



St. Mary's University
School of Graduate Studies

**Assessment of the Effectiveness of Performance
Appraisal System: The Case at Dashen Bank Head
Office and Five Branches, Ethiopia**

By: Walansa Tilahun

ID: SGS/0318/2007A

June, 2016
Addis Ababa

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SCHOOL OF GRADUATE STUDIES

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Declaration

I, the undersigned, declare that this thesis entitled “Assessment of the Effectiveness of Performance Appraisal System: The case at Dashen Bank Head Office and five branches, Ethiopia” is my original work, prepared under the guidance of Dr. Abdurezak Mohammed. I further confirm that the thesis has not been submitted either in part or in full for the purpose of earning any degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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Endorsement

This is to certify that this thesis titled “Assessment of the Effectiveness of Performance Appraisal System: The case at Dashen Bank Head Office and five branches, Ethiopia” undertaken by Walansa Tilahun for the partial fulfillment of Masters of Business Administration [MBA] at St’ Mary University, is an original work and not submitted earlier for any degree either at this University or any other University.

Research Advisor : Dr. Abdurezak Mohammed

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Date : _____

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Walansa Tilahun

List of Abbreviations and Acronyms

DB	Dashen Bank
HRM	Human Resource Management
PA	Performance Appraisal
SMU	St. Mary's University
SPSS	Statistical Package for Social Sciences

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Abstract

The purpose of this study was to assess the practice of performance appraisal system in Dashen Bank, one of the private banks in Ethiopia.. Two instruments were used in order to perform this research. First, an interview with the HR and Branch managers of the company and second a questionnaire survey on the employees. Answers to the research questions about the main challenges of performance appraisal practice, employees perception of the performance appraisal system and the relationship between performance appraisal criteria and results were suggested. The researcher chose purposive sampling technique for the selection of branches and managers and simple random sampling method for non-manager participants using a statistical to determine sample size. Accordingly 264 questionnaires were distributed whereas 242(91.6%) were filled and returned. The findings of the study indicated that managers and the employees are not setting goals together .Which is helpful for better performance practice. It is revealed that the process is not transparent, accurate feedback not given and doesn't improve the relationship with manager. The performance review system should be designed to fit the specific requirements of the organization. The research revealed a major discrepancy in not providing rater training in the Bank to conduct PA. Appraisers who are not adequately trained to carry out performance appraisal can easily make errors in the process of evaluation. It is also revealed by the study that the majority of respondents felt that appraisal is not based on targets, the PA system does not provide continuous feedback and the system is not used for rewards. Although the overall perception of respondents on performance appraisal of Dashen bank is relatively good, there are still more things to do to improve the employee performance. Some of the recommendations are supervisors should set goals with employees, supervisors should provide continuous feedback and the system must be used for rewards among other things.

Key Words: *Employee performance appraisal, rater, ratee, Dashen Bank*

CHAPTER ONE

Introduction

The introduction section of this study consists of the background of the study, profile of Dashen Bank, statement of the problem, basic research questions, objectives, definition of terms, significance of the study and scope of the study.

1.1 Background of the Study

Performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development. Performance appraisal includes all formal procedures used to evaluate personalities, contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees (Robbins and Judge,2013).

In efficient organizations performance appraisal is one of the most important management tools. No other management process has as much influence over individuals' careers and work lives. If it is properly used, performance appraisal is the most powerful instrument that organizations have to mobilize the energy of every employee of the enterprise toward the achievement of strategic goals. If properly utilized, performance appraisal can focus every person's attention on the company's mission, vision, and values (Grote, 2002).

Performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. Behaviors are not only just the instruments for results but are also outcomes in their own right – the product of mental and physical effort applied to tasks and can be judged apart from results (Armstrong, 2006). Performance appraisal arouses a bundle of strong reactions, emotions, and opinions when brought together in the organizational context of a formal appraisal procedure. Most organizations throughout the world regardless of whether they are large or small, public or private, service or manufacturing, use performance appraisal, with varying degrees of success as a tool to achieve a variety of Human Resource Management (HRM) objectives.

This research looked into the assessment of Performance appraisal practice in Dashen Bank (DB), one of the privately owned commercial banks in Ethiopia. DB was established as per

the intent of the new policy and the Ethiopian investment code. It came into existence on September 20,1995 according to the commercial code of Ethiopia, 1960, and the licensing and supervision of banking business proclamation No. 84/1994.

According to Arthur (2008) the process of performance appraisal begins by identifying objectives, recognizing the benefits for all concerned and identifying key criteria. The primary objective of a performance appraisal is to ensure the maximum utilization of every employee's skills, knowledge, and interests. This statement appears to be completely employee-directed. In truth, organizations that focus on the full use of each individual's abilities and areas of interest have a more motivated workforce which in turn positively affects productivity, thereby increasing the company's competitive edge. In the end, both employees and organizations benefit.

1.2 Profile of Dashen Bank

Dashen Bank is one of the privately owned commercial banks in the country This year (2015/2016), the Bank has celebrated its 20th year anniversary.

Vision, Mission and Values are:

Vision

Inasmuch as Mount Dashen excels all of the mountains in Ethiopia, Dashen Bank continues to prove unparalleled in banking services.

Mission

Provide efficient and customer focused domestic and international banking Services by overcoming the continuous challenges for excellence through the application of appropriate technology.

Values

The values of the bank are developing banking habit in the community, assisting continuous growth of customers, satisfying esteemed customers and maintaining sustainable growth and stability. Moreover it values high integrity, non-stop openness for community access, brightened and trained employees, attend customers' constructive outlook, normative confidentiality and keen to build professionalism and service quality.

1.3 Statement of the Problem

Performance Appraisal (PA) is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization. The appraisal is usually prepared by the employee's supervisor.

The performance appraisal systems tend to have several problems. Raters "evaluations are often subjectively biased by their cognitive and motivational states and supervisors often apply different standards with different employees which results in inconsistent, unreliable, and invalid evaluations (DeNisi,1998)

Employees are a very important resource in any organization. "This can be attributed to the way their performance is appraised, recognized and relevant motivation put in place (Nurse, 2005).

A major and recurrent criticism of performance appraisal systems is their openness to subjectivity and discrimination. Subjectivity is more likely to arise from the day-to-day behaviors and practices of those involved in the process of appraisal than the policies and procedures developed to guide that practice (Tyson, 2006).

It is clearly demonstrated by the documents of the bank, that it has not assessed the effectiveness of performance appraisal system since its implementation for years (Dashen Bank Annual Reports 2013, 2014,2015). Thus, the study attempted to assess employee performance appraisal practice of Dashen Bank. The research examined what the employees of the organization being studied feel about the Performance Appraisal system and if they believe it is an effective tool. Thus the research has assessed the prevailing Performance Appraisal practice at Dashen Bank S.C.

1.4 Basic Research Question

The following research questions are addressed in this research:-

1. What are the main challenges that affect/influence Performance Appraisal system in Dashen Bank S.C?
2. How does employees perception influence the PA system of the Bank?
3. How do goal setting, feedback and appraiser training affect the Performance Appraisal system of the bank?

1.5 Objective of The Study

1.5.1 General Objective:

The general objective of this study was to assess the effectiveness of Performance Appraisal system of Dashen Bank S.C.

1.5.2 Specific objectives include:-

- To assess the main challenges of the PA system used in the Bank.
- To find out employees perception of the PA system
- To find out the effect of goal setting, feedback and appraiser training on performance appraisal system

1.6 Significance of the Study:

This research can help the bank as a resource material to effectively manage the performance of employees and improve their productivity; select the appropriate strategies for enhancing employee performance, focusing on results and continuous improvement, and motivating their work force to higher levels of quality. Success lies in focusing attention at all levels on key business imperatives, which can be achieved through effective performance management.

In addition, it could serve as a reference for further research in the areas of employee performance evaluation both in the mind of the raters, ratee's and those parties responsible in the design of the instruments of performance evaluation factors that are used to judge the performance of employees.

1.7 Scope of the Study

The study sought to assess the effectiveness of employee performance appraisal system in the head office and some selected branches in Addis Ababa of Dashen Bank S.Co.. It focused on the 2014/2015 as it is the latest evaluation session that can better be recalled for both the rater and ratee.

1.8 Definition of Terms

Performance: The degree to which an employee contributes to the goals of his or her work unit and company as a result of his or her behavior and the application of skills, abilities, and knowledge

Appraisal. This is the evaluation or judgment of how well the job has been done. It is always done by the supervisor with or without input from other people

Performance appraisal is a formal way of recording and documenting the job performance of individuals at all levels in an organization. Almost all organizations existing today utilize some system of evaluating and recording worker performance .

CHAPTER TWO

Literature Review

Performance appraisal was considered as a process involving a line manager completing an Annual report on subordinate's performance. But it has become an integral part of Performance management system and performance appraisal is today considered as the key Element of performance management (Grote, 2002).

Rudman(2003) defines performance appraisal as “the process through which an organization gets information on how well an employee is doing his or her job to describe the process of setting employees' work plans and targets and reviewing their performance”.(Rudman,2003, p. 3). Performance appraisal is the most powerful instrument that organizations have to mobilize the energy of every employee of the enterprise toward the achievement of strategic goals. It can also “focus every person's attention on the company's mission, vision, and values” (Grote, 2004, p. xv).

Performance appraisal is a formal management system that provides for the evaluation of the quality of an individual's performance in an organization Grote (2004) explains. The appraisal is usually prepared by the employee's immediate supervisor. The procedure typically requires the supervisor to fill out a standardized assessment form that evaluates the individual on several different dimensions and then discusses the results of the evaluation with the employee.

Arthur (2008) argues that the primary objective of a performance appraisal is to ensure the maximum utilization of every employee's skills, knowledge, and interests. Grote (2004) states two major types of uses for performance appraisal information; these are (a) developmental uses, and (b) administrative uses. Developmental uses include, providing performance feedback, identifying individual strengths/weaknesses, recognizing individual performance, assisting in goal identification, evaluating goal achievement, identifying individual training needs, determining organizational training needs, reinforcing authority structure, allowing employees to discuss concerns, improving communication, and providing a forum for leaders. The decision-making aspect of performance appraisal provides a graphic demonstration that performing well on the job is associated with rewards

such as more money and/or a promotion. Therefore, this function provides the incentive for improving performance. Once the employee sees that improved performance on the job can lead to valued outcomes, he or she should be more motivated to improve that performance. Viewed in this way, there are not two separate goals for conducting performance appraisal, but only one goal with two paths. The ultimate purpose for conducting performance appraisals is to improve performance.

According to Grote (2004) performance appraisal serves over a dozen different organizational purposes: providing feedback to employees about their performance, determining who gets promoted, facilitating layoff or downsizing decisions, encouraging performance improvement motivating superior performance, setting and measuring goals, counseling poor performers determining compensation changes, encouraging coaching and mentoring, supporting manpower planning or succession planning, determining individual training and development needs, determining organizational training and development needs, confirming that good hiring decisions are being made, providing legal defensibility for personnel decisions and improving overall organizational performance. The performance appraisal process is commonly used to make sure that every member of the organization sets and achieves effective goals.

Another management guru DeNisi (2005) states that performance appraisals are important but are not without problems. This is why performance appraisal has been the focus of so much research activity for so long a period of time. For nearly a hundred years, scholars have been studying performance appraisals to understand what makes them so poor as indicators of performance. The author goes farther by stating the fact that even the definition of what is meant by performance is open for debate. DeNisi (2005) claims there is hope to clear the ambiguity of the definition of PA if “if we could understand what causes all the problems with performance appraisals, we could figure out what to do to make them work better” (DeNisi, 2005, p.4).

And performance appraisal forces managers and organizations to focus on the fact that the great majority of employees are doing exactly what the organization expects of them and that the company recognizes and reinforces their contributions. (Grote, 2002) explores effective ways to justify the process performance appraisal and explains the ratings for

assigning to the individual's performance is to correlate the rating of the performance with the message that one is trying to send the individual about the quality of his performance. Performance appraisal procedure allows the organization to communicate performance expectations to every member of the team and assess exactly how well each person is doing. When everyone is clear on the expectations and knows exactly how he is performing against them, this will result in an overall improvement in organizational success. In this regard, performance appraisals are used as a means of communicating to employees how they are doing and suggesting needed changes in behavior, attitude, skills, or knowledge

Armstrong (2006) states that the effectiveness of employee performance appraisals is affected by various factors. In a proper performance appraisal, accuracy and fairness in assessing employee performance is very decisive. The problem of accuracy is attributable to the presence of rater errors such as halo effect, recency, and leniency errors.

Halo effect occurs when a rater tends to allow overall assessments of a ratee to be unduly influenced by his evaluation of just a few factors. For example, say an employee presents and is articulate. A rater may be so impressed by a good personal image that his evaluation of this employee may be based solely on this criterion. A positive or a negative first impression can influence a rater's opinion of an employee to the point where the employee's actual performance is secondary in the eyes of the rater. Additionally, outstanding or poor performance on one occasion can also sway a rater's opinion of a subordinate.

Leniency effect occurs when raters tend to give a disproportionate number of favorable ratings to employees (Nihinlola, 2013). Leniency errors tend to occur more frequently under the criterion-referenced approach. This is the second most common appraisal error. Some raters or managers are concerned about damaging a good working relationship by giving poor or negative rating. For that reason, they have tendencies to give a high rating to ratees. It can be said that the leniency errors may result from the purpose of giving high rating. They have the tendencies to give top rating to all subordinates unless they have a clear deficiency, or they may not want to adversely impact the future of subordinates. By giving the poor grade they do not want to be perceived as unwanted person on the eye of the ratees

Recency errors: Affecting from recent events is that the recent manners in the last periods of performance appraisal are located in the memory of evaluator. Performance assessments in companies are generally conducted at such long intervals as one year or so. This situation brings along a disadvantage that the most recent success rates of an employee is regarded as they are all the same throughout the year. Therefore, it is much better to apply such methods as having not long periods during performance appraisal and registering reminder data. Supervisors have a tendency to be influenced by the employee's recent incidents of their performance. This tends to influence the supervisors overall judgment of the individual performance. A solution to this problem can be to conduct regular performance meetings.

Rater errors are errors in judgment that occur in a systematic manner when an individual observes and evaluates another. Rater errors are defined as a difference between the output of a human judgment process and that of an objective, accurate assessment distorted by bias, prejudice, or other subjective influences (Feldman, 1979). Another element that can cause inaccuracy in rating is that raters who lack the necessary training in how to conduct performance evaluations. Training can help to educate a rater not only on the system itself, but how to deal with other issues as consistency in rating and also the orientation to appropriate rating strategies and behavior.

2.1 Theories of Performance Appraisal

There are lots of performance management theories; among which Goal setting theory and expectancy theory are reviewed for this study driving at identifying variables for performance appraisal at the end.

2.1.1 Goal-Setting Theory

According to Tyson (2006) there are two broad types of performance appraisal approaches are practiced : they are labeled as Theory X and Theory Y. In Theory X, managers produce assessment reports on their subordinates but in Theory Y assessment reports are the product of joint discussion between managers and their subordinates.

A Theory X performance appraisal features are managers only do the assessment, manager has the ability and authority, assessments are based on abstract qualities, no formal provision,

idea is to identify good from poor performers and needs of employee development is not a concern,

Objectives of a Theory Y approach to performance appraisal are identify and remedy problems in the job, identify strengths and weaknesses in performance, identify needs for training and development, further work experience, develop manager, subordinate relationships and develop the individual's capacity for self-assessment. Performance means "a basic instructional method in which the trainee is required to perform, under controlled conditions, the operation, skills, or movement being taught" (Bacal, 2004). Performance appraisal is defined as evaluating employees how well do their jobs according to performance standards (Kirkpatrick, 2006). After an employee has been selected for a job, has been trained for it, and has worked for a period of time, her or his performance should be reviewed. So, performance appraisal is one of the most significant topics in Human Resource Management. Traditional performance appraisal relies on economic reward and the threat of punishment to motivate employees to reach desired performance. But this concept does not hold true anymore. Today, performance appraisal is used for developmental and motivational purposes in the organizations. Performance appraisal is not a still evaluation activity, but a dynamic process, which should be viewed as follows; planning the employees' performance, evaluation, and improving the performance of the employees'. Performance management is a system for integrating the management of organization and employee performance in order to support and improve company's or organization's over all business goals (Grote, 2002).

According to Tyson (2006), performance appraisal entails the systematic, organized and formalized process of evaluating individual employee's job related strengths and weaknesses with a view to providing feedback on which performance adjustment can be made. Thus, performance appraisal has both evaluative and developmental objectives. It evaluates both traits and results. His version of the definition of Performance appraisal is "a continuous process involving a joint assessment by managers and individual members of staff. " (Tyson, 2006, p.197). As noted by Armstrong (2006), it is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast, performance

management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges, and focuses on the future.

He further highlights four mechanisms that connect goals to performance outcomes. First, goals direct attention to priorities that is when specific goals are set for workers it drives their attention to priorities of achieving the goals. Second, they stimulate effort, in other words when sets goals are attached to specific reward system it stimulates workers to work better and effectively Third, they challenge people to bring their knowledge and skills to bear to increase their chances of success. Fourth, the more challenging the goal, the more people will draw on their full repertoire of skills.

2.1.2 Expectancy Theory

Vroom (as cited by Wanjala,2005) expectancy theory is a situation where an employee performs or is motivated to do so according to the expected result of the work done. Vroom argues that people will be motivated to the extent that they can perceive links between effort, performance and rewards available. He further argues that performance is a vital component of the expectancy theory. Specifically, he is concerned with the linkage between effort and performance.

Vroom stated that an employee's performance is determined by factors such as personality, skills, knowledge, experience, abilities. Employees have different expectations and self-confidence with regards to what they are capable of. Management needs to discover what resources, trainings, supervision to employees need. Employees believe that excellent performance will be given a good rewards. If employees didn't see the correlation between performance and reward they don't care and not make any effort to perform..

2.2 Empirical Evidence

According to (Landy and Farr, 1983, as cited in Saudi, 2014) much has not been done on performance appraisal prior to the 1980s and that time was the turning point for performance appraisal to be carried out by involving the cognitive processes of raters. They tried to base their research on rating accuracy by focusing on the factors affecting the process of gathering, storing and retrieving information for evaluation. The factors are appraisal settings, ratees, raters, and the nature of the scales used for the appraisal.

Although it is conducted all over the world, it has not been found easy to prove that performance appraisal can be effective to measure an employee's worth at the work place. Study after study have been carried to possibly arrive at a uniform governing technique but no such thing has been found. WaqaMaharvi (2014) argue that there is not one single criteria to measure the effectiveness of performance appraisal system resulting in not being able to identify one employee from the other in organizations. Nevertheless studies on the subject go on contagiously with the no-perfect system of evaluating work place performance.

Wanjala (2015) argues that PA positively and significantly influences performance. Its absence implies forestalling this positive influence on the employee and then the organization. Consequently it convinces one that performance appraisal should be carried out regardless of its inefficiency as a perfect measurement of performance.

There is no other tool better than performance appraisal system that helps an organization know the level of performance of its employees argues Akinyele(2010) . Although most employees are aware of the type of performance application system used in organizations but believe these systems are not based on purposes for which they are designed. As a result every organization, irrespective of its size, has an appraisal system for its employees. This implies the performance appraisal has become an indispensable activity in any organization (Khan, 2013).

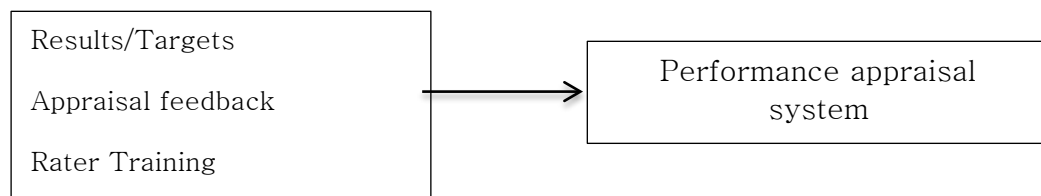
When appraisers are not given proper training and guidelines to appraise the employees their rating will be poor. Because training to evaluator is essential for the effectiveness of the PA system. Current performance evaluation system has errors such as halo, leniency etc. Appraisal errors can be occurred due to the evaluator biases and lack of skills (Akinyele, 2010). Khan (2013) argues dissatisfaction among employees about the way they are appraised is a common place scenario. Findings from his study revealed that 85% of the employees in an organization are motivated by performance appraisal.

2.3 Conceptual Framework

Literature has suggested that performance appraisal is an effective system for attaining different objectives. The plan focuses on future behavior and performance: What is the employee expected to do? How is the employee expected to behave or perform? What changes in behavior or performance are desirable or required? The focus of the review is past performance: How well did the employee perform in terms of the agreed targets? How well

did the employee contribute to the discussions and decisions of the team? The results of the review might then be used in deciding whether an employee is to receive a pay increase, or be promoted or transferred, or given more training, or terminated. Grote (2002) has revealed that effective performance appraisal system results in improving performance of employees and motivating them.

According to (Nurse, 2005, as cited in Abbas, 2014) , the impact of appraisal on employees on organizations is discussed. He specifically suggested that results of appraisal provide information to managers to take further steps about promotions and development of employees. Weak areas of performance are identified through effective performance appraisal system. In this way, managers can take decisions regarding training of employees to improve those weak areas. Armstrong (2006) suggest that effective performance appraisal results in reducing stress level of employees. As per the review of literature carried out earlier, out of the many factors that affect employee performance, goal setting, reward and rater accuracy are the variables to be treated and tested for relationship and impact.



Conceptual Framework of Performance Appraisal System adapted from “An evaluation of the effectiveness of employee performance evaluation system at Leeds International school network”

These variables in the frame work are developed from the questionnaire to collect information about the Performance Appraisal of the Bank. They were analyzed in the research analysis section.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals about the methodological frame work of the study that the research employed to gather relevant data, to analyze the collected data and to present output of the findings and to draw conclusions and recommendations as per the research findings of the study.

3.1 Research Design

A research design is the logic that links the data to be collected to the initial questions of a study (Kothari, 2004). In this thesis I used a survey design in one of the private banks in Ethiopia. Data for the analysis was collected from interviews with line managers. In addition a questionnaire was distributed to company employees.

3.2 Data Source and Data Collection Methods

The data for this research was obtained from primary and secondary sources. The primary data was gathered through questionnaire and interview and its purpose was to obtain the opinion of employees and managers related to employee performance appraisal and subjected to analysis. Secondary Sources were used from Company bulletins and annual reports.

3.3 Sampling

The total population for the study was the entire permanent employees of Head office and employees of the first five area branches opened by the bank. Purposive sampling method was used to select managers in both cases. Since the branches do not have the same number of employees, stratified random sampling technique was applied in order to obtain a representative sample. Hence sample size was determined by the Yamane's scientific formula (Wanjala, 2005). The formula for sample size determination is:

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

Where n = Sample size

N = Population size

e = The acceptable sampling error

*93% confidence level and $P=0.07$ are assumed

Accordingly Yamane's formula gives the following results.

Bank	N	$e^2=(0.007)^2$	$N*e^2$		$1+N*e^2$	$N/1+N*e^2$
HQ	817	0.0049	4.0033	1	5.0033	163.2922
MAIN	65	0.0049	0.3185	1	1.3185	49.29845
TANA	40	0.0049	0.196	1	1.196	33.44482
KERA	34	0.0049	0.1666	1	1.1666	29.14452
KALITI	28	0.0049	0.1372	1	1.1372	24.62188
GOLA	34	0.0049	0.1666	1	1.1666	29.14452
BRANCHES	201	0.0049	0.9849	1	1.9849	101.2645
TOTAL	1018					264

After this the proportionate allocation for each branch from the total of 101 is shown in the table below

HQ	817			163
MAIN	65	101	201	33
TANA	40	101	201	20
KERA	34	101	201	17
KALITI	28	101	201	14
GOLA	34	101	201	17
BRANCHES	201			101
TOTAL	1018			264

Moreover there were 13 departments with 2 managers each and 5 managers of the branches. All the managers of the branches (5) and 1 from each of the departments (13) were purposively

selected for interview to get additional information on performance appraisal besides the questionnaire. A total of 18 managers were selected for interview.

3.4 Research Instrument

The research instruments were questionnaire and interviews. The questionnaire is designed to collect data from employees to be selected from all the branches that satisfy the requirements. In the questionnaire, there are close-ended questions, Likert scale type questions and few open ended questions..

3.5 Validity and reliability of Instrument

Reliability : reliability is consistency of measurement over time or stability of measurement over a variety of conditions, the most commonly used technique to estimate reliability is with a measure of association, the correlation coefficient, often termed reliability coefficient (Kothari, 2004). The SPSS generated reliability test is indicated below.

Reliability Statistics

Cronbach's Alpha	N of Items
.842	13

The evaluated questionnaire is reliable. The items measure the same underlying construct. The result of the reliability measure was high: $\alpha=0.842$. All items contribute to the reliability of the questionnaire. Generally, a questionnaire with an α of 0.8 is considered reliable (Kothari, 2009). Hence, this questionnaire certainly is reliable, since the α is 0.842

Migiro and Taderera's questionnaire for performance appraisal to conduct a study in the Bank of Botswana is adopted for my research. Accordingly in (M.M., 2011) their questionnaire was tested verified for validity and found to be acceptable in the African Journal of Business Management

Validity: Validity is concerned with the meaningfulness of research components. When researchers measure behaviors, they are concerned with whether they are measuring what they intended to measure.

3.6 Data Analysis

Descriptive statistics was used as one method of data analysis and the statistical tool was SPSS (Statistical Package for Social Science). The analyzed data was presented as tables wherever appropriate.

In analyzing questionnaire questions, which are close ended questions and Likert scale based are converted for data entry and analysis. The Likert scale types of questions are converted from 1-5 codes. The strongly disagree (not at all) is converted to “1”, sometimes (least disagree) to “2”, on average (not accept or reject) to “3”, agree most of the time to “4” and strongly agree (always) to “5” for compatibility with the SPSS system of analysis.

CHAPTER FOUR

Results and Discussion

This chapter deals with the analysis of demographic data of the respondents and data collected by questionnaire on the practice of performance appraisal in selected branches of Dashen Bank in Addis Ababa.

In conducting this study, the required data is obtained through structured questionnaires and interview. The structured questionnaire was obtained from a prior related study whose reliability and validity of the instrument tests was carried out and verified. To determine the sample from the total population of 1018 employees, first, the target population was stratified in to six strata (based on branches) and then to select respondents from each stratum simple random sampling technique was applied; having this, the researcher used the formula by Yamane(Wanjala, 2015)). Basically, a total of 264 questionnaires were distributed to the sampled employee, among these 242 were returned whereas 22 were not returned. Thus, 242 returned questionnaires (i.e. representing 91.6% of response rate) were analyzed using statistical package for social science (SPSS version 20). Out of the 18 managers for interview 10 (55.5%) were available for meeting in the analysis descriptive statistics was performed.

4.1 Demographic Data

Sex Distribution

Table 4.1: Frequency and percent of respondents by sex

	Frequency	Percent
Female	65	26.9
Male	177	73.1
Total	242	100.0

Source: Questionnaire, April 2016

From the SPSS generated table it can be seen that 73% of the sampled employees are male and females take 26%.

Age Distribution

Table 4.2: Frequency and percent of respondents by age group

	Frequency	Percent
Below 21 years	6	2.5
From 21-30 years	92	38
From 31-40 years	84	34.7
From 41-50 years	36	14.9
From 51-60 years	24	9.9
Total	242	100

Source: Questionnaire, April 2016

The age category compilation states that 72.7% of the employees are in the age range of 21 and 40. This implies it is populated with a large enough productive human resource. Only 9.9% are nearing the pension age.

Educational Background Distribution

Table 4.3: Frequency and percent of respondents by qualification

	Frequency	Percent
Certificate and below	5	2.1
College/TVET Diploma	35	14.5
B.A/B.SC	165	68.2
M.A/M.S.c	37	15.3
Total	242	100.0

Source: Questionnaire, April 2016

The educational background data indicates that a great majority (68.2%) are first degree holders who are academically prepared to carry out their duties in the bank. A very small percentage (16.6%) are below bachelor degree level.

Work Experience

Table 4.4: Frequency and percent of respondents by job tenure

	Frequency	Percent
Below 2 years	5	2.1
3-8 Years	121	50
9-14 years	61	25.2
15-20 years	41	16.9
21 years and above	14	5.8
Total	242	100

Source: Questionnaire, April 2016

As far as work experience in the bank is concerned 50% of them have worked for 3 to 8 years. Another 42.1% of the respondents have worked for the bank for 9 to 20 years. It is only 2.1% of the respondents that are relatively new to the bank.

4.2 Performance Appraisal Questionnaire

The respondents to the questionnaire were asked to answer a group of thirteen statements concerning their performance appraisal system, using a rating scale of Strongly Agree, Agree, Neither Agree or Disagree, Disagree, or Strongly Disagree. Statistical summaries of the responses by respondents for each question in the questionnaire are shown below indicating the frequency and percentage.

1. The appraisal is based on traits/behaviors

Table 4.5: Frequency and percent of respondents by appraisal on traits/behaviors

	Frequency	Percent
1 Strongly Disagree	17	7.0
2 Disagree	35	14.5
3 Neutral	83	34.3
4 Agree	80	33.1
5 Strongly agree	27	11.2
Total	242	100.0

Source: Questionnaire, April 2016

The majority of the respondents (34.3%) have stated that they neither agree nor disagree on the answer to the statement that asks if appraisal is based on personal traits. About a third (33.1%) of the respondents have answered that they agree with the statement. It is a very small percentage (7%) of respondents that stated their answer as a strongly disagree.

Result and traits/behaviors are important to be successful to meet organizational objectives as a result of effective employee performance. Some organizations define their organizational competencies/behaviors like contributing for team work, using office hours efficiently, foster communications, listening to others, dependability etc. If they don't have a predefined behaviors or competencies, it is the responsibility of the supervisor to inform the employee at the time of goal setting (Grote:2002). They employee must balance between result and traits. As we see from the above table and the PA form the bank has given attention on person traits which is helpful to be successful to the organizational objective.

2. The PA system is job related

Table 4.6: Frequency and percent of respondents by PA is job related

	Frequency	Percent
1 Strongly Disagree	20	8.3
2 Disagree	35	14.5
3 Neutral	70	28.9
4 Agree	79	32.6
5 Strongly agree	38	15.7
Total	242	100.0

Source: Questionnaire, April 2016

The majority of the respondents (32.6) claim that the Performance Appraisal system is job related. Another 15.7% of them strongly agree to the statement which brings the total percentage of respondents in agreement with the statement of performance appraisal system relating to job. Only 8.3% of the respondents say PA is not related to job. About 29% are indifferent in relating PA system as job related.

As we see from the above table the highest respondents verify that the PA system is job related that is the ability to implement organizational plans, and adherence to regulations and procedures. This kind of system helps both the managers and employees to be successful in implementing the organizational goal and be objective to evaluate or appraise the employee performance.

3. The appraisal is based on set targets/results (The appraisal system has standards for measurement)

Table 4.7: Frequency and percent of respondents by PA based on set targets/result

	Frequency	Percent
1 Strongly Disagree	35	14
2 Disagree	97	40
3 Neutral	61	25
4 Agree	44	18
5 Strongly agree	5	2.1
Total	242	100.0

Source: Questionnaire, April 2016

A very small percentage (18%) of the respondents agree that the appraisal is based on set targets which means the appraisal system has standards of measurement. Only 2.1 % are confident that they strongly agree to the statement that says the appraisal is based on set targets. But this is against the theoretical background that advocates that in setting targets, the manager and the supervisor should sit together in order to discuss what the person will achieve in the upcoming year :- the key responsibilities of the employee's job and the goals and projects the person will work on(Grote, 2002). A quarter of the respondents (25%) are not sure whether they should agree or disagree.

However, most of the employees (54%) did not agree that the PA system is based on set targets which are listed on PA formats which shows a serious problem. All these things are applicable for all staff but it needs to be contextualized as per the employee specific job description. And this must be done at the beginning of the fiscal year.

The questionnaire and the interview with managers have revealed that the manager and the supervisors have not been setting goals at the beginning of the year. The managers make evaluation every six months as per the criteria that are listed on the criteria Form.

3. The System used is perceived as fair and transparent

Table 4.8: Frequency and percent of respondents by system is perceived as fair and transparent

	Frequency	Percent
1 Strongly Disagree	16	6.6
2 Disagree	56	23.1
3 Neutral	62	25.6
4 Agree	62	25.6
5 Strongly agree	46	19.0
Total	242	100.0

Source: Questionnaire, April 2016

A little over a quarter of the respondents (25.6) say the system is perceived as fair and transparent way. About 42% of the respondents say they disagree about the reality of the system being used in fair and transparent way. Another quarter (25.6%) of the respondents say they are indifferent about this statement.

In order to be help the employee to be successful to accomplish organizational goals and his performance the supervisor makes the assessment or appraisal session is perceived to be in a fair and transparent way.

4. The System is used to decide on promotions and salary rewards

Table 4.9: Frequency and percent of respondents by PA deciding promotions

	Frequency	percent
1 Strongly Disagree	17	7.0
2 Disagree	41	16.9
3 Neutral	109	45.0
4 Agree	58	24.0
5 Strongly agree	17	7.0
Total	242	100.0

Source: Questionnaire, April 2016

A high of 45% of the respondents are not clear about the PA system being used to decide on promotions and salary rewards. About 7% of the respondents say they disagree strongly. It is only 31% of the respondents that claim to approve the statement about the system being used in deciding on promotion and salary awards.

The staff questionnaire and the interview questions for the managers have revealed that the Performance Appraisal's result is attached to only promotion when there is a vacant position. If performance related rewards is being implemented in the bank the staff will be motivated to do more even exceeds expectations on employee performance to their job description and area of their assignment.

5. The appraisal system is Reliable

Table 4.10: Frequency and percent of respondents by PA reliable

	Frequency	percent
1 Strongly Disagree	23	9.5
2 Disagree	52	21.4
3 Neutral	81	33.5
4 Agree	66	27.3
5 Strongly agree	20	8.3
Total	242	100.0

Source: Questionnaire, April 2016

About a third of the respondents (33.5) are not clear about the reliability of the appraisal system. About 35% of the respondents say that they agree to the reliability of the appraisal system. Another 31% disagree with statements claim. Reliable performance measures and criteria for assessment are very critical to be successful in employees performance.

7. The Appraisal System Provides Continuous Feedback

Table 4.11: Frequency and percent of respondents by PA providing feedback

	Frequency	percent
1 Strongly Disagree	55	22.6
2 Disagree	69	28
3 Neutral	40	16.5
4 Agree	65	26.7
5 Strongly agree	13	4.5
Total	242	100.0

Source: Questionnaire, April 2016

Only 22.7% of the respondents say the appraisal system provides continuous feedback. Almost a third are unclear about the system giving continuous feedback on appraisal. When 4.5% strongly agree to the existence of this practice about 15.7% deny the truth of the statement. Performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. Providing regular feedback in a positive way and coaching helps the employee to be successful on his performance. And poor performer might improve their performance. So the manager or supervisors need to give extra attention on this.

8. Appraisers are well Trained

Table 4.12: Frequency and percent of respondents by appraisers well trained

	Frequency	percent
1 Strongly Disagree	28	11.6
2 Disagree	90	37.2
3 Neutral	67	27.7
4 Agree	49	20.2
5 Strongly agree	8	3.3
Total	242	100.0

Source: Questionnaire, April 2016

A big 48.8 % of the respondents disagree to the fact that appraisers are well trained while only 23.5% agree that appraisers are trained. Close to 20.2% are unaware of the training of appraisers. Rater Accuracy among other things depends on the provision of relevant training prior to every appraisal season. On the Performance Appraisal Form of Dashen bank, it is clearly stated that:-

- Don't let exceptional incidents and personal bias affect your evaluation
- Carryout evaluations while you are in a state of calmness and never when you are in rush or stress.
- Never base evaluations on most recent and unrepeated unique achievements, previous ratings and very few appreciable or undesirable traits of the appraisee.

This shows that the Bank has given attention on Performance Appraisal Rater Accuracy. As I have mentioned in my literature review lack of the necessary training on how to conduct performance evaluation contributes for this, inaccurate rating by rater. It needs to give extra attention by giving specific training for all supervisors on how to conduct performance appraisal. The study revealed that from the staff questionnaire and the interview of the managers there is no such formal training for appraisers regarding how to conduct Performance Appraisal of staff. Therefore in order to improve the performance of the employee the rater training is essential

9. The bank has policies, procedures and instructions on how to implement the appraisal system

Table 4.13: Frequency and percent of respondents by bank has policies

	Frequency	percent
1 Strongly Disagree	12	5.0
2 Disagree	38	15.7
3 Neutral	62	25.6
4 Agree	90	37.2
5 Strongly agree	40	16.5
Total	242	100.0

Source: Questionnaire, April 2016

More than 50% of the respondents know about the fact that the bank has policies, procedures and instructions on how to implement the appraisal system. About 20% deny the existence of these

human resource tools for appraisal system. Still a quarter of the respondents do not know about the existence of policies, procedures and instructions for PA.

The Human Resource Management Policy and Procedure Manual (Dashen, 2014) has a clear procedures and instructions on how to implement the appraisal system. When to conduct the appraisal, the rating scale and its interpretation, its benefits at the time of promotion and etc. The management of the Bank need to provide the HR Manual to employee in order to develop trust between staff and management.

10. The system is simple and easy to use by evaluators

Table 4.14: Frequency and percent of respondents PA system easy for evaluators

	Frequency	percent
1 Strongly Disagree	16	6.6
2 Disagree	37	15.3
3 Neutral	82	33.9
4 Agree	77	31.8
5 Strongly agree	30	12.4
Total	242	100.0

Source: Questionnaire, April 2016

A third of the respondents say they are indifferent about agreeing or disagreeing on the simplicity and ease of the system to be used by evaluators where us 44% say they agree and 21.9% say they do not agree.

12. Employees access Appraisal Results

Table 4.15: Frequency and percent of respondents by employees access results

	Frequency	percent
1 Strongly Disagree	19	7.9
2 Disagree	38	15.7
3 Neutral	61	25.2
4 Agree	90	37.2
5 Strongly agree	34	14.0
Total	242	100.0

Source: Questionnaire, April 2016

A high of 51% of the respondents say they agree or strongly agree to the fact that employees access appraisal results. A quarter said they are neutral and 22% said they disagree to the statement.

The questionnaires and the answers from the interview have revealed that employees have an access on the appraisal results. After the form is filled by the supervisor and employee should sign on the format even can put their comment in case they are not satisfied with the rate.

13. The appraisal results are checked by the evaluator's immediate supervisors

Table 4.16: Frequency and percent of respondents by PA checked by immediate supervisor

	Frequency	Percent
1 Strongly Disagree	10	4.1
2 Disagree	34	14
3 Neutral	67	27.7
4 Agree	81	33
5 Strongly agree	50	20.7
Total	242	100.0

Source: Questionnaire, April 2016

The majority of the respondents(53.5%) agree to the statement that states the appraisal results are checked by the evaluator's immediate supervisors. Less than 20% say they disagree with the statement. A quarter of them are neutral.

The questionnaire, the interview and the HR manual verify that Appraisal Results are checked by the evaluator’s immediate supervisors. If the employees with a poor performance rating sees the signature of both his immediate supervisors and that person’s superior, he’s less likely to challenge the bad rating as merely a manifestation of a personality clash or some other inappropriate cause, since at least two people share a common view of the low quality of his performance.

13. Employees are allowed to appeal appraisal results

Table 4.17: Frequency and percent of respondents by age employees can appeal

	Frequency	percent
1 Strongly Disagree	17	7.0
2 Disagree	33	13.6
3 Neutral	78	32.2
4 Agree	83	34.3
5 Strongly agree	31	12.8
Total	242	100.0

Source: Questionnaire, April 2016

About a third (32.2) say they are neutral about the statement that claims to say employees are allowed to appeal appraisal results. However a good enough percentage(47%) say they agree with A the statement. Nearly a quarter are not agreeing or disagreeing to the claim that employees are allowed to appeal appraisal results.

According to (Armstrong, 2012) to protect the employee from unfair assessment and rating it is good to review also by his manager’s manager. In the case of Dashen Bank the appraisal results are checked by the evaluation’s immediate supervisors. The staff can appeal appraisal results. Overall the perception of respondents on the statements of the questionnaire is summarized as below.

4.3 Overall Discussion on findings in relation to research questions

Table 4.18 Descriptive statistics of performance appraisal by respondents

Descriptive Statistics

The Appraisal is Based on Personal Traits/behaviors such as Dependability, initiative etc	242	3.27	1.065
The PA system is job related (E.g ability to implement organizational plans, and adherence to regulations and procedures)	242	3.33	1.151
The appraisal is based on set targets/result (The appraisal system has standards for measurement)	242	2.53	1.015
The System used is perceived as fair and transparent	242	3.27	1.202
The System is used to decide on promotions and salary rewards	242	3.07	.985
The appraisal system is reliable	242	3.03	1.096
The appraisal system provides continuous feedback	242	2.64	1.246
Appraisers are well trained	242	2.67	1.030
The bank has policies, procedures and instructions on how to implement the appraisal system	242	3.45	1.093
The system is simple and easy to use by evaluators	242	3.28	1.076
Employees access appraisal results	242	3.34	1.138
The appraisal results are checked by the evaluator's immediate supervisors	242	3.52	1.094
Employees are allowed to appeal appraisal results	242	3.32	1.083

There are 13 statements and the respondents are requested to tick the level of agreement or disagreement, based on their attitude towards performance appraisal of the company. The mean column shows the opinion of all respondents on every statement. The higher is the mean, the higher is the level of agreement on the statement and vice versa.

In the Table above, the descriptive statistics of the variables are presented. Among the variables, the appraisal results are checked by the evaluator's immediate supervisors was perceived to be

the highest ($M = 3.52$, $S.D.=1.049$) and this was followed by the bank has policies, procedures and instructions on how to implement the appraisal system ($Mean= 3.45$ $S.D.=1.093$). However since in these variables, standard deviations were noticed to be large (> 1), which represents that the data are dispersed, the means cannot say what they mean.

The three relatively lowest means are scored by The appraisal is based on set targets/result (The appraisal system has standards for measurement), The appraisal system provides continuous feedback and Appraisers are well trained w2.53, 2.64 and 2.67 respectively which imply that if the issues are not properly addressed, this could bring some future failures in these areas.

Performance appraisal has been imperfect and will continue to be imperfect. Nevertheless research shows that it can still serve a number of organizational purpose. Usage of performance appraisal process will continue because there is no other alternative to measure and reward employees honestly and fairly. It has also a potential capacity to improve individual performance and resulting in organizational productivity.

The first research question was “What are the main challenges of Performance Appraisal practices in Dashen Bank S.C?” Accordingly goal setting, rater training, reward and feedback are analyzed using the descriptive statistics with the following findings.

The first step in performance appraisal is the manager and the employee needs to sit together and make goal setting. This helps the employee to be on the right direction and be successful in accomplishing the organization’s goal and helps the employee to be productive. Goal setting tells employees what you expect them to accomplish. (Silverstein, 2014).

The result of my study in this regard indicates that employees are made aware of the goal setting because ($Mean = 2.53$ and $S,D, = 1.015$) and goal setting mean is greater than the likert mean. This is consistent with a pervious study made by Yazachew (2009) where to the question “Are performance goals clearly communicated to you by your supervisors via job descriptions? 88% claimed that they are aware of performance goals.”

Feedback helps employees to understand their strengths and weaknesses and the areas in which they need to improve their performance. Managers should not only be able to give feedback but also to suggest corrective behaviors. The manager is responsible for the success and the failure of the employee because it is expected from the supervisor to give continuous feedback to employee on whether the employee is on the right track or not. They can create a form like one to one meeting just to receive feedback. The study with Dashen bank on PA however showed that most of the employees are unaware of feedback with a mean of 2.64 and S.D. of 1.264. However this is different from a previous study conducted on performance appraisal with rater giving feedback to rate where only 26% say they get this (Argaw, 2015)

Appraisal training program will increase rater accuracy during the appraisal process. Also, more recent studies suggested that trained rater provide more accurate appraisal than untrained ones. Hence, training program for the raters to reduce the appraisal errors might actually have the effect of increasing appraisal accuracy in the surveyed organization. Findings from PA of Dashen bank indicated that appraisers are not well trained with a mean of 2.67 which is greater than the likert mean. This is consistent with a previous study 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 (Yazachew, 2009).

According to the HRM manual and answers to interview questions for the managers the Performance Appraisal result is attached to only promotion when there is a vacant position. My finding on rewards PA is greater than the likert mean and is closely attached with the mean of 3.07 and S.D. of 0.985 which is less than 1. This is consistent with a study carried out on comparison of employee performance appraisal Addis Ababa University and SMUA where the result indicates at both places respondents agree to the existence of rewards a majority (39.4%) of employees from AAU and the Majority (76.5%) of employees from SUC (Driba, 2012).

The second research question was "How do employees perceive the PA system of the Bank?" The quality of interactions during appraisal contribute to fairness perceptions in the whole process. During the rating period, the raters should value the ratees and treat them with dignity and fairness. There should be an environment of trust in the raters. They should also be

supportive of their ratees. In the case of Dashen Bank findings indicate that the process is not perceived as fair and transparent with a mean of 3.27-and S.D of 1.202. As far as perception of the respondents is concerned, 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, (Yazachew, 2007)

The third research question was "Are the Performance Appraisal criteria related to performance results? "In some organization's appraisal results may be used to determine relative rewards in the firm who should get merit pay increases, bonuses, or promotions. Similarly, appraisal results can be used to identify the poorer performers who may require some form of counseling, demotion, dismissal or decreases in pay. Interestingly, performance appraisal is a very controversial managerial issue. Some researchers have expressed doubts about the validity and reliability of the process. On the other hand, there are advocates of performance appraisal who claim that it may well be the most critical of all Performance Appraisal and Motivation. The statement "The appraisal is based on set targets " which in other words means "The appraisal system has standards for measurement" is scored with a mean of 2.53 and a S.D. of 1.015. Noting the mean is greater than the likert mean of 2.5, Dashen Bank is credited for doing PA with results in mind. This result is in contrast to Yazachew's (2009) finding where only 28% agree that there is a performance standard.

CHAPTER FIVE

Conclusion, Limitations and Recommendations

Based on the findings of the analysis of the collected data, the following conclusions, limitations and recommendations are indicated.

5.1 Conclusion

The findings of this research revealed some challenges are limiting the effectiveness of the system. The result of my study indicates that employees are made aware of the appraisal issue. Managers give the employees enough chance to discuss about their work, they don't give accurate feedback to their subordinates. HR professionals of the bank need to persuade the managers to provide an accurate and constant feedback and coaching to their subordinates. Making managers well aware of the importance and benefit of constant feedback and coaching may encourage them to do accordingly.

The statements, the PA is based on traits, the PA system is job related, the System is perceived as fair and transparent, the appraisal system is Reliable, the bank has policies, procedures and instructions on how to implement the appraisal system, the system is simple and easy to use by evaluators, employees access Appraisal Results, the appraisal results are checked by the evaluator's immediate supervisors, and employees are allowed to appeal appraisal results are perceived by the respondents as relatively fair. But the remaining three major points are scored very low i.e., respondents perception of appraisal is based on targets, the appraisal system provides continuous Feedback and appraisers are well trained is very low and the bank has failed in the areas.

5.2. Limitations of this Study

This study was limited to five branches of Dashen bank and the head office located in Addis Ababa. An extension of the study to include other branches in the regions would be useful. Besides all the managers to be contacted for interview were not available for meeting because of time constraint which limited the scope

5.3 Recommendations

To a certain degree Dashen Bank's performance appraisal is carried out as intended. And there is no evidence to discontinue the process and there is no other option to review employees performance. Some respondents have viewed performance appraisal process negatively but there are benefits to the employees in acknowledgement of good work and career development. Accordingly the researcher poses the following recommendations;

The HR manual clearly states appraisers have to be trained prior to an appraisal but it is not strictly followed. Adhering to this would help both the employees and the organizations productivity. Therefore even if the organization stated on basics notes for the appraiser how and when to fill the format, I suggest that the bank need to give formal training regarding Performance Appraisal Management before they conduct Performance Appraisal assessment. Because if the rater fill the format without any bias and personal conflict the result will be accurate and reliable. So the staff will be more motivated and productive

Goal setting for employees with their supervisors is not done as it should be. The first step in performance evaluation is the manager and the employee needs to set together and make setting goal. In this session the manager and the supervisor set together in order to discuss what the person will achieve the upcoming year :- the key responsibilities of the employee's job and the goals and projects the person will work on. This helps the employee to be on the right direction and be successful in accomplishing the organization's goal and helps the employee to be productive. The manager is also responsible for the success and the failure of the employee because it is expected from the providing feedback in a discussion session is not widely practiced and should be implemented as a rule. Performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. Providing regular feedback in a positive way and coaching helps the employee to be successful on his performance. And poor performer might improve their performance. So the manager or supervisors need to give extra attention on this supervisor to give a continues feedback to employee.

Attaching meaningful rewards to performance benefits the employee because he is financially rewarded. And the benefit to the organization is he completes his tasks properly and on time that allows the organization to draw maximized productivity and profit. Dashen bank should strictly enforce this relationship between performance and rewards.

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Appendix I

St. Mary's University

School of Graduate Studies

Management Business Administration – General

QUESTIONNAIRE

Dear Respondents:

I would like to express my sincere appreciation for your time, honest and prompt responses.

Objective:

This questionnaire is designed to undertake a study on the “Assessment of Performance Appraisal Practice: The case of Dashen Bank S.Co” The information shall be used as a primary data in my case research which I am conducting as a partial requirement of my study at St. Mary's University School of Graduate Studies for completing my MA under Management Business Administration – General Department.

Please fill out all of the questions to the best of your knowledge. The information you provide will be kept confidential and will be used for this research undertaking only and under no circumstances will be used for any other purposes.

General Instructions

There is no need of writing your name.

Where alternative answers are given, please mark your answer using a tick mark (√) in the appropriate box.

Please be as brief as possible in answering the open-ended questions.

Thank you for your cooperation.

Walansa Tilahun

wtilahun@gmail.com

A. General Information

Please fill in the blanks, and put this mark (√) to indicate your choice for these items that have alternative responses.

1. Sex: A. Female B. Male

2. Age: Which of the following age categories do you belong to?
 A. Below 21years B. From 21 – 30 C. From 31 – 40
 D. From 41 – 50 E. From 51 – 60 F. Above 60

3. Educational background: A. Certificate and below B. College/ TVET diploma
 C. B.A/ B.Sc. D. M.A. /M.Sc. E. PhD

4. Work experience, in Dashen Bank and Other organization(s) (you can have two answers)
 A. Below 2 years B. From 3 – 8years C. From 9 – 14years
 D. From 15 – 20years E. 21years and above

B. Survey Data

Questionnaire to be filled by Non-Managers:

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

SL	Statements	1	2	3	4	5
1	The appraisal is based on personal trait/behaviors s such as dependability, initiative etc					
2	The performance appraisal system is job related (e.g. ability to implement organizational plans, and adherence to regulations and procedures)					
3	The appraisal is based on set targets/results. (The appraisal system has standards for measurement).					
4	The system used is perceived as fair and transparent					
5	The system is used to decide on promotions and salary rewards					
6	The appraisal system is reliable					
7	The appraisal system provides continuous feedback					
8	Appraisers are well trained					
9	The bank has policies, procedures and instructions on how to implement the appraisal system					
10	The system is simple and easy to use by evaluators					
11	Employees access appraisal results					
12	The appraisal results are checked by the evaluator's immediate supervisors					
13	Employees are allowed to appeal appraisal results.					

C. Guiding Questions For Interviewing Managers.

Position:

1. What does the Performance Appraisal of Dashen Bank?
2. How is the PA process related to organizational goals?
3. Which method of appraisal is applied in the PA process of the Bank?
4. Are all employees trained before any appraisal is conducted for the first time? If no, why?
5. How often is the appraisal conducted in the Bank? How effective is this process?
6. Do you set performance targets at the beginning of the year with the employee?
7. What are the rating scales used and what are their interpretations?
8. Could you specify the rewards and recognitions available?
9. In your opinion, are staff satisfied with the system used in assessing their performance in the Bank? Yes () No () How?
10. Are staff of the Bank made aware of how consistency check is carried out?
11. What impact has the appraisal system in use made on the achievement of the Bank's goals and objectives in , in your opinion?
12. Do you think performance development/appraisal policy in the Bank is being implemented well? Yes () No ()
13. In the banking industry today, is Dashen bank the best in service?

Appendix 2

Performance formats



EMPLOYEE PERFORMANCE APPRAISAL FOR CLERICAL NONSUPERVISORY STAFF

I. PARTICULARS OF THE STAFF MEMBER EVALUATED

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.
	?? 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.

Very Good
Performance

Good	? 5.5 to < 7.5	Has a full performance of the allotted responsibility; knows the job well;
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Performance 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	(>1.5 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 initiative to learn and need to be pressed; shows irregular effort and character.
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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.
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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 will be valued individual to calculate average rating for the factor. The average ratings for all factors will be aggregated and averaged to determine the staff's performance rating.

II. 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 appraisee. 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 your 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 unrepeatd unique achievements, previous ratings and very few appreciable or undesirable traits of the appraisee.
- Encourage the appraisee 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:

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

Rate

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

Rating Criteria:
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:

Rate

Productivity-Getting things done

Rating Criteria:	Rate
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 their understanding of unfamiliar or vague terms and instructions. Consider clarity of oral and written communications.

Rating Criteria:	Rate
4.1. Clearly and effectively shares information and keeps others informed	
4.2. Speaking is clear, concise & organized	
4.3. Demonstrates 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:	Rate
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:	
6.1. Anticipates and addresses concerns of peers, upper management and customers	
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:
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:

Rate

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

Rate

9. **Teamwork:** Implies the intention 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.

Rate	Rating Criteria:
	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:

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

Rating Criteria:	Rate
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 Relations: The ability to work effectively with people from diverse social and cultural backgrounds; maintains effective work relations with supervisor, peers, and subordinates.

Rating Criteria:	Rate
11.1. Is interested in coworker 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 fulfil position responsibilities. This includes quantity of work performed, meeting deadlines, completing assignments, being productive.

Rating Criteria:	Rate
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	
12.3. Maintains regular attendance with minimum absenteeism	
12.4. Absenteeism due to sickness that affects one's duties	
Sub Total	
Average Rating:	

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.

AD-12

Rating Criteria:

Rate

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 ratings for each criterion)

Total Ratings (TR) = /, _____,

Performance Result, TR f 13 =

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

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

Yes

No

Early to comment _____.

If no; which of the following will be appropriate?

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

This performance appraisal will 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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