

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

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

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

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

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

(E) Other, specify _____

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

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

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

(C) Rater bias in evaluating performance

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

(E) Others, specify _____

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

18. Is there any possibility of misusing the appraisal system by your supervisor, like giving lower results to those employees whom he/she thinks are competent enough to stand as a threat to his/her position? Yes No

19. If “yes”, what do you suggest to make it impossible? _____

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

Thanks again for your kind cooperation.

Annex II

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION

(MBA WITH HRM CONCENTRATION)

Questionnaire to be filled by Non-supervisory Employees

Name of Student: - Kidist Nigatu (+251 90 689 9975)

Interview Questions for Human Resource Staff

Name of Student: - Kidist Nigatu

1. How do you see the performance appraisal of the bank in respect of its contributions to the achievement of organizational mission and goals? Have you formulated these objectives of performance evaluation? If so, what are they?

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

3. What efforts have been made to improve or otherwise change the appraisal practices of the bank? It is well known that a number of organizations, particularly those in the public sector, are introducing a number of performance management practices such as, the result-oriented performance appraisal system (ROPAS), integrated performance management systems and most recently the balanced score card performance

management systems. In this regard, how do you see the effectiveness of the bank's existing rating scales method of performance appraisal?

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

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

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

Thanks again for your kind cooperation.

Annex III

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION

(MBA WITH HRM CONCENTRATION)

Questionnaire to be filled by Non-supervisory Employees

Name of Student: - Kidist Nigatu (+251 90 689 9975)

Interview Questions for Human Resource Staff

Name of Student: - Kidist Nigatu

1. How do you see the performance appraisal of the bank in respect of its contributions to the achievement of organizational mission and goals? Have you formulated these objectives of performance evaluation? If so, what are they?
2. To what extent is performance appraisal system of the bank meeting its intended purposes? For example it sometimes may happen that decisions that have to be made on the basis of performance appraisal (such as bonus declaration) would be taken before employee appraisal results have reached the human resources department.
3. What efforts have been made to improve or otherwise change the appraisal practices of the bank? It is well known that a number of organizations, particularly those in the public sector, are introducing a number of performance management practices such as, the result-oriented performance appraisal system (ROPAS), integrated performance management systems and most recently the balanced score card performance management systems. In this regard, how do you see the effectiveness of the bank's existing rating scales method of performance appraisal?

4. What employee performance-related problems have you come across so far – like in terms of number of customer complaints, turnover, absenteeism, lack of motivation following unfavorable supervisor ratings etc?
5. How do you see the capability of existing raters and the dependability of the rating results for decision –making purposes? Have there been any attempt to develop rating skills of appraisers through formal training programs?
6. What are the contributions of the bank's human resource department in insuring implementation of periodic performance appraisals by the Bank's different organs on a timely basis? What procedures are in use for this purpose?

Thanks again for your kind cooperation.



Annex IV

EMPLOYEE PERFORMANCE APPRAISAL FOR CLERICAL SUPERVISORY/MANAGERIAL STAFF

I. PARTICULARS OF THE STAFF MEMBER EVALUATION

1. Name of Employee _____	Date _____
2. Job Title _____	Place of Assignment _____
3. Length of service in the present job _____ (Months/Years)	
4. Appraisal period: From _____ to _____	

II. GRADING LEVELS

This performance appraisal form has five levels of grading with the following definitions:

Performance Level	Point range	Definition
Excellent performance	≥ 9.0 to ≤ 10.0	Has completely mastered the assigned job and above allotted responsibilities, and standards; can perform without supervisor; integrity, tact, leadership, intelligence and judgment are of highest standard; had extra efforts, outputs, better quality, insight, system change in all aspects.
Very Good performance	≥ 7.5 to < 9.0	Has mastered the job up to the expected standards and allotted responsibility; had some extra effort and output, quality of work; can work with vary little attention and supervision; has input in system improvement; shows developing effort and accepted character.
Good Performance	≥ 5.5 to < 7.5	Has a full performance of the allotted responsibility; knows the job well; doesn't exert more effort and output; needs guidance, follow-up and supervision; eager to learn and improve, shows regular effort and character.

Fair Performance	≥ 3.5 to <5.5	Has a little less performance of the allotted responsibility; knows the job in fair level and supervision is required; doesn't have imitative to learn and need to be pressed; shows irregular effort and character.
Poor Performance	<3.5	Has very low performance of the allotted responsibility; requires too much correction, doesn't know the job, and requires training; always needs guidance, follow-up and supervision; forced to learn and ordered to act accordingly; shows undesirable character.

The following are the factors that have been selected to reflect basic core competencies and are meant to assist raters (supervisors or managers) in appraising the performance of their staff members.

This appraisal form is mainly on the basis of basic competencies (Knowledge, skill, abilities and attitude) required for organizational effectiveness. Each factor is decomposed into components that be valued individual to calculate average rating for the factory. The average ratings for all factors be aggregated and averaged to determine the staff's performance rating.

Each criterion/factor has to be evaluated out of 10 points based on the employee's performance in that respect during the specific appraisal period.

III. POINTS TO NOTE IN RELATION TO PERFORMANCE EVALUATION

- Performance evaluation requires the appraiser to be as objective as possible. Due concern has to be given to measurable performances indicated in the job description of the appraise. Though the evaluation criteria may not directly refer to the contents of subordinates' job descriptions, the criteria are believed to constitute the basic competencies underling the proper performance of jobs.
- Don't let exceptional incidents and personal bias affect you evaluation.
- Carryout evaluations while you are in a state of calmness and never when you are in rush or under stress.
- Never base evaluations on most recent and unrepeated unique achievements, previous ratings and very few appreciable or undesirable traits of the appraise.
- Encourage the appraise to know his/her strengths and weaknesses through discussion with the appraiser and/or the next supervisor.

IV. EVALUATION CRITERIA

- 1. Job Knowledge:** The demonstration of technical, administrative, managerial, supervisory, or other specialized knowledge required to perform the job. Consider degree of job knowledge relative to length of time in the current position.

Rating Criteria	Rating
1.1. Understanding of the duties and responsibilities	
1.2. Competency in required job skills and knowledge	
Sub Total	
Average Rating:	

- 2. Concern for Order and Quality:** The demonstration of accuracy, thoroughness, and reliability. Consider organization, presentation, completeness, and appearance of work.

Rating Criteria	Rating
2.1. Accomplishes tasks by showing concern for all aspects of the job	
2.2. Develops and implements standards and performance measures	
2.3. Monitors quality of output to ensure freedom from error, omission or defect	
2.4. Initiates action to correct quality problems	
2.5. Work is of consistently high quality and accurate even in high pressure situations	
Sub Total	
Average Rating:	

- 3. Achievement Orientation:** Achievement is about having the sustained energy and determination in the face of obstacles to set and meet challenging targets, in compliance with quality and time standards, and delivering the required business results.

Rating Criteria	Rating
3.1. Takes actions to move issues forward and follows up on actions.	
3.2. Monitors tasks for accomplishment, quality and timeliness	
3.3. Measures issues against their contribution to company Objectives	
Sub Total	
Average Rating:	

- 4. Communication:** The extent to which the employee effectively conveys and receives ideas, information and direction, and seeks to clarify and confirm the accuracy of their understanding of unfamiliar or vague terms and instructions. Consider clarity of oral and written communications.

Rating Criteria	Rating
4.1. Speaking is clear, concise & organized	
4.2. Demonstrates effective presentation skills to subordinates	
4.3. Clearly and effectively shares information and keeps other informed	
4.4. Elicits appropriate and pertinent information	
Sub Total	
Average Rating:	

- 5. Interpersonal skill:** Consider the extent to which the employee is cooperative, considerate, and tactful in dealing with supervisors, subordinates, peers, etc.

Rating Criteria	Rating
5.1. Attentive to and understands the views of others	
5.2. Responds positively to constructive suggestions	
5.3. Develops and maintains positive work relationships with others	
5.4. Manages conflicts to a positive outcome	
5.5. Provides Constructive feedback	
Sub Total	
Average Rating:	

- 6. Problem Solving and Decision Making Skill:** Working to understand problems and issues and seeking innovative ways to solve problems and make improvements.

Rating Criteria	Rating
6.1. Anticipates and addresses concerns of employees, peers, upper management and customer	
6.2. Makes clear, objective transparent and timely decisions consistent with organizations goals	
6.3. Uses sound judgment and incorporates diverse perspectives to generate and evaluate alternatives and determine optimal solutions.	
6.4. Delegates decision making responsibility when appropriate	
Sub Total	
Average Rating:	

7. Staff Management & Leadership: Ability to give direction without conflict; ability to motivate employees to accomplish goals..

Rating Criteria	Rating
7.1. Positive Influences the attitudes and action of others.	
7.2. Consults, makes decisions and takes action.	
7.3. Inspires, motivates, and guides others towards goals.	
7.4. Provides immediate guidance and feedback to help others strengthen specific knowledge/skill areas needed to accomplish a task or solve a problem.	
7.5. Accepts responsibility for the work of the area.	
7.6. Establishes good interpersonal relationships to help staff feel valued.	
Sub Total	
Average Rating:	

8. Customer orientation: implies a desire to help or serve clients, to meet their needs. It means focusing one's efforts on discovering and meeting the client's needs

Rating Criteria	Rating
8.1. Makes customers and their needs a primary focus on one's actions and develops and sustains productive customer relationships.	
8.2. Implements effective ways to monitor and evaluate customer concerns, issues and satisfaction.	
8.3. Requests feedback from customers to ensure satisfaction	
8.4. Treats all customers with respect & responds to customer requests promptly	
Sub Total	
Average Rating:	

- 9. Behavioral Flexibility and personal attitude:** This includes ability to change or to help others accept change; move from one task to another as priorities change and personal attitude.

Rating Criteria	Rating
9.1. Adjusts effectively to work within new work structures, systems, requirements or cultures i.e. adapts quickly to change	
9.2. Systemes positive attitude towards the job and the people around	
9.3. Efforts for self development in knowledge and skill	
Sub Total	
Average Rating:	

- 10. Teamwork:** Implies the intension to work cooperatively with others, to be part of a team, to work together, as member of a group as opposed to working separately or competitively.

Rating Criteria	Rating
10.1. Openly shares information, knowledge and expertise with the team and co-workers	
10.2. Cooperates with other members to achieve the workgroup's goals	
10.3. Creates a high performance work environment where team member skills are maximized and valued.	
10.4. Monitors and evaluates team performance and provides productive feedback.	
10.5. Displays fairness and honesty in team activities	
Sub Total	
Average Rating:	

- 11. Planning and Organizing:** The extent to which the employee effectively plans, organizes and implements tasks or programs. Consider the employee's use of time and facilities subject to their control; the degree to which the employee meets deadlines, maintains a clear grasp of daily tasks, and prioritize duties in a manner consistent with organizational objectives and emergencies; how well the employee manages tasks or assignments including follow-through and delegation.

Rating Criteria	Rating
11.1. Plans and Evaluates efforts to achieve desired outcomes	
11.2. Establishes priorities that address the details and timeliness needed to achieve the intended results	
11.3. Anticipates change and re-adjust plans accordingly	
Sub Total	
Average Rating:	

12. Initiative and Resourcefulness: the extent to which the employee is self-directed, resourceful, creative toward meeting job objectives. Consider how well the employee follows through on assignments and modifies or develops new ideas, methods, or procedures to meet changing circumstances.

Rating Criteria	Rating
11.4. Strives to increase effectiveness of routine work tasks, always looks for improvements, regularly make suggestions.	
11.5. Acts decisively and responsibly.	
11.6. ing to work extra hours.	
11.7. Can be relied up on to offer new ideas, methods, or concepts,.	
Sub Total	
Average Rating:	

13. Staff & Self Development: The extent to which the individual provides guidance and opportunities to his/her staff for their development and advancement in the bank and for him/herself.

Rating Criteria	Rating
13.1. Plans and supports the development of individuals' skills and abilities so that they can fulfill current or future job/role responsibilities more effectively.	
13.2. Establishes development goals and plans with individuals, creates a learning environment and monitors progress.	
13.3. Gives people challenging assignments to develop their capabilities.	
13.4. By being non defensive and giving feedback, creates a climate where everyone feels they can take risks, make mistakes and learn from them and are ing to support each other.	
13.5. Effort for self development in knowledge and skills	
Sub Total	
Average Rating:	

14. Dependability and self discipline: The confidence that can be placed in the employee to complete assigned tasks and meet deadlines.

Rating Criteria	Rating
14.1. Exhibits high standards of honesty, integrity, trust, openness, and respect for individuals.	
14.2. Conforms with bank policies and procedures and is free from corrupt practices.	
14.3. Reliable and consistent in carrying out delegated duties	
14.4. Able to carry out assignments with minimum direction and supervision	
14.5. Cost conscious	
Sub Total	
Average Rating:	

15. Attendance and Effective use of time: The extent to which the employees can be depended upon to be available for work and to fulfill position responsibilities. This includes quantity of work performed, meeting deadlines, completing assignments, being productive.

Rating Criteria	Rating
15.1. Reports to work on time	
15.2. Wasted time/downtime is kept to a minimum. Effectively uses office hours for the performance of one's duties on the basis of job priority	
15.3. Maintains regular attendance i.e. minimum absenteeism	
15.4. Absenteeism due to sickness that affects one's duties	
Sub Total	
Average Rating:	

16. Staff Relation: The ability to work effectively with people from diverse social and cultural backgrounds; maintains effective work relations with supervisor, peers, and subordinates.

Rating Criteria	Rating
16.1. Is interested in co-worker welfare	
16.2. Is available to staff and responds to their suggestions and complaints in a serious, sensitive, and timely manner	
16.3. Facilitates staff adaptability	
Sub Total	
Average Rating:	

17. Office Resources Management: The concern and control on the effective use of office resource.

Rating Criteria	Rating
17.1. Efficiently uses office resources for the performance of one's duties.	
17.2. Ensures effective utilization of company resources and follows up timely repair/maintenance of fixed assets of the work unit.	
Sub Total	
Average Rating:	

18. Personal and Office neatness: Refers to the staff's self hygiene and dressing habits which should be acceptable to both internal and external clients of the bank and work habits which foster orderly and clean operating environment.

Rating Criteria	Rating
18.1. Neatness in appearance.	
18.2. Style of dressing per bank standard.	
18.3. Keeps desks clean by orderly arranging tasks.	
18.4. Concern for office neatness.	
Sub Total	
Average Rating:	

V. Total Rating (Total of average rating ratings for each criterion)

Total Rating (TR) = Performance Result, TR =

VI. On the basis of the above rating (check one or more where appropriate):

1. Is the staff member ready for promotion to a high position/greater responsibility?

Yes No Early to comment

If no, which of the following be appropriate?

The staff has to be transferred to a lateral post where he/she be more effective Recommend to Post:

The staff has to be transferred to a lower post Recommend the post;

The Staff can efficiently work at his/her present position

2. Does the staff need training: Yes No

If yes, recommend the appropriate type of training:

3. Any exceptional performance (accomplishments) of the employee during the appraisal period:

If performance of the employee is poor, please give the reasons and actions taken to improve the weakness.

4. General comments:

Name of immediate supervisor _____ Signature _____

Designation _____

Reviewer's/second higher supervisor's comment:

Reviewed By: _____ **Signature** _____

Designation _____

Ratee's comments on the evaluation (if any):

Name of Ratee: _____ **Signature** _____

Note: This performance appraisal be accepted complete only if filled by the immediate supervisor, reviewed by the next supervisor and signed by the ratee in this respective order.



EMPLOYEE PERFORMANCE APPRAISAL FOR CLERICAL NONSUPERVISORY STAFF

I. PARTICULARS OF THE STAFF MEMBER EVALUATION

5. Name of Employee _____ Date _____

6. Job Title _____ Place of Assignment _____

7. Length of service in the present job _____ (Months/Years)

8. Appraisal period: From _____ to _____

II. GRADING LEVELS

This performance appraisal form has five levels of grading with the following definitions:

Performance Level	Point Range	Definition
Excellent performance	≥ 9.0 to ≤10.0	Has completely mastered the assigned job and above allotted responsibilities, and standards; can perform without supervisor; integrity, tact, leadership, intelligence and judgment are of highest standard; had extra efforts, outputs,
Very Good performance	≥ 7.5 to <9.0	Has mastered the job up to the expected standards and allotted responsibility; has some extra effort and output, quality of work; can work with very little attention and supervision; has input in system improvement; shows developing effort and accepted character.
Good Performance	≥ 5.5 to <7.5	Has a full performance of the allotted responsibility; knows the job well; doesn't exert more effort and output; needs guidance, follow-up and supervision; eager to learn and improve, shows regular effort and character.
Fair Performance	≥ 3.5 to <5.5	Has a little less performance of the allotted responsibility; knows the job in fair level and supervision is required; doesn't have imitative to learn and need to be pressed; shows irregular effort and character.
Poor Performance	<3.5	Has very low performance of the allotted responsibility; requires too much correction, doesn't know the job, and requires training; always needs guidance, follow-up and supervision; forced to learn and ordered to act accordingly; shows undesirable character.

The following are the factors that have been selected to reflect basic core competencies and are meant to assist raters (supervisors or managers) in appraising the performance of their staff members.

This appraisal form is mainly on the basis of basic competencies (Knowledge, skill, abilities and attitude)

required for organizational effectiveness. Each factor is decomposed into components that be valued individual to calculate average rating for the factor. The average ratings for all factors be aggregated and averaged to determine the staff's performance rating.

Each criterion/factor has to be evaluated out of 10 points based on the employees performance in that respect during the specific appraisal period.

III. POINTS TO NOTE IN RELATION TO PERFORMANCE EVALUATION

- Performance evaluation requires the appraiser to be as objective as possible. Due concern has to be given to measurable performances indicated in the job description of the appraise. Though the evaluation criteria may not directly refer to the contents of subordinates' job descriptions, the criteria are believed to constitute the basic competencies underling the proper performance of jobs.
- Don't let exceptional incidents and personal basis affect you evaluation.
- Carryout evaluations while you are in a state of calmness and never when you are in rush or under stress.
- Never base evaluations on most recent and unrepeated unique achievements, previous ratings and very few appreciable or undesirable traits of the appraise.
- Encourage the appraise to know his/her strengths and weaknesses through discussion with the appraiser and/or the next supervisor.

I.V EVALUATION CRITERIA

1. Job Knowledge: The demonstration of technical, administrative, managerial, supervisory, or other specialized knowledge required to perform the job. Consider degree of job knowledge relative to length of time in the current position.

Rating Criteria	Rating
18.5. Understanding of the duties and responsibilities	
18.6. Competency in required job skills and knowledge	
Sub Total	
Average Rating:	

2. Concern for Order and Quality: The demonstration of accuracy, thoroughness, and reliability. Consider organization, presentation, completeness, and appearance of work.

Rating Criteria	Rating
2.1. Accomplishes tasks by showing concern for all aspects of the job	
2.2. Ensures that output is free from error, omission or defect	
2.3 Takes personal initiative to correct quality problems	
2.4 Quality of output is consistently accurate even in high pressure situations	
Sub Total	
Average Rating:	

3. Productivity-Getting things done

Rating Criteria	Rating
3.1. Uses office resources efficiently	
3.2. Delivers output timely	
3.3 Organizes and manages work effectively	
3.4 Learns and applies new skills	
Sub Total	
Average Rating:	

4. Communication: The extent to which the employee effectively conveys and receives ideas, information and direction, and seeks to clarify and confirm the accuracy of the understanding of unfamiliar or vague terms and instructions. Consider clarity of oral and written communications.

Rating Criteria	Rating
4.1. Clearly and effectively shares information and keeps others informed	
4.2. speaking is clear, concise & organized	
4.3 Demonstrations effective presentation skills	
Sub Total	
Average Rating:	

5. Interpersonal skill: Consider the extent to which the employee is cooperative, considerate, and tactful in dealing with supervisors, subordinates, peers, etc.

Rating Criteria	Rating
5.1. Attentive to and understands the views of others	
5.2. Responds positively to constructive suggestions	
5.3 Develops and maintains positive work relationships with others	
5.4 Provides constructive feedback	
5.5 Establishes good interpersonal relations to help people feel valued	
Sub Total	
Average Rating:	

6. Analysis and problem solving: Working to understand problems and issues and seeking innovative ways to solve problems and make improvements.

Rating Criteria	Rating
6.1 Anticipates and addresses concerns of peers, upper management and customer	
6.2 Uses sound judgment to generate and evaluate alternatives and determine optimal solution.	
Sub Total	
Average Rating:	

7. Customer orientation: implies a desire to help or serve clients, to meet their needs. It means focusing one's efforts on discovering and meeting the client's needs

Rating Criteria	Rating
7.1 Makes customers and their needs a primary focus of action	
7.2 Requests feedback from customers to ensure satisfaction	
7.3 Treats all customers with respect & responds to customer requests promptly	
Sub Total	
Average Rating:	

8. Behavioral Flexibility and personal attitude: This includes ability to change or to help others accept change; move from one task to another as priorities change.

Rating Criteria	Rating
8.1 Adjusts effectively to work within new work structures, systemes, requirements or cultures i.e. adapts quickly to change	
8.2 Possesses positive attitude towards the job and the people around	
8.3 Efforts for self development in knowledge and skill	
Sub Total	
Average Rating:	

9. Teamwork: Implies the intension to work cooperatively with others, to be part of a team, to work together, as member of a group as opposed to working separately or competitively.

Rating Criteria	Rating
9.1 Openly shares information, knowledge and expertise with the team and co-workers	
9.2 Cooperates with other members to achieve the workgroup's goals	
9.3 Appropriately gives and is open to feedback from team and co-workers	
9.4 Displays fairness and honesty in team activities.	
Sub Total	
Average Rating:	

10. Dependability and self discipline: The confidence that can be placed in the employee to complete assigned tasks and meet deadlines.

Rating Criteria	Rating
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Rating Criteria	Rating
12.1 Reports to work on time	
12.2 Effectively uses office hours for the performance of one's duties on the basis of job priority	
13.3 Maintains regular attendance with minimum absenteeism	
13.4 Absenteeism due to sickness that affects one's duties	
Sub Total	
Average Rating:	
10.1 Honest, reliable, trustworthy and free from corrupting practices	
10.2 Conforms with bank policies and procedures	
10.3 Reliable and consistent in carrying out delegated duties	
10.4 Works with minimal supervision and direction	
10.5 Reliable in the use and handling of secrets	
10.6 Cost conscious	
Sub Total	
Average Rating:	

11. **Staff Relation:** The ability to work effectively with people from diverse social and cultural backgrounds; maintains effective work relations with supervisor, peers, and subordinates.

Rating Criteria	Rating
11.1 Is interested in co-worker welfare	
11.2 Elicits staff input where feasible	
11.3 Facilitates staff adaptability	
Sub Total	
Average Rating:	

12. **Attendance and Effective use of time:** The extent to which the employees can be depended upon to be available for work and to fulfill position responsibilities. This includes quantity of work performed, meeting deadlines, completing assignments, being productive.

13. Self and Office neatness: Refers to the staff's self hygiene and dressing habits which should be acceptable to both internal and external clients of the bank as well as concern for office neatness.

Rating Criteria	Rating
13.1 Neatness	
13.2 Style of dressing per bank standard	
13.3 Keeps desks/counters clean by orderly arranging tasks	
Sub Total	
Average Rating:	

V. Total Rating (Total of average rating ratings for each criterion)

Total Rating (TR) = Performance Result, TR ÷ 13 =

VI. On the basis of the above rating (check one or more where appropriate):

5. Is the staff member ready for promotion to a high position/greater responsibility?

Yes No Early to comment

If no, which of the following be appropriate?

The staff has to be transferred to a lateral post where he/she be more effective Recommend to Post: _____

The staff has to be transferred to a lower post Recommend the post; _____

The Staff can efficiently work at his/her present position _____

6. Does the staff need training:

Yes No

If yes, recommend the appropriate type of training: _____

7. Any exceptional performance (accomplishments) of the employee during the appraisal period: _____

If performance of the employee is poor, please give the reasons and actions taken to improve the weakness.

General comments:

Name of immediate supervisor _____ Signature _____
Designation _____

Reviewer's/second higher supervisor's comment:

Reviewed By: _____ **Signature** _____
Designation _____

Ratee's comments on the evaluation (if any):

Name of Ratee: _____ **Signature** _____

Note: This performance appraisal be accepted complete only if filled by the immediate supervisor, reviewed by the next supervisor and signed by the ratee in this respective order.

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