



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

**ASSESSMENT OF PERFORMANCE APPRAISAL PRACTICES
AND CHALLENGES AT AWASH INTERNATIONAL BANK
SHARE COMPANY**

By

**HIWOT AYDIKO MOTA
ID NO: SGS1/0105/2004**

**OCTOBER, 2013
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LIST OF ACRONYMS

AIB S.C.	Awash International Bank Share Company
BARS	Behaviorally Anchored Rating Scales
HR	Human Resource
MBO	Management By Objectives
PA	Performance Appraisal
PAS	Performance appraisal System

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ABSTRACT

The main objective of the study was to assess performance appraisal practice and challenges at Awash International Bank Share Company. The student researcher has used questionnaires and structured interview discussion to collect data from managers and non-manager employees.

The study findings indicated that employees are given feedback during the appraisal period; are allowed to see their result and can appeal to higher officials if they believe it is biased and inaccurate. However, they are being evaluated by the form whose design they have not participated in.

The criteria used to measure performance of employees are objective. But, there are some criteria which don't have direct relation with the actual work and natural traits which are difficult to alter and are beyond control of the employee. There also are criteria which are vague to understand.

It was also observed that the major challenges of Performance evaluation at AIB S.C. are lack of rater ability to evaluate employee performance, rater bias in evaluating performance, lack of communicating performance standards and expectations to the employees, no link between some evaluation criteria and employee job, absence of employee participation in setting performance evaluation criteria and lack of focus and carelessness by some branch managers.

It was recommended that Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated. In order to acquaint employees who do not know why performance evaluation is conducted the Bank's management should create awareness on purpose of performance appraisal. The Bank's HR directorate should follow up those raters who are not having file and encourage those using it now. The Bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters' ability to evaluate and alleviate raters' bias.

CHAPTER I

INTRODUCTION

This chapter is an introductory chapter of the study which introduces the overall study. This part consists of background, problem statement, objectives, significance, study scope, and organization of the research work. Each of these sub topics are discussed in detail.

1.1 Background of the Study

In an organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Performance appraisal is defined as *“the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance”* (Lansbury, 1998). The terms ‘performance assessment’, ‘performance evaluation’, ‘performance management’ are also used to describe the process. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Swanepoel et al. (2000, as cited in Palaiologos, Papazekos and Panayotopoulou, 2011), stated that performance appraisal is a formal and systematic process of identifying, observing, measuring, recording and developing the job-relevant strengths and weaknesses of employees.

Employee performance appraisal has been practiced by numerous organizations since centuries. Though performance appraisal system has been debated by many, however, overall, it is viewed that performance appraisal is an inseparable part of organizational life. Longenecker and Fink (1999, as cited in Rosa and Forrest, 2008), mentioned several reasons that formal performance appraisals are to stay in organizations. According to them, formal appraisals are required to justify a wide range of human resource decisions such as pay raises,

promotions, demotions, terminations, etc. It is also required to determine employees' training need. The authors cited a recent study on high performance organizations that the practice of performance appraisal was cited as one of the top 10 vehicles for creating competitive advantage.

Unlike proponents of performance evaluation and its importance, W. Edwards Deming identified performance appraisals as one of the "Seven Deadly Diseases" destructive to organizations (Deming, 2000, p. 98, as cited in David R. Law, 2007). He has called them "*...the most powerful inhibitor to quality and productivity in the Western world*" (David R. Law, 2007). Not one to mince his words, Deming wrote:

In practice, annual ratings are a disease, annihilating long term planning, demobilizing teamwork, nourishing rivalry and politics, leaving people bitter, crushed, bruised, battered, desolate, despondent, unfit for work for weeks after receipt of rating, unable to comprehend why they are inferior. It is unfair, as it ascribes to the people in a group differences that may be caused totally by the system that they work in (Deming, 2000, p. 102, as cited in David R. Law, 2007).

Nickols (2007, as cited in Rosa and Forrest, 2008), on the other hand, asserts that the typical performance appraisal system devours staggering amounts of time and energy, depresses and demotivates people, destroys trust and teamwork and, adding insult to injury, it delivers little demonstrable value at great cost.

However, both writers than condemning performance evaluation practice and stating that it should be done in a unit or team, at individual level, and rewarding the whole team, they have not recommended any substitution to the practice.

In appreciation of importance of performance appraisal to a given organization this study was designed to assess performance appraisal practice and challenges at Awash International Bank Share Company. Awash International Bank Share Company has experience of conducting performance appraisal since it started operation. Albeit existence of the practice in the bank, there are discontented employees who complain that it is being undertaken for the sake of doing and promotion is not based on evaluation result.

The student researcher was motivated to conduct this research due to the existence of aforementioned problem in Awash International Bank Share Company and no research of same type has been done in the past on the Bank. Hence, with the purpose of assessing performance appraisal practices and challenges at AIB S.C this study was designed.

1.1.1 Company Profile

The history of banking in Ethiopia goes back to the year 1905 E.C. when the bank of Abyssinia was first established with a capital of \$500,000.00. It was the foundation of this bank that marked the beginning of modern banking In Ethiopia. The government of Ethiopia and the national bank of Egypt jointly owned it under a 50 years franchise agreement.

The liquidation of Abyssinia bank in the year 1931 due to inefficiency and poor profit orientation was followed by the establishment of Bank of Ethiopia with a capital of \$750,000.00 the first indigenous bank in the country.

The new economic policy introduce in November 1991 G.C. by the transitional government of Ethiopia laid the blue print for the transition from centrally planned economic system to market economic system in which the critical role of the private sector in development is fully recognized. In the banking industry, the policy was translated in to action through the issuance of the licensing and supervision of banking business proclamation No 84/94, which allowed the Ethiopian private sector to establish privately owned banks. Following this Awash International Bank is the first private bank established in November 1994 G.C., with a paid up capital of birr 24.2 million by 486 shareholders. It started operation through five branches in February 1995 G.C. From the 1st year operation, it has registered profits and growth both in its customer and asset base.

In 1995G.C. the bank's deposit were Birr 146 million, Loan & Advances 129 million, From 1995G.C. onwards, these financial indicators have shown a significant increase and in the fiscal year that ended June 30/2012, the bank has registered 13.1 billion in total assets, birr 9.02 billion in deposits, Birr 5.4 billion in loan and advances. Currently Awash International bank has created employment opportunities for more than 3,750 Ethiopians. Now a day the

bank has 107 branches (as of June 30, 2013) in different towns of the country.
<http://www.awash-international-bank.com/>

1.2 Statement of the Problem

In today's dynamic and competitive business world improving organizational productivity has become one of the overriding priorities of all organizations. Organizational performance is cumulative result of the performance of all employees in the organization. This being the truth, employee performance has to be properly appraised and coached to ensure that it is contributing toward achieving organizational goals.

However, though Awash International Bank Share Company conducts performance appraisal periodically, preliminary interview conducted with some selected employees of the Bank indicated that they are not happy with it by complaining that promotion is not based on performance appraisal result. Rather, it is based on experience of employees. On top of this, they said they are not given performance appraisal feedback regularly and open discussions with supervisors do not take place which make employee performance related problems explicit and thereby enhance organizational productivity by motivating employees to improve their performance.

If these problems persist for longer period without being solved, dissatisfaction will spread among the employees and their motivation toward hard working will stagger. This, in turn, will definitely slow down the bank's endeavor of achieving its intended goal.

1.3 Research Questions

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

1. What is the practice of performance evaluation at Awash International Bank?
2. Why does the Bank conduct performance appraisal?
3. How objective are the criteria of performance evaluation used by the Bank?
4. What is employees' perception of benefits of performance appraisal?
5. What are the major challenges of performance appraisal at the Bank?

1.4 Objectives of the Study

The following are general and specific objectives that are aimed to be attained at the end of the study.

1.4.1 General Objective

The general objective of the study is to assess performance appraisal practice and challenges at Awash International Bank Share Company.

1.4.2 Specific Objectives

Below listed are specific objectives which emanate from the general objective.

- To find out how often performance appraisal is conducted
- To find out the purposes performance appraisal serves in the Bank
- To find out objectivity of the evaluation criteria of the Bank
- To uncover the employees' perception of benefits of performance appraisal
- To uncover potential challenges related to performance appraisal

1.5 Definition of Terms

- i. **Performance Appraisal:** Performance appraisal is defined as “the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance” (Lansbury, 1998).
- ii. **Performance appraisal methods:** are the techniques through which employee performance is appraised.
- iii. **Performance appraisal Purposes:** are the reasons underlying any performance evaluation practice.

- iv. **360-degree appraisal:** is a method through which information is obtained from several sources; it includes the boss, top management, assistants, co workers, customers, dealers, advisors, and community officials (Muhammad et al, 2011).

1.6 Significance of the Study

A fair performance evaluation will boost productivity by motivating employees and rewarding high performance. Accurate results of Performance appraisal increase the quality of decisions made with respect to human resource planning, training and development, recruitment and selection, career planning and development, compensation programs, internal employment relations and assessment of employee potential. Subsequently, the attainment of organizational goals will be greatly improved.

On top of this, the study can function as an input for future researchers interested in the topic.

1.7 Scope of the Study

The scope of this study was concerned to address the objective of the study, which is to assess the performance appraisal practice and challenges at Awash International Bank Share Company. The study was limited to the branches situated in Addis Ababa and the head office. It did not include outlying branches. This is so due to budget and time constraint. Hence, the data were collected from selected branches where performance appraisal has been undertaken at least for two years and the head office.

1.8 Organization of the Study Report

The research paper is organized in five chapters; the first chapter is an introductory part of the study which introduces the overall study. This part consists of back ground of the study, problem statement, research questions, objectives, significance and scope of the study.

The second chapter focuses on review of related literatures in which previous studies are consulted. In this chapter overview, purposes, methods, benefits, challenges and guidelines of performance appraisal are discussed in detail.

The third chapter, research design and Methodology, emphasizes on the design of the study and the methodologies used. In this chapter research design, sample size and sampling techniques, source of data and data collection tools, data collection procedures and data analyzing method are discussed.

The fourth chapter is devoted to data presentation, analysis and interpretation in which the collected data are analyzed and organized in meaningful manner so as to meet the objectives of the study.

The fifth and last chapter is concerned with summary, conclusions and recommendations. Here, the findings of the study are summarized, conclusions are presented and recommendations are provided for findings of the study.

CHAPTER II

RELATED LITRATURE REVIEW

This chapter focuses on basic concepts and issues that were discussed by different authors on the research topic. Overview, purposes, methods, benefits of performance appraisal, responsible body to conduct performance appraisal, what is to be appraised? time to conduct performance appraisal, Challenges/problems of performance appraisal, guidelines for a successful performance appraisal system, employee participation in performance appraisal system and post appraisal feedback interview are discussed.

2.1 Overview of Performance Appraisal

Performance appraisal is a formal program in which employees are told the employer's expectations for their performance and rated on how well they have met those expectations. Performance appraisals are used to support HR decisions, including promotions, terminations, training, and merit pay increases.

"Performance Appraisal" has been synonymous with performance review, performance evaluation, and other terms and combinations of terms. PA has, over time, referred to 1) an instrument or form to assess an employee's job performance, 2) an interview where an employee's job performance is assessed and feedback is given to the employee, 3) a system of setting employee job expectations/ employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period, or 4) performance management with job performance appraisal a part of it (Dessler, 2010 as cited in Kondrasuk , 2011).

According to Palaiologos et al. (2011), Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee.

The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Performance appraisal and evaluation is identified as the identification, Measurement and management of human performance in organizations and provides individuals with useful feedback and coaches them to higher levels of Performance.

Performance appraisals are important part of organizational life because they can serve a number of functions/purposes, including solving performance problems, setting goals, administering rewards and discipline, and dismissal (Dickinson and Ilgen, 1993 as cited in Emami, 2011).

He further asserts that, therefore, the performance appraisal system should:

- be correlated with the organizational mission, philosophies and value system;
- Cover assessment of performance as well as potential for development;
- Take care of organizational as well as individual needs; and help in creating a clean environment
- Linking rewards with achievements,
- Generating information for the growth of the employee as well as of the organization and Suggesting appropriate person-task matching and career plans.

Toppo and Ttrusty (2012), in their paper entitled “From Performance Appraisal to Performance Management” while discussing emergence of performance evaluation stated that formal appraisal of employee’s performance is believed to have been started for the first time during the First World War, when at the instance of Walter Dill Scatt, the US Army: adopted the “Man-to-man” rating system for evaluating military personnel. This early employee’s appraisal system was called “merit rating”. From the army this concept entered the business field and was restricted to hourly-paid workers. During 1920s, relational wage structures for hourly-paid workers were adopted in industrial units and each worker was used to be rated in comparison to others for determining wage rates.

In the 1940s behavioral methods were developed using a motivational approach. These included behavioral anchored rating scales (BARS), behavioral observation scales (BOS), behavioral evaluation scales (BES), critical incident, and job simulation. All these judgments were used to determine the specific levels of performance criteria to specific issues such as customer service and rated in factors such as “excellent”, “average”, “need to improve” or

“poor”. Post-1945 developed into the results-oriented approaches and led to the development of management by objectives (MBO) (Prowse & Prowse, 2009).

In the 1960s the development of self-appraisal by discussion led to specific time and opportunity for the appraisees to evaluate their performance reflectively in the discussion and the interview developed into a conversation on a range of topics that the appraisee needed to discuss in the interview. In the 1990s 360-degree appraisal developed, where information was sought from a wider range of sources and the feedback was no longer dependent on the manager-subordinate power relationship but included groups appraising the performance of line managers and peer feedback from peer groups on individual performance (Redman and Snape, 1992, as cited in Toppo and Prusty, 2012).

So Since 1940s, the philosophy of performance appraisal has undergone tremendous changes. The common terms used include merit rating, behavioral assessment, employee evaluation, personnel review, staff assessment, progress report and performance appraisal. However, the most widely used term is performance appraisal (Danielle and Buckley, 2005).

2.2 When to Conduct Performance Appraisal?

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct PA depending on their own philosophy of time period (Mullins 1996:501). With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient. More frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard. Mathis and Jackson (1997: 345-346), further explained the importance of formal and systematic performance appraisal as follows.

First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to-day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by an on-the-spot examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is

motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

Second, a systematic appraisal is used when the contact between manager and employee is formalized and a system is established to report managerial impressions and observations on employee performance. Although informal appraisal is useful, it should not take the place of formal appraisal. When a formalized or systematic appraisal is used, the interface between the HR unit and the appraising manager becomes more important. Therefore, systematic appraisals typically are conducted once or twice a year.

Appraisals most often are conducted once a year, usually near the employee's anniversary date. For new employees, an appraisal at 90 days after employment, at six months, and annually is common timing. This regular time interval is a feature of formal appraisals and distinguishes them from informal appraisals. Both employees and managers are aware that performance will be reviewed on a regular basis, and they can plan for performance discussions. In addition, informal appraisals should be conducted whenever a manager feels they are desirable Mathis and Jackson (1997: 345-346).

Obisi (2011), asserted that for most people, objectives cannot be accomplished by a performance appraisal given only once a year. Therefore, it is recommended that reviews be conducted three to four times a year for most employees. It is also not in the interest of the organization for performance appraisal to be conducted once in a year because it would be difficult for the appraiser to know what happened throughout the year and be able to remember them.

Boice and Kleine (1997), argued that employee reviews should be performed on a frequent and ongoing basis. The actual time period may vary in different organizations and with different aims but a typical frequency would be bi-monthly or quarterly. They further strengthened their argument by stating added value of conducting performance evaluation frequently. Two situations that are eliminated by conducting reviews frequently are:

1. selective memory by the supervisor or the employee; and
2. surprises at an annual review.

People generally tend to remember what happened within the last month or high profile situations (good or bad). Frequent reviews help eliminate the effects of this, generally unconscious, selective memory.

2.3 Employee Participation in the Appraisal System

Rasheed et al. (2011), asserted their views about the participation of employees in appraisal systems. They said that through participation, employees are given an opportunity to raise their voice. They further added that biasness reduces and trust on the supervisors develops when performance standards and criteria for evaluation are set with the help of employee in a joint session between employee and supervisor. Decreased employee participation increases appraisal related tension and appraiser- appraisee conflicts.

Comprehensive and effective participation within the performance appraisal consists of joint rater-ratee development of: 1) performance standards, 2) the rating form, 3) employee self-appraisal, and 4) rate participation in the interview (P.E, 1992, as cited in Roberts, 2003).

Performance Standard Participation

Clear and specific standards of performance are major elements of a valid and reliable performance appraisal system. The key is to develop standards that measure the essential job duties and responsibilities utilizing a balance of process, outcome, and individual and group-based performance standards. The development of reliable, valid, fair and useful performance standards is enhanced by employee participation, as workers possess requisite unique and essential information necessary for developing realistic standards (Jordan, 1990, as cited in Roberts, 2003).

Rating form participation

Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definition of what the organization considers worthy of formal appraisal.

As such, it is important to gather employee input on the aspects of performance formally appraised as well as the measurement scales provided (Roberts, 1996).

2.4 Post Appraisal Feedback Interview

Feedback is an important part of the PAS. According to Longenecker (1997), the ratees should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. It's within the employees' rights to know how they are progressing in performing the assigned tasks and to receive feedback. The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005).

One of the ways of delivering feedback is conducting appraisal interview with the ratee. According to Beer (1997, as cited in Ochoti, Maronga, Muathe, Nyabwanga and Ronoh, 2012), there are three types of appraisal interviews each with distinct specific objectives. The differences are important in determining the skills required by the supervisor and the outcomes for employee motivations and supervisor-subordinate relationships. The three methods are termed as: tell-and-sell, tell-and-listen, and problem solving.

Tell and sell method: The aim of this method is to communicate evaluations to employees as accurately as possible. The fairness of the evaluation is assumed and the manger seeks (1) to let the subordinate know how they are doing, (2) to gain their acceptance of the evaluation, and (3) to get them to follow the manger's plan for improvement. In the interview, supervisors are in complete control; they do most of the talking. They attempt to influence and persuade subordinates that their observation and recommendations are valid. Clearly, this method leads to defensiveness, lack of trust, lack of open communication and exchange of invalid information and it can hurt supervisor-subordinates relations.

Tell and listen method: The purpose of this interview method is to communicate the evaluation to the subordinate and then let him /her respond to it. This method is apt to result in better understanding between supervisor and subordinate than the -tell and sell method (Beer 1997, as cited in Ochoti et al., 2012).

Problem solving method: In this approach the subordinate is asked to look at his/her job critically and constructively, to assess its problem and difficulties, to determine what actions and resources are needed to improve work performance. The manager's role is to help the subordinate carry out this critical analysis and evaluate the proposed solutions which the two have devised together (Beer 1997, as cited in Ochoti et al., 2012).

2.5 Purposes of Performance Appraisal

There are potentially many reasons for undertaking performance appraisal. Edmonstone (1996), in his article "Appraising the state of performance appraisal" presented the following list.

- Improvement in the communication between boss and subordinate through the use of feedback between them;
- Identification of the scope for performance improvement and the means to achieve this;
- Identification of individual training and development needs;
- Identification of the potential of individuals for future promotion, or for retention or termination – all for succession planning purposes;
- As the basis for remuneration and reward, on the basis of performance;
- As a powerful means of managerial control, through the setting of objectives in a hierarchical fashion and a review of success or failure in achieving these.

Ikramullah, Shah, Faqir, Hassan and Zaman (2012), on the other hand, argued that PASs are being used for purpose of administrative decisions relating to (salary, promotion, retention or termination, layoff) and developmental decisions like (training of employees, furnishing appraisee with regular performance feedback, employees' transfers, determining employees strengths and weaknesses).

Likewise, Cleveland Murphy, and Williams (1989, as cited in Ikramullah et al., 2012), identified the following four purposes of PAS:

- Between employees (setting pay package, promotion to higher grades, termination from service, identifying the poor performer).

- Within an employee (identifying weaknesses & strengths, employee training needs etc). Between employees (setting pay package, promotion to higher grades, termination from service, identifying the poor performer).
- System maintenance (helps in evaluation of personnel system, organizational goal attainment, organizational needs for training and developmental needs of organization).
- Documentation (documenting personnel actions and having record in case of legal proceedings).

Ikramullah et al. (2012), affirmed that when PAS is perceived as purposeless function, then it loses worth in an organization and termed as vague activity. The system users (i.e. appraiser and appraisees) deem the system as a formality of appraisal form filling, which has no serious implications for their development and rewards. Thus, in PAS of an organization appraisal ratings must be linked with HR decisions, so that users perceive that the system has some utility and it is not a useless ritual of form filling.

2.6 Criteria of Performance Appraisal

The criterion or criteria that management choose to evaluate, when appraising employee performance, will 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. (Rao & Rao, 2004:220).

Mathis and Jackson (1997:341) and Robbins (1998: 1204- 05), affirmed that criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based as discussed below.

i. Individual task outcomes: measure job-related results like amount of deposits mobilized number of customers served, number of new accounts opened, volume of transactions posted, number of tickets produced, etc.

ii. Behaviors: measure observable physical actions and movements. 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.

iii. Traits: Trait based criterion identifies a subjective Character trait such as “pleasant personality”, “initiative,” or “creativity” and has little to do with the specific job. Such traits tend to be ambiguous, and courts have held that evaluation based on traits such as “adaptability” and “general demeanor” is too vague to use as the basis for performance-based HR-decisions.

If the criteria used focus solely on activities rather than output (results), or on personality traits rather than performance, the evaluation may not be well received (Pan and Li, 2006) and (Ivancevich, 2004).

Generally, criteria are relevant when they measure employees on the most important aspects of their jobs. Mathis and Jackson (1997:341), again supplemented that jobs usually include many duties and tasks, and so measuring performance usually requires more than one dimension. If the performance criteria leave out some important job duties, they are deficient. If some irrelevant criteria are included in the criteria, the criteria are said to be contaminated. Managers use deficient or contaminated criteria for measuring performance much more than they should.

2.7 Benefits of performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. For employees, it gives a chance to see their performance with others' point of view. It also results in position promotion and salary increment. It enables the organization to identify the actual skill gap of the individual being appraised and helps device proper training and development program and coaching service. Performance appraisals also give employees and managers a useful tool to aid in employee development and employee control.

According to Reza (1997), performance appraisal has the following major benefits.

1. Motivation and Satisfaction

Performance appraisal can have a profound effect on levels of employee motivation and satisfaction - for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted.

2. Training and Development

Performance appraisal offers an excellent opportunity - perhaps the best that will ever occur - for a supervisor and subordinate to recognize and agree upon individual training and development needs.

From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. This data may be analyzed by variables such as sex, department, etc.

3. Recruitment and Induction

Appraisal data can be used to monitor the success of the organization's recruitment and induction practices. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

4. Employee evaluation and control

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate or to judge is also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual.

On the other hand, Armstrong (2005), classified benefits of conducting performance appraisal in to three levels depending on the parties enjoying benefits of the system. These parties are

the organization, the supervisor and the subordinate employee whose performance is to be appraised. The below depicted table elaborates these benefits.

Table 1: Benefits of performance appraisal

Organization	Supervisor	Employee
Communicates corporate goals	Builds management skills	Finds out how they are doing
Provides management with decision-making information.	Develops and improves rapport with employees	Provides recognition for accomplishments
Provides objective basis for promotions, trainings	Identifies and rewards high performers	Allows for two-way communication on goals
Builds stronger working relationships	Identifies performers needing improvement for coaching/training	Encourages taking responsibility for their performance and progress
Improves overall organizational productivity	Improves individual employee productivity	Helps set goals and direct efforts
Provides documentation on promotion policies	Identifies general training needs	Provides opportunities for career development
	Demonstrates fairness to employees	Assures fair individual evaluations
	Improves group morale	

2.8 Methods of Performance Appraisal

Organizations currently use several methods to appraise performance. Jafari, Bourouni and Amiri, (2009) denominated that there are three existent approaches for measuring

performance appraisal. These are (1) absolute standards (2) relative standards and (3) objectives.

2.8.1 Absolute Standards

In the absolute standards, as performance appraisal approach, the employees are compared to a standard, and their evaluation is independent of any other employee in a work group (Dessler, 2000). Included in this group are the following methods:

The essay appraisal: It is the simplest evaluating method in which evaluator writes an explanation about employee's strong and weak points, previous performance, positional and suggestion for his (her) improvement at the end of evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, 2008).

The critical incident appraisal: It focuses on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job and based on individual's performance than characteristics. The necessity of this system is to try to measure individuals' performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the manager writes down the positive and negative individuals' performance behavior in evaluation term (Mondy, 2008).

The checklist: In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. Answers of checklist are often "Yes" or "No" (Decenzo, 2002, as cited by Jafari et al., 2009).

The graphic rating scale: This is the most commonly used method of performance appraisal because they are less time-consuming to develop and administer and allow for quantitative analysis and comparison. It is a scale that lists some characteristics and range of performance of each individual.

Therefore, employees are ranked by determining a score which shows their performance level. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Mondy, 2008).

Forced choice: This method evolved after a great deal of research conducted for the military services during World War II. It is a method in which the evaluator should rank individual work behavior between two or more states. Each state may be favorable or unfavorable. The activity of evaluator is to determine which state has an explanation of employee most (Mondy, 2008).

Behaviorally anchored rating scales (BARS): This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS lets the evaluator to rank employees based on observable behavioral dimensions. The elements of this method are result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 2000).

2.8.2 Relative Standards

In this category, individuals are compared against other individuals. These methods are relative standards rather than absolute measuring device. The most popular of the relative method are group order ranking, individual ranking and paired comparison.

Group order ranking: In this method, employees are placed into a particular classification, such as “top one-fifth”. For example, if a rater has 20 employees, only 4 can be in the top fifth and 4 must be relegated to the bottom fifth (Decenzo, 2002, as cited by Jafari et al., 2009).

Individual ranking: In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2000).

Paired comparison: In this method, employees are compared with all others in pairs. The number of comparison is followed as $(N \cdot (N-1))/2$ in which N shows the number of employees. After doing all comparisons, the best person is determined for each characteristic (Mondy, 2008).

2.8.3 Objectives

This approach to appraisal makes use of objectives. Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO).

Management by objectives is a process that converts organizational objectives in to individual objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews (Ingham, 1998).

2.8.4 360 Degree Feedback Appraisal

360 degree evaluations are the latest approach to evaluating performance. It is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources.

“Feedback from multiple sources or ‘360 degree feedback’ is a performance appraisal approach that relies on the input of an employee’s superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses” (Yukl and Lepsinger, 1998).

The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee’s competencies (Shrestha, 2007).

According to Wiese (2000) in the typical 360-degree process, supervisor(s), subordinates, peers and (less frequently) internal or external customers provide feedback on performance for each target rate, using some type of standardized instrument.

Rasheed, Aslam, Yousaf and Noor (2011), claimed that 360-degree appraisal system is more effective as compared to the other systems that are one sided and could be biased at times. In 360-degree appraisal system, information is obtained through several sources; it includes the boss, top management, assistants, co workers, customers, dealers and advisors. All these can be classified into internal and external parties. In 360-degree appraisal system, information can be obtained from anyone who interacts with the employee and can tell how that employee behaves with him.

2.9 Who is to Conduct PA?

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. 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, 1998:1206-08). 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 (Robbins, 1998:1206-08).

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 (Robbins, 1998:1206-08).

Self appraisal: As part of the overall process, employee self-appraisals should be encouraged (Goff and Longenecker, 1990, as cited in Boice and Kleiner, 1997). This helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-improvement. The employee's self appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. Self appraisals

give the supervisor helpful insight as to how the employee views his/her performance. Generally speaking people will be at least as tough on themselves as the formal rater.

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 (Robbins, 1998:1206-08).

Immediate subordinates: The concept of having supervisors and managers rated by employees or group members is being used in a number of organizations today. A prime example of this type of rating takes place in colleges and universities where students evaluate the performance of professors in the classroom. There are three primary advantages to this source of appraisal. First, in situations where manager-employee relationships are critical, employee ratings can be quite useful in identifying competent managers. Second, this type of rating program can help make the manager more responsive to employees, though this advantage can quickly become a disadvantage if it leads the manager to try to be “nice” rather than to try to manage. Finally, it can be the basis for coaching as part of a career development effort for the managers. The hope is that the feedback will assist their managerial development.

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 manager treats them and not on critical job requirements (Robbins, 1998:1206-08).

Multi source rating (Comprehensive or 360° rating): Multi source 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 process (Bozeman, 1997).

Bozeman asserts that this source of appraisal has the following advantages and drawbacks.

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 rates in that ratees tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation.

Despite the purported benefits of multi-source performance appraisal cited above, the following drawbacks could be noted: different rater groups (e.g. supervisors, subordinates) frequently do not agree concerning an individual's job performance. Based on traditional conceptions of reliability and validity, low inter-rater agreement indicates unreliability and, therefore, invalidity. Accordingly, the validity of multi-source performance appraisal has been questioned.

On the other hand, Mathis and Jackson (1997: 347), affirmed that performance appraisal can be done by anyone who is familiar with the performance of individual being appraised. They presented the following list as possible options.

- Supervisors who rate their employees
- Employee who rate their supervisors
- Team members who rate each other
- Outsider sources
- Employee self-appraisals
- Multi-score (360°) appraisal

2.10 Challenges of Performance Appraisal

Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999:204-207).

1. Human errors (rating biases)

Human errors 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 following human factors are prevalent, an employee's evaluation is likely to be distorted:

1.1. 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 will emphasize the single criterion to the exclusion of other job-relevant factors (Saiyadain, 1999:204-207).

1.2. Strictness or Leniency

Some supervisors tend to rate all their subordinates consistently low or high. These are referred to as strictness and leniency errors. The strict rater gives ratings lower than the subordinate deserves. This strictness error penalizes superior subordinates. The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error (Lunenburg, 2012).

1.3. 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. For example, the supervisor likes Tom because he is so cooperative. The halo effect leads Tom's supervisor to automatically rate him high on all appraisal dimensions. The result is that subordinates are rated consistently high, medium, or low on all performance appraisal dimensions (Saiyadain, 1999:204-207).

1.4. 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, 2004:247).

1.5. Recency of Events

Ideally, performance appraisals should be based on data collected about a subordinate's performance over an entire evaluation period (usually six months to a year). However, as is often the case, the supervisor is likely to consider recent performance more strongly than performance behaviors that occurred earlier. This is called the recency of events error. Failure to include all performance behaviors in the performance appraisal of a subordinate can bias the ratings (Lunenburg, 2012).

1.6. 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).

Another very common critic is the performance rating suffer from many biases like age, ethnicity, gender, physical appearance, attitudes and values, in-group/out-group, personal like/dislike and so on (Cook Mark, 1995, as cited in Toppo and Prusty, 2012).

2. 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 (Saiyadain, 1999:204-207).

3. 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 that supervisory ratings of employees should be kept confidential.

On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated (Saiyadain, 1999:204-207).

2.11 Guidelines for a Successful Performance Appraisal System

Researchers have studied the performance appraisal process with the goal of determining the components of a successful performance appraisal system. For instance, Longenecker and Fink (1999, as cited in Cintron and Flaniken, 2008) found that a successful performance appraisal system could be divided into three critical components: systems design, managerial practice, and appraisal system support, with each component containing several factors.

The systems design component requires a clearly defined purpose for conducting performance appraisal. All employees must understand why performance appraisal is being conducted and the specific goals for it. The specific goals will allow the managers to select performance criteria that will support the organization's objectives and increase the motivation of the managers to carry out the appraisals properly. A second factor of effective systems design is to have the input of managers and employees in the design, development, and choice of criteria used in the appraisal. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system. Roberts (2003), noted

that employee involvement is a useful tool for increasing job-related autonomy, which is a prerequisite for employee growth. Roberts also points out that employee participation gives employees voice in the appraisal process which gives the employee the opportunity to refute performance ratings, documentation, or verbal feedback with which they disagree. If employees are convinced the appraisal process is fair, they are more likely to acknowledge their performance ratings, including unfavorable ones.

The third factor addresses the importance of user-friendly and easy-to-understand appraisal procedures and forms. The performance criteria, rating procedures, and feedback should be relevant and meaningful for both supervisors and their employees. The forms should facilitate communication between the supervisors and the employees concerning behaviors, work processes, and opportunities to improve. The final factor within an effective systems design is an understanding by both supervisors and their employees of the appraisal process and their roles in it. This requires that they have training and education (Longenecker and Fink, 1999, as cited in Cintron and Flaniken, 2008).

The second critical component of a successful appraisal system defined by Longenecker and Fink (1999), consists of three factors concerning managerial systems practices. The first factor is supervisors must conduct performance planning at the beginning of the appraisal cycle. Performance planning includes writing job descriptions and reviewing them with the employees, setting and agreeing upon goals, and communicating the expectations of behaviors and results for which the employees will be held accountable. The second factor is supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place. Using frequent, informal feedback allows minor issues to be addressed promptly rather than growing into more serious ones over the passage of time. The final factor within the managerial systems practices component is supervisors must be motivated to carry out effective appraisals. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization.

The third and final component of an effective performance appraisal system describes organizational support of the appraisal system (Longenecker & Fink, 1999). The first factor is performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases the motivation of the employees to perform. If this link is absent, employees will tend to perform only to minimum standards.

A second factor is appraisal systems must be supported and demonstrated by the top administration. This can be accomplished by administrators giving effective appraisals themselves, and by supervisors and employees communicating about appraisal through memos, organizational newsletters, and testimonials. A final factor is appraisal systems need continuing systems review and changes/improvements to ensure that procedures are being followed correctly and are effective. This could be accomplished by measuring the acceptance and trust of the system by the employees, comparing the relationship between performance and rewards, and reviewing the consistency of implementation of policies and procedures across all departments and locations.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

This chapter focuses on the research design and methodology of the study, which is concerned with the sources of data, data collection procedures, sample size and sampling techniques, and data analysis methods used in the study.

3.1 The Research Design

As Robson asserted the object of descriptive research is to portray an accurate profile of persons, events or situations (Robson 2002:59), as cited in Saunders et al.(2009). Similarly, this study is descriptive study that sets out to describe performance appraisal practice and challenges based on the data collected from non-managerial and managerial employees working in different branches, head office and HR directorate of the study organization.

Data collected from respondent were analyzed and interpreted so as to arrive at meaningful findings. SPSS Version 16.0 was used to code and analyze the collected responses from questionnaires. After proper editing, data were coded; entered to the software and then made ready for analysis. Descriptive statistical techniques are adopted for analysis of data collected. In so doing frequency tables and percentages were used.

The participants of the study are employees of Awash International Bank S.C. working in different branches located in Addis Ababa and head office. The respondents were selected on the basis of a criterion which demands at least two years of service in the bank which is believed to give them enough exposure to the performance appraisal practice of the Bank.

3.2 Sources of Data

The study was undertaken mainly based on the data that is collected from both primary and secondary sources of data that enable the student researcher to meet the objectives of the study outlined at the beginning. Primary sources were used because of their relevance to collect data that help in meeting the study objective and secondary sources were used in order to collect data that cannot be obtained otherwise.

Primary data were collected mainly through questionnaires of both types (closed-ended and open-ended) that were distributed to 165 employees of the bank (140 to non managers and 25 to managers), which represent 20% of the total number of the population. Accordingly, two types of questionnaires, one for non-manager and the other for manager respondents were served. The questionnaires were prepared in English and translated to Amharic so as to ease the questions for the understanding of employees who do not have adequate exposure to English language. On top of questionnaires, structured interview was held with HR directorate. The interview discussion questions were designed to know the HR directorate's understanding of performance evaluation practice and challenges at the Bank and to enhance reliability of the data. Questionnaires were used to collect the required primary data for they are the most suitable ones for the purpose and interview was used in order to collect data that cannot be obtained through questionnaires and to complement credibility of the data collected using questionnaires.

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

3.3 Data Collection Procedures

As discussed above in the sources of data section, questionnaires were prepared and distributed to 165 employees of the banks. Data was collected from a total 144 from 165 employees for whom questionnaires were distributed. The response rate is 87%. The questionnaires were first tested before distributing to the respondents so as to check their viability. The questionnaire test was done by distributing 17 questionnaires (5 for managers,

12 for non manager staffs). Convenient sampling was used to test the questionnaires. After testing and making revisions, questionnaires were finally distributed to sample respondents.

As to interview, questions for the discussion were made ready before hand and the responsible HR directorate was contacted for arranging a meeting. With consent of the respondent interview time was scheduled. During interview data were collected by taking notes of the proceedings of the discussion based on the discussion questions designed.

3.4 Population and Sampling Technique

Primary data were collected from employees of the bank working in different branches in Addis Ababa and head office. The Bank has a total of 67 branches in Addis Ababa (as of April, 2013). Out of the 67 branches 38 branches where performance appraisal practice has been carried out for more than two years were considered for the study. There are 646 employees in the 38 branches altogether.

Besides, head office employees were part of the study. There are 651 staffs in the Head office. Hence, total number of population under consideration is 1297 (646 of branches and 651 of the head office). Of the total staffs in the head office and branches, approximately 65 % (843) have worked more than two years in the bank as confirmed by the HR Directorate of the Bank. Of 38 branches 16 were selected randomly. Random sampling technique was used to give equal chance of participation.

Managers from branches and head office were selected purposefully in order to assess their opinion on the performance appraisal practice and challenges as raters. Purposive sampling was used with the view that managers would give relevant data that would help in assessing the performance appraisal practice of the Bank. Non-manager employees were randomly selected from sample branches and head office as ratees. Here too, the reason is to give equal chance of participation to the employees. Total of 165 questionnaires were distributed to the employees. Hence, sample size is $165/843=20\%$ of the population.

While collecting data, the procedure was ethical enough. The study participants were asked their consent and they were assured that the information collected from them would be kept confidential.

3.5 Data Analysis

Data collected from respondent employees through questionnaires and interview discussions are analyzed and interpreted so as to arrive at meaningful findings.

SPSS Version 16.0 was used to code and analyze the collected responses from questionnaires. After proper editing, data were coded; entered to the software and then they were made ready for analysis. Descriptive statistical techniques are adopted for analysis of data collected from questionnaire respondents. In so doing frequency tables and percentages were used. This helped the researcher thoroughly analyze and interpret the questions one by one in order to reach meaningful results.

Data collected from interview discussion was also incorporated in the data discussion and interpretation part of the study. Hence, the results are easily interpreted to assess performance appraisal practice and challenges at AIB S.C. Conclusions were drawn based on the data analysis and interpretation.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter the data collected from employees and HR directorate of AIB S. C. are discussed, analyzed and interpreted to arrive at meaningful results. Questionnaires were distributed to non managerial and managerial employees of AIB S. C. and discussion was made with HR directorate of AIB S. C. based on unstructured interview questions designed by the student researcher and notes of the discussion are incorporated in the discussions in this chapter. The data collected are analyzed using SPSS version 16 and presented using 19 Tables. The chapter is presented in two sections, the respondents' profile and data analysis & interpretation. Questions presented in likert scale as strongly agree and agree are considered only as agree, and strongly disagree and disagree are considered only as disagree for convenience purpose.

4.1 Respondents' General Profile

In this section, respondents' general profile which includes age category, gender, educational background and service year in the bank is discussed and its relationship with the study is explained (See ANNEX A).

Data is collected from respondent employees through questionnaire that is prepared in both English and Amharic. In addition to questionnaire, unstructured interview was undertaken with human resources department of the bank. The table below summarizes the number of questionnaire distributed and collected from employees of the bank, non managerial and managerial employees.

Table 2: Summary of Questionnaire Distribution and Collection Rate

Type of Employee	Questionnaire distributed	Questionnaire collected	Percentage of collection rate
Managers	25	21	84%
Non managers	140	123	88%
Total	165	144	87%

As indicated in the table above, from a total of 165 questionnaires distributed 144 (87%) responses were collected and the remaining 21(13%) were not collected due to different reasons. From this can be said is that adequate number of questionnaires were returned that enabled the researcher assess performance appraisal practice and challenges at the Bank.

4.2 Performance Appraisal at AIB S.C.

This section is concerned with the presentation, analysis and interpretation of data collected for the study and the section is organized in 14 sub sections. Each one of them is discussed one by one.

4.2.1 Frequency of Performance Evaluation

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance appraisal depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual appraisal and for many organizations this may be sufficient (Mullins 1996:501).

In line with this, the interview discussion made with HR directorate revealed that the Bank conducts performance evaluation bi annually. But, no reason is mentioned for conducting it twice a year than saying the policy document dictates.

Respondents were asked to indicate their preference of frequency of performance evaluation and their response is depicted in table 3.

Table 3: Employees’ Response on Preference of Frequency of PA

Time	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Every month	11	8.9	0	0
Every 3 month	35	28.5	6	28.6
Every 4 month	13	10.6	3	14.3
Every 6 month	58	47.2	11	52.4
Once a year	6	4.9	1	4.8
Total	123	100	21	100

As stated above 47% of non manager respondents prefer performance evaluation to be conducted twice a year while 28.5% and 10.6% prefer it to be every 3 months and trice respectively while 4.9% and 8.9% prefer it to be conducted once a year and every month, respectively. Similarly, 52.4% of managers prefer it to be conducted biannually while 28.6% said every 3 months, 14.3% said trice a year and 4.8% once a year.

This shows that large majority of respondents (47% of non managers and 52.4% of managers) are comfortable with the frequency in which performance evaluation is conducted (the bank conducts biannually) with significant number of respondents (28.5% and 10.6% non managers) seeking it to be conducted trice and every 3 months respectively and 28.6% of managers preferring it to be conducted every 3 months. Interview discussion made with the HR directorate did not disclose any reason of the current practice of conducting performance evaluation biannually than saying the Policy document dictates.

4.2.2 Opportunity to Participate in Designing the Form

According to Beer (1987), the form used to record the performance of the employees is blamed if it is cumbersome, not customized and if employees did not participate in the design of the form of evaluation.

Accordingly, respondents were asked if they participated in design of the form and their response is presented in table 4.

Table 4: Employees’ Response on whether they participate in designing the Form

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	45	36.6	0	0
Disagree	25	20.3	6	28.6
Neutral	21	17.1	1	4.8
Agree	23	18.7	6	28.6
Strongly agree	9	7.3	8	38
Total	123	100	21	100

As shown in table 4 above 56.9% of non manager respondents disagreed they got an opportunity to participate in the design of performance evaluation form. 26% agreed they got an opportunity to participate and 17.1% were neutral.

Similarly, 66.6% of managers disagreed that employees got an opportunity to participate in evaluation form designing activity. While 28.6% agreed they got and 4.8% were neutral.

On the other hand, interview discussion with the HR directorate also disclosed that the bank does not have practice of participating employees in evaluation form design.

The response of employees shows that they don’t have an opportunity to participate in designing the form. As Beer (1987) affirmed an evaluation form is blamed when employees do not participate in its design. When employees are evaluated by the form whose design they have not participated, they lack ownership and confidence on the form. This in turn, would increase dissatisfaction with the process of performance evaluation.

4.2.3 Access to See Performance Evaluation Result

It's within the employees' rights to know how they are progressing in performing the assigned tasks. They should have access to see their performance evaluation result.

Table 5 presents employees' response whether they have access to see their performance evaluation result.

Table 5: Employees' Response on whether they have Access to see their Performance Appraisal result

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Disagree	1	0.8	1	4.8
Neutral	9	7.3	2	9.5
Agree	26	21.1	0	0
Strongly agree	87	70.7	18	85.7
Total	123	100	21	100

91.8% of non manager respondents agreed that they have access to see their performance evaluation result. Only 0.8% disagreed and 7.3% were neutral. 85.7% of managers agreed that employees have access to see their performance evaluation result while 4.8% disagreed and 9.5% were indifferent.

Responses of both managerial and non managerial employees (91.8% of non manager and 85.7% of managers) show that employees of the bank have access to see their Performance appraisal result.

In line with this, an interview conducted with HR directorate also revealed that employees have access to see their result and will sign on the form explaining they agree with the result or not. The fact that employees have access to see their evaluation result shows transparency of the performance appraisal process. Having access to their evaluation result also helps employees know their strength and limitations, as well.

4.2.4 Appealing to Higher Official if the Evaluation Result is Biased and Inaccurate

According to Mathis and Jackson (1997) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has a

strong dislike of certain ethnic groups, this bias is likely to result in distorted appraisal result for some people. When this happens, ratees may want to appeal to higher officials.

The following table depicts employees’ response whether they can appeal to higher official if they believe their evaluation result is biased or inaccurate.

Table 6: Employees’ Response on whether they can Appeal to Higher Official

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	3	2.4	0	0
Disagree	17	13.8	1	4.8
Neutral	30	24.4	2	9.5
Agree	32	26	12	57
Strongly agree	41	33.3	6	28.6
Total	123	100	21	100

The above table shows that 59.3% of the non manager respondents agreed that they can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 16.2% indicated they cannot appeal while 24.4% indicated they are neutral.

85.6% of managers agreed that subordinates can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 4.8% of managers indicated that their subordinates cannot appeal to higher officials and 9.5% indicated they are indifferent.

The employees’ response of managers and non managers depicts that majority of the respondents (59.3% of the non manager and 85.6% of managers) said that they can appeal to higher officials when they perceive their evaluation is biased and inaccurate.

An interview discussion with HR directorate confirmed that employees can appeal to higher officials if they perceive their performance evaluation is unfair.

As Mathis and Jackson (1997) stated it is likely that performance evaluation result can be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in the Bank means the management has given due focus to PA process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation process.

4.2.5 Timely Provision of Feedback by the Supervisor

Feedback is an important part of the performance appraisals. According to Longenecker (1997), the ratees should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005).

Employees’ response whether they receive timely feedback frequently is shown in the following table.

Table 7: Employees’ Response whether they Receive Feedback from their supervisors

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	11	8.9	1	4.8
Disagree	7	5.7	2	9.5
Neutral	47	38.2	4	19
Agree	37	30.1	14	66.7
Strongly agree	21	17.1	0	0
Total	123	100	21	100

As depicted in table 7 above 47.2% of the non manager respondents agreed that they receive timely feedback from their subordinates concerning their performance; while 14.6% indicated they don’t receive feedback and 38.2% rated they are neutral. 66.7 % of managers, on the other hand, indicated that they provide performance feedback to their subordinates; while 14.3% indicated they don’t and 19% showed they are neutral.

The above response shows that majority of the bank’s employees (Non managers 47.2% and managers 66.7%) witnessed that ratees receive timely feedback from their raters.

The interview discussion made with HR directorate also disclosed that employees are given feedback in timely manner during the appraisal period. Giving specific and timely feed back to the employees on their performance helps both the Bank and the employees in correcting any shortcoming manifested during work performance and motivates employees towards better future performance.

4.2.6 Giving Similar Ratings to Subordinates in order to Avoid Resentment and Rivalry among Employees

Respondents were asked about the existence of such a practice and their response is shown as below.

Table 8: Employees’ Response whether Supervisors give Similar Ratings to All Staffs

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	11	8.9	6	28.6
Disagree	33	26.8	8	38.1
Neutral	49	39.8	4	19
Agree	21	17.1	1	4.8
Strongly agree	9	7.3	2	9.5
Total	123	100	21	100

As can be observed from the above table 35.7% of non manager respondents did not agree that their supervisors give similar ratings to all employees, while 24.4% agreed that they do and 39.8% were neutral. Of managers, 66.7% indicated that they don’t give similar ratings to all staff members; while 14.3% agreed they do and 19% remained indifferent.

From this can be inferred is that large number of employees (both managerial and non managerial) agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. But 24.4% of the non managerial and 14.3% of managers agreed that there is practice of giving similar rating. This means that there is practice of giving similar rating in AIB S.C. which is one of the challenges of Performance appraisal. When all employees are given similar ratings, high performers will get demotivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the Bank.

4.2.7 Supporting Performance Appraisal with Specific Incidents of Good and Poor Performances

Good and poor performances incidents focus on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job

and based on individual’s performance than characteristics. The necessity of this system is to try to measure individuals’ performance in terms of incidents and special episodes which take place in job performance (Mondy, 2008).

In line with this, respondents were asked if their supervisors support performance evaluation with specific good or bad performance events. The response is demonstrated in the table below.

Table 9: Employees’ Response on whether Evaluators Support their Evaluation with incidents of Good and Poor Performances

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	12	9.8	1	4.8
Disagree	16	13	4	19
Neutral	41	33.3	4	19
Agree	41	33.3	12	57
Strongly agree	13	10.6	0	0
Total	123	100	21	100

As depicted in the above table 43.9% of the non manger respondents agreed that their evaluators support performance appraisal with specific events of good and bad performances; while 22.8% indicated they don’t support and 33.3% were neutral.

57% of manager respondents agreed they support their evaluation with specific events of good and bad performances; while 24% said they don’t support and 19% were indifferent.

From this it is possible to say that larger number (43.9% of the non mangers and 57% of managers) of respondents indicated that raters support their performance evaluation with specific events of good and bad performances. However, 24% of managers and 22.3% of non manager respondents indicated they don’t use which Mondy (2008), advised to use this method because it is more related to job and based on individual’s performance than characteristics. From this it is possible to deduce that not all raters support evaluation result with incidents of good and bad performances. According to Mondy (2008), this method is more credible for it is more related to job and based on individual’s performance than characteristics. Supporting evaluation result with specific incidents of good and bad performance will alert employees that their performance is critically viewed and give due attention to carefully perform whatever they do.

4.2.8 Keeping File on what Employees have done During the Appraisal Period

By keeping a file of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 1986, as cited in Robbins, 1998). Files, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits.

The following table shows employees’ response whether their raters keep file of what they have done during the appraisal period.

Table 10: Employees’ Response on Whether their Raters Keep Performance File

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	10	8.1	1	4.8
Disagree	21	17.1	4	19
Neutral	48	39	4	19
Agree	31	25.2	12	57
Strongly agree	13	10.6	0	0
Total	123	100	21	100

As shown in table 10 above, 35.8% of non manager respondents agreed that their raters keep records; while 25.2% disagreed and 39% were indifferent. Of manager respondents, 57% agreed that they keep file of employees’ performance during performance appraisal period, while 24% indicated they don’t keep and 19% were indifferent.

From the responses, it is possible to say that majority of the respondents (57% managers and 35.8% non managers), who clearly indicated their agreement and disagreement, agreed that raters keep file of what their subordinates have done during the performance evaluation period. However, the number of respondents who disagreed is not negligible (25.2% of non managers and 24% of managers). Rating employees without keeping records leads to recency error, focusing only on recent happenings (Saiyadain, 1999:204-207).

4.2.9 Purposes of Performance Appraisal

There are potentially many reasons for undertaking performance appraisal. Ikramullah et al. (2012), asserted that PA is being used for purpose of administrative decisions relating to (salary, promotion, retention or termination, layoff) and developmental decisions like (training of employees, furnishing appraisee with regular performance feedback, employees' transfers, determining employees strengths and weaknesses). In line with this, the interview discussion conducted with the HR directorate of the Bank indicated that Performance appraisal result is being used for the purpose of salary increment, bonus declaration and promotion.

Respondents were asked their view for what purpose performance evaluation result should be used. Their response is shown in the following table.

Table 11: Employees' Response on the Purpose for which Performance Evaluation Result Should be Used

Purpose	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
For salary increment	45	36.6	10	47.6
For bonus	2	1.6	6	28.6
For promotion	57	46.3	3	14.3
For Training and Development	11	8.9	2	9.5
Others	8	6.5	0	0
Total	123	100	21	100

As depicted above in table 11 from non manager respondents 46.3% indicated it should be used for promotion, 36.6% for salary increment, 8.9% for training and development and 1.6% for bonus. 6.5% respondents who said "others" did not specify those purposes they opted as "others". Of manager respondents, 47.6% believe that it should be used for salary increment, 28.6% for bonus, 14.3% for promotion and 9.5% for training and development. Most of non manager respondents preferred performance evaluation to be used for promotion and salary increment (46.3% and 36.6% respectively) and while most managers preferred it to be used for salary increment and bonus purpose (47.6% and 28.6% respectively).

Form this it is possible to understand that the purpose the Bank uses performance evaluation result for is in line with what employees believe should be used for. If the Bank uses it for another purpose than what employees believe should be used for, employees will be dissatisfied and dissatisfied employees will not perform their activity enthusiastically toward achievement of organizational goal.

4.2.10 Who is to Conduct PA?

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. 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 (Robbins, 1998:1206-08). Respondents were asked who evaluates their performance and the response is depicted in table 12.

Table 12: Employees’ Response on Who Evaluates their Performance

Evaluator	Non managers		managers	
	Frequency	Percent	Frequency	Percent
Immediate Supervisor	121	98.4	21	100
Employees themselves	2	1.6	0	0
Total	123	100	21	100

As the above table depicts 98.4% of non manager respondents indicated that their performance is evaluated by their immediate supervisors and 1.6% said by employees themselves. This is so true with managers. 100% of the managers stated that it is the immediate supervisor who evaluates employees’ performance. This shows that either the Bank is not willing to use other possibilities such as peers, customers, immediate subordinates or may have other justifications. This issue needs further investigation.

Immediate supervisors are not the only right individuals to evaluate employees’ performance. There may actually be others who are able to do the job better (Robbins, 1998).

Self-appraisal helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-improvement. The employee’s self appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. Self appraisals give the supervisor helpful insight as to how the employee views his/her performance (Goff and Longenecker, 1990, as cited in Boice and Kleiner, 1997). If employees are not given an opportunity to evaluate themselves, they will become highly defensive during the appraisal review and may refuse to accept evaluation result.

Respondents were also asked to indicate who should evaluate employee’s performance. Their response is shown in table 13 below.

Table 13: Employees’ Preference of Who Should Evaluate their Performance

Evaluator	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Immediate Supervisor	100	81.3	18	85.7
Colleagues	6	4.9	1	4.8
My subordinate	1	0.8	0	0
Employees themselves	2	1.6	0	0
Customers	11	8.9	2	9.5
Others	3	2.4	0	0
Total	123	100	21	00

The above response shows that large number of non managers (81.3%) preferred to be evaluated by their immediate supervisors while few non managerial employees (8.9%) prefer to be evaluated by customers. 4.9% preferred to be evaluated by their colleagues. Those who opted to be evaluated by others (2.4% of the respondents) did not specify who those “others” are. As to managers 85.7% of the respondents responded it is immediate supervisor who should evaluate employees’ performance while 9.5% and 4.8% said it should be customers and colleagues.

Over all responses obtained from employees show that majority of the respondents (81.3% non managers and 85.7% managers) believe that it is the immediate supervisor who should evaluate employees' performance. This means that the Bank's practice of using immediate supervisors to evaluate employees' performance is in line with what the rateses believe should evaluate their performance. However, Robbins (1998), asserts that there may actually be others who are able to do the job better.

4.2.11 Criteria of Performance Appraisal

The criterion or criteria that management choose to evaluate, when appraising employee performance, will have a major influence on what employees do. Mathis and Jackson (1997:341 and Robbins, 1998: 1204-05) affirmed that criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based.

The criteria AIB S.C. uses to evaluate performance of subordinates, supervisors and managers are shown below. All the criteria in the appraisal form are of equal weight.

Table 14: List of AIB’s Performance Evaluation Criteria

Sl. no	Subordinates	Supervisors	Managers
1	Job knowledge	Job knowledge	Efficiency and quality of work
2	Efficiency	Efficiency	Dependability and self discipline
3	Duty consciousness	Duty consciousness	Motivation and effort
4	Responsibility/Dependability	Responsibility/Dependability	Innovation and Initiative
5	Cooperation	Cooperation	Customer relationships and personal attributes
6	Personal integrity, maturity & self discipline	Personal integrity, maturity & self discipline	Communication
7	Adaptability	Adaptability	Personal appearance
8	Communication	Communication	Punctuality and attendance
9	Effort to improve oneself	Effort to improve oneself	Cooperation
10	Punctuality & Attendance	Punctuality & Attendance	Leadership
11	Health Condition, Neatness & Personal appearance	Health Condition, Neatness & Personal appearance	Management/Administrative ability
12		Leadership	
13		Administrative Ability	
14		Judgment	
15		Initiation	

Respondents were asked to indicate criteria which they believe should be added to the existing ones and removed from. The following list shows those recommended to be added to the extant criteria suggested by significant number of both managerial and non managerial employees.

Customer handling, Use of office equipment, Commitment to the work, Team player, Ability to work independently, Faith, passion, Sympathy, Humanity, Event management, Creativity, Confidence, positive relations with colleagues, positive feedback to customers, being visionary toward the economic development of the bank in particular and the country in general.

On the other hand, health condition, neatness and personal appearance, job knowledge and communication are recommended to be removed from the criteria. The reasons they presented are:

1. Health condition, neatness and personal appearance must be used for recruitment purpose rather than performance evaluation. It is not in the control of an individual and affected by several factors such as accident.
2. It alienates people with disability.
3. It is not related to a given job and reduces employees' moral to do the job.
4. There are external factors which affect communication negatively like subordinates' behavior and attitude, ability of manager and degree of maturity is not taken into account when performance is evaluated.
5. Job knowledge should be verified from the very time the employee is employed. It should not be used as a criterion to evaluate performance.

The recommendations offered by respondents show that there are criteria that should be added and removed from the current form being used by AIB S.C. The response indicates that the existing evaluation form calls for revision. The Bank should have revised its form in light with dynamic work condition. The interview discussion conducted with the HR directorate also indicated that the Bank has not made any revision on the evaluation form so far.

4.2.11.1 Clarity and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees have to be clear and objective. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table 15.

Table 15: Employees’ Response on Clarity and Objectivity of the Evaluation Criteria

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	20	16.3	1	4.8
Disagree	17	13.8	2	9.5
Neutral	22	17.9	4	19
Agree	48	39	12	57
Strongly agree	16	13	2	9.5
Total	123	100	21	100

As table 15 above describes 52% of non manager respondents agreed that the criteria are clear and objective. But, 30.1% disagreed that they are clear and objective while 17.9% remained neutral. As to managers, 66.5% indicated their agreement and 14.3% respondents indicated their disagreement while the remaining 19% were neutral. The response shows that though most respondents said the criteria are clear and objective, there still were respondents who claim otherwise.

4.2.11.2 Customization of Evaluation Criteria Based On Characteristics of the Job

Respondents were asked whether the criteria against which their performance is evaluated are customized based on their job. The response is shown in table 16 below.

Table 16: Employees’ Response on whether Evaluation Criteria are customized

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	13	10.6	4	19
Disagree	20	16.3	3	14.3
Neutral	43	35	8	38.1
Agree	30	24.4	5	23.8
Strongly agree	17	13.8	1	4.8
Total	123	100	21	100

As table 16 above shows, 26.9% of non manager respondents disagreed that the evaluation criteria are customized while 38.2% agreed and 35% were neutral.

Out of manager respondents, 33.3% disagreed, 28.6% agreed and 38.1% neutral. Majority of non manager respondents said the criteria are customized based on characteristics of their job, whereas majority of managers indicated it is not customized. This means non manager and manager employees of the Bank have differing views with regard to customization of the criteria. As a result, it is difficult to deduce whether the criteria are customized.

4.2.12 Methods of Performance Appraisal

Organizations currently use several methods to appraise performance. Jafari et al. (2009) denominated that there are three existent approaches for measuring performance appraisal. These are absolute standards, relative standards and objectives.

Managers were asked about the performance appraisal method employed by the Bank. Their response is depicted in table 17 below.

Table 17: Managers’ Response on Performance Evaluation Method Employed by the Bank

Method	Frequency	Percent
Forced Choice	2	9.5
BARS	1	4.8
Checklist	16	76.2
Graphic Rating Scale	2	9.5
Total	21	100

As can be identified from table 17, 76.2% of managers indicated that the bank is making use of Checklist method. 9.5% of managers indicated they are using Graphic Rating Scale and 4.8% said BARS. But the bank’s performance evaluation form shows that it is Graphic Rating Scale (See APPENDIX F).

Managers’ response indicates that they are not aware of the type of performance evaluation method they are using to evaluate their subordinates’ performance. This means they simply fill it and transfer to decision makers without comprehending it. They lack awareness on different types of performance evaluation methods. This will exacerbate the errors that could happen in connection with the evaluation methods. If raters are aware of the nature and pros and cons of a specific method they are employing, they will take due care while evaluating their subordinates.

4.2.13 Benefits of Performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. According to Reza (1997), performance appraisal helps for training and development, motivation and satisfaction, monitoring recruitment and induction and employee evaluation and control.

4.2.13.1 Employees’ Understanding of Benefits of PA

Employees were asked whether they understand benefits of performance evaluation to them and the Bank. Their response is presented in table 18.

Table 18: Employees’ Understanding of Benefits of Performance Evaluation to the Employees and the Bank

Level of Agreement	Non Managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	1	0.8	1	4.8
Disagree	12	9.8	1	4.8
Neutral	20	16.3	4	19
Agree	32	26	14	66.6
Strongly agree	58	47.2	1	4.8
Total	123	100	21	100

As can be seen from table 18, 73.2% of non manager respondents agreed that they understand the benefit of performance evaluation to the employees and the bank. 10.6% said they don’t understand and 16.3% indicated they are neutral. Of managers, 71.4% agreed that their subordinates understand what benefit performance evaluation has to the employees and the bank while 9.6% disagreed and 19% became neutral. This shows that majority of the employees understand the benefit performance appraisal has to the employees and the bank and have general knowledge about benefits of performance appraisal.

4.2.13.2 Employees’ Perception of Performance Appraisal Process of AIB S.C

Perception employees have on process of performance appraisal will indicate how the practice in AIB S.C. is. Employees’ response with this regard is depicted in table 19 below.

Table 19: Employees’ View Whether Performance Appraisal process of AIB is Worthwhile

Level of Agreement	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Strongly disagree	18	14.6	7	33.3
Disagree	23	18.7	14	66.7
Neutral	26	21.1	0	0
Agree	36	29.3	0	0
Strongly agree	20	16.3	0	0
Total	123	100	21	100

As table 19 shows, 45.6% of the non manager respondents agreed that performance appraisal process of the bank is worthwhile. 21.1% indicated they are neutral and 33.3% disagreed that it is worthwhile. As to managers, all manager respondents agreed that the performance appraisal process worthwhile. This shows that the current performance appraisal process of the Bank is productive and helped in realizing the benefits of performance appraisal to the employees and the organization.

4.2.14 Challenges of Performance Appraisal in AIB S.C

Problems related to performance appraisal can be of three general types. These are: human errors, problems of criteria, and problems of confidentiality (Saiyadain, 1999:204-207). Saiyadain further listed human errors such as single criterion, strictness or leniency, halo error, central tendency errors, recency of events and similarity error.

In line with this, employees of AIB S.C. were asked to indicate the challenges they believe are prevalent in AIB S.C. Accordingly, their response is shown in the following table.

Table 20: Employees’ Response on Performance Evaluation Challenges Prevailing in AIB S.C

Challenges	Non managers		Managers	
	Frequency	Percent	Frequency	Percent
Lack of rater ability to evaluate employee performance	37	30.1	8	38.1
No link between some evaluation criteria and employee job	22	17.9	2	9.5
Rater bias in evaluating performance	30	24.4	5	23.8
Absence of employee participation in setting performance Evaluation criteria	22	17.9	3	14.3
Lack of communicating performance standards and expectations to the employees	12	9.8	3	14.3
Total	123	100	21	100

As depicted in the above table, 30.1% of non manager respondents indicated lack of rater ability to evaluate employee performance as performance evaluation challenge; while 17.9%, 24.4%, 17.9% and 9.8% said no link between some evaluation criteria and employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria and lack of communicating performance standards and expectations to the employees, respectively.

From manager respondents, 38.1%, 9.5%, 23.8%, 14.3% and 14.3% said lack of rater ability to evaluate employee performance, no link between some evaluation criteria and employee job, rater bias in evaluating performance, absence of employee participation in setting performance evaluation criteria and lack of communicating performance standards and expectations to the employees, respectively are performance evaluation challenges prevailing in the bank.

As the above response shows though all challenges are believed to exist in AIB S.C, indicated lack of rater ability to evaluate employee performance and rater bias in evaluating

performance got major percentage (30.1% of non managers and 38.1% of managers and 24.4% non managers and 23.8% of managers).

An interview discussion made with HR directorate disclosed that lack of focus and carelessness by some branch managers are a challenge. He added that there are instances where the supervisor or manger reports that a certain staff is not able to perform toward expectation and at the same time rating him/her at an average for fear that he/she might miss the benefit package. This shows rating is carelessly done and is not strict.

He also added that branch manages focus more on operation than giving due attention to performance evaluation as one component of the operation. At times branch managers are pushed to send evaluation results to head office. Cognizant with this fact the HR directorate was asked if there is any practice of giving awareness creation training on performance evaluation to branch managers. The reply disclosed that there is no practice of delivering training to branch managers and raters pertaining to performance evaluation. This shows the focus AIB's management given to performance evaluation.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

5.1 Summary of Findings

The study was conducted with main objective of assessing performance appraisal practice and challenges at Awash International Bank Share Company. And it has tried to answer the following basic research questions.

1. What is the practice of performance evaluation at Awash International Bank?
2. Why does the bank conduct performance appraisal?
3. How objective are the criteria of performance evaluation used by the bank?
4. What is employees' perception of benefits of performance appraisal?
5. What are the major challenges of PA at the Bank?

In order to answer the basic research questions data were collected from managers and non-managers using questionnaires and unstructured interview; the data were analyzed using SPSS version 16.0 and interpreted.

Based on the discussion and data interpretation undertaken in the previous chapter, the following summaries of finding are derived.

- Most of the respondents showed that they receive performance feedback from their supervisors timely during the appraisal period.
- Respondents agreed that they have access to see their performance evaluation result. Non negligible respondents were indifferent, however.
- Employees agreed that they can appeal to higher officials when they perceive their performance evaluation is biased and inaccurate even though reasonable number of respondents were neutral.

- It was identified that employees don't have opportunity to participate in designing performance evaluation form. Still there were respondents who said they got an opportunity to participate in designing of performance evaluation form.
- Both managerial and non managerial employees agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. Nevertheless, there was meaningful number of respondents who agreed that there is practice of giving similar ratings to all employees.
- Though most of the respondents agreed that their evaluators keep file of what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances, there still were reasonable number of respondents indicating that their evaluators do not keep file.
- Most of respondents are comfortable with current frequency of conducting performance evaluation twice a year with significant number of respondents seeking it to be conducted trice and every 3 months. No reason is stated for current practice of conducting performance appraisal biannually than say that the Policy document dictates.
- It was learned that Performance evaluation result is used for salary increment, bonus and promotion purposes.
- Respondents indicated that performance evaluation is being done by immediate supervisors. There are few respondents who believe that performance evaluation should be done by colleagues and customers.
- It was found that the criteria used to evaluate employees' performance are clear and objective. But, there were meaningful number of respondents who said it is not objective and clear.
- Respondents indicated that there are performance evaluation criteria that should be added to and removed from the current form used by the Bank.
- It was discovered that respondents have differing opinion about customization of criteria. While majority of non manager respondents said the criteria are customized based on characteristics of their job, large number of managers indicated it is not customized.

- It was learned that the bank is using graphic rating scale as performance evaluation method.
- Respondents agreed that performance appraisal process of the bank is worthwhile albeit non negligible number of respondents said it is not worthwhile.
- It was found that there are challenges directly related to performance evaluation practice of AIB S.C.

5.2 Conclusions

After careful analysis of performance evaluation practice and its challenges at Awash International Bank the following conclusions are made.

The Bank is conducting Performance appraisal twice a year using graphic rating scale as a method. It is an immediate supervisor who is responsible to conduct performance evaluation. Employees are given feedback during appraisal period; are allowed to see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The Bank's raters use file of what employees have done during the performance evaluation period and support their performance evaluation with specific events of good and bad performances. The results of the study do not confirm the existence of problems indicated in the statement of the problem.

The Bank is using Performance evaluation result for the purpose of salary increment, bonus and promotion. The criteria used to measure performance of employees are objective. But, among the criteria are some which don't have direct connection with the actual work and vague to understand.

Employees of the Bank perceive that performance appraisal has benefits to both the employees and the bank and the current performance appraisal process of the Bank is productive and helped in realizing the benefits of performance appraisal.

The major challenges of Performance evaluation at AIB S.C. are lack of rater ability to evaluate employee performance, rater bias in evaluating performance, lack of communicating performance standards and expectations to the employees, no link between some evaluation

criteria and employee job, absence of employee participation in setting performance evaluation criteria and lack of focus and carelessness by some branch managers.

5.3 Recommendations

In connection with the summary of findings and conclusions drawn above, the following recommendations are provided to address the gaps identified by the study.

- ✓ The practice of having file on what employees have done during the appraisal period should be followed by all raters. With this regard the bank's HR directorate should follow up those who are not having file and encourage those using it currently.
- ✓ Performance evaluation should be conducted 3 or 4 times a year than making it twice a year by taking into account the necessary resources required. Because frequent evaluation can avoid surprises and therefore problems later when the evaluation is communicated. On top of this the bank's management should motivate its supervisors and managers to give subordinates frequent feedback as much as possible, than waiting the appraisal period. It is this way that employees can continuously improve their performance.
- ✓ Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated.
- ✓ Better to use combination of evaluators than solely depend on immediate supervisors. Using combination of evaluators alleviates subjectivity and other problems encountered with single evaluator.
- ✓ The bank's management has to acquaint raters with different types of performance evaluation methods; particularly with the one the bank is employing so that they will clearly identify the strengths and limitations of the method they are using.
- ✓ It is impossible to avoid rater bias for it is human nature to get biased somehow. But it is possible to reduce its magnitude through continuous training. Hence, the bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters' ability to evaluate and alleviate raters' bias.

- ✓ In order to enhance focus given by branch managers the bank's management should persuade them of importance of Performance evaluation towards achieving organizational goals.
- ✓ The HR directorate should well communicate employees of performance standards and expectations when they are placed in their respective job positions.

The student researcher has tried to assess performance appraisal practice and challenges at AIB S.C. The scope of this study is limited only to the case of AIB S.C. Hence, the researcher recommends the following topics that can be studied in relation to performance appraisal to other researchers.

- ✓ Assessment of factors affecting performance appraisal in private banks in Ethiopia
- ✓ Comparative study on performance appraisal practice in private and government banks in Ethiopia
- ✓ Practicality of 360 degree appraisal system in service rendering enterprises in Ethiopia

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APPENDICES

APPENDIX A

Respondents' Age Category, Gender, Educational Background and Service Years

Gender	Non managers		Managers		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Male	87	70.7	21	100	108	75
Female	36	29.3	0	0	36	25
Total	123	100	21	100	144	100
Age Category						
Below 25 years	28	22.8	0	0	28	19.4
25-35 years	77	62.6	5	23.8	82	57
36-45 years	18	14.6	12	57.1	30	20.8
Above 55 y	0	0	4	19.1	4	2.8
Total	123	100	21	100	144	100
Educational Background						
High school complete	7	5.7	0	0	7	4.8
Diploma	24	19.5	1	4.8	25	17.3
Degree	89	72.4	14	66.7	103	70.5
Master's and above	3	2.4	6	28.6	11	7.6
Total	123	100	21	100	144	100
Years of Service						

2-5 Years	69	56.1	2	9.5	71	49.3
5-10 Years	37	30.1	4	19.1	41	28.5
Above 10 Years	17	13.8	15	71.4	32	22.2
Total	123	100	21	100	144	100

The above table shows, of the total 144 respondents 108 of them are male and the remaining 36 are female respondents which are 75% and 25% of the respondents respectively. This shows that majority of the respondents were males.

The age category of respondents shows that most respondents are between categories of 25 to 35. From a total of 144 respondents 82 of them are under the category of 25 to 35 respondents while 28 are under the category of below 25 and 30 are between 36-45, which represent 57%, 19.4% and 20.8% of total respondents respectively. This helps to see the view of employees from different age categories on the employee performance evaluation practice of the bank as employees' age category has its own influence on the view they have regarding the practice. The wider and diversified the age group, the wider and diversified are the views of the employees on the issue under consideration.

As to educational background of respondents large majority of both managers and non managers are degree holders comprising 70.5% of total respondents while 17.3% comprise diploma and 4.8% high school complete in the case of non managers. 7.6% are master's and above for both managerial and non managerial employee. The fact that majority of respondents are having degree would help respondents understand and fill the questionnaires correctly so that the findings would be viable.

As can be seen from the above table 49.3% of the respondents are in the service year category of 2-5 years followed by 5-10 years and above 10 years which comprise 28.5% and 22.2% respectively. This indicates that the respondents are well exposed to the performance evaluation practice of the bank and its challenges. Hence, data collected from them is reliable.

APPENDIX B

Questionnaire for Non managerial employees

St Mary's University College

School of Graduate Studies

MBA Program

Questionnaire to be filled by Non-Managerial Employees

Dear respondent,

My name is Hiwot Aydiko, prospective graduating student of MBA at Saint Mary's University College. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "**Performance Evaluation Practice and Challenges at Awash International Bank S.C.**" as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction: Please use tick mark (√) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. Gender: Male Female
2. Age: Below 25 25-35 36-45 46-55 Above 55
3. Academic Qualification:
 High School Complete Diploma Degree Master's and above
4. How many years have you been working in the bank?
 2-5 years 5-10 years above 10 years
5. Name of branch _____

Part II: General Information on Performance Evaluation

1. How often is your performance evaluated in a year?
 Every month Every 3 months Every 4 months Every 6 months

Once a year

2. How often do you think your performances should be evaluated in a year?

Every month Every 3 months Every 4 months Every 6 months

Once a year

3. Who evaluates your performance? (You may tick more than one).

A) Immediate Supervisor B) Colleagues C) My Subordinate

D) Myself E) Customers F) Others
(specify)_____

4. In your opinion, who should evaluate employees' performance?

A) Immediate Supervisor B) Colleagues C) My Subordinate

D) Employees themselves E) Customers F) Others
(specify)_____

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

A) Salary Increment B) Bonus C) Promotion D) Training & Development
E) Termination F) I don't know G) Others
(specify)_____

6. For what purpose(s) do you think the evaluation result should be used?

A) Salary Increment B) Bonus C) Promotion

D) Training & Development E) Termination F) Others
(specify)_____

7. a) Below mentioned are the criteria against which your subordinates' performance is evaluated. A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality & Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Please list additional criteria that you think should be included.

7.b) Of the following performance evaluation criteria used by AIB, underline the one(s) you believe must be excluded and state your reason.

A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality & Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Reason:

7. c) Mention any modification(s) which you think should be made for the evaluation criteria listed below and state reason.

A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality & Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Reason:

8. Which of the following challenge/problem(s) apply to the appraisal systems of the bank? (You may tick more than one if applicable).

- A) Lack of rater ability to evaluate employee performance
- B) No link between some evaluation criteria and employee job
- C) Rater bias in evaluating performance
- D) Absence of employee participation in setting performance evaluation criteria
- E) Lack of communicating performance standards and expectations to the employees
- F) Others, (Specify) _____

Part III: Information on Performance Evaluation Practice and Challenges

Please mark (X) or tick (√) the statement that indicates your level of agreement in the responses box. Please note that:

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

NO	STATEMENTS	RESPONSES				
		5	4	3	2	1
1	I understand benefit of Performance evaluation to the employee and the bank.					
2	The performance evaluation criteria used to measure my performance are clear and objective.					
3	I have got the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
4	The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job.					
5	I have access to see my performance evaluation result.					
6	I can appeal to the higher official if I perceive my result is biased and inaccurate.					
7	My supervisor frequently provides feedback in a timely manner during the appraisal period.					
8	In order to avoid resentment and rivalry among colleagues, my supervisor gives equivalent ratings.					
9	My supervisor generally supports his/her evaluation with specific incidents of good and poor performances.					
10	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance.					
11	I think the performance appraisal process is Worthwhile.					

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

Thank you for your time!

APPENDIX C

Questionnaire for Managers

St Mary's University College

School of Graduate Studies

MBA Program

Questionnaire to be filled by Managers

Dear respondent,

My name is Hiwot Aydiko, prospective graduating student of MBA at Saint Mary's University College. The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "**Performance Evaluation Practice and Challenges at Awash International Bank S.C.**" as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction: Please use a tick mark (√) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. Gender: Male Female
2. Age: Below 25 25-35 36-45 46-55 Above 55
3. Academic Qualification:
 High School Complete Diploma Degree Master's and above
4. How many years have you been working in the bank?
 2-5 years 5-10 years above 10 years
5. Name of branch _____

Part II: General Information on Performance Evaluation

1. How often do you evaluate your subordinate's performance in a year?
 Every month Every 3 months Every 4 months Every 6 months

Once a year

2. How often do you think your subordinate's performance should be evaluated in a year?

Every month Every 3 months Every 4 months Every 6 months

Once a year

3. Who evaluates your subordinates' performance? (You may tick more than one).

A) Immediate Supervisor B) Colleagues C) His/her Subordinate

D) Him/herself E) Customers F) Others
(specify)_____

4. In your opinion, who should evaluate employees' performance?

A) Immediate Supervisor B) Colleagues C) Their Subordinate

D) Employees themselves E) Customers F) Others
(specify)_____

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

A) Salary Increment B) Bonus C) Promotion D) Training & Development
E) Termination F) I don't know G) Others
(specify)_____

6. For what purpose(s) do you think the evaluation result should be used?

A) Salary Increment B) Bonus C) Promotion

D) Training & Development E) Termination F) Others
(specify)_____

7. Which of the following performance evaluation methods do you use to evaluate your subordinates?

A) Essay Method B) Critical incident C) Checklist method

D) Graphic rating scale E) Forced Choice F) Behaviorally anchored rating scales (BARS)

8. a) Below mentioned are the criteria against which your subordinates' performance is evaluated. A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality &

Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Please list additional criteria that you think should be included.

8.b) Of the following performance evaluation criteria used by AIB, underline the one(s) you believe must be excluded and state your reason.

A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality & Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Reason:

8. c) Mention any modification(s) which you think should be made for the evaluation criteria listed below and state reason.

A) Job knowledge, B) Efficiency, C) Duty consciousness, D) Responsibility/Dependability, E) Cooperation, F) Personal integrity, maturity & self discipline, G) Adaptability, H) Communication, I) Effort to improve oneself, J) Punctuality & Attendance, K) Health Condition, Neatness & Personal appearance, L) Leadership, M) Administrative Ability, N) Judgment, O) Initiation

Reason:

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

- A) Lack of rater ability to evaluate employee performance
- B) No link between some evaluation criteria and employee job
- C) Rater bias in evaluating performance
- D) Absence of employee participation in setting performance evaluation criteria

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

F) Others, (Specify) _____

Part III: Information on Performance Evaluation Practice and Challenges

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

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

NO	STATEMENTS	RESPONSES				
		5	4	3	2	1
1	I know that employees understand benefit of Performance evaluation to the employees and the bank.					
2	The performance evaluation criteria used to measure my subordinates' performance are clear and objective.					
3	Employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance.					
4	The performance evaluation form used to evaluate my subordinates' performance is customized based on the characteristics of their job.					
5	My subordinates have access to see their performance evaluation result.					
6	Employees can appeal to the higher official if they perceive their result is biased and inaccurate.					
7	I frequently provide feedback to the subordinate in a timely manner during the appraisal period.					
8	In order to avoid resentment and rivalry among employees, I give them equivalent ratings.					
9	I generally support my evaluation with specific incidents of good and poor performances.					
10	I usually keep a file on what my subordinates have done during the appraisal period to evaluate their performance.					
11	I think the performance appraisal process is worthwhile.					

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

Thank you for your time!

Hiwot Aydiko

Phone: 0911725949

E-mail Address: hiwotaydiko@gmail.com or hijesuslove@yahoo.com

APPENDIX D

Amharic Version Questionnaire for non managerial employees

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የ"MBA" ፕሮግራም

ይህንን መጠይቅ የምትሞሉ ወደ ወገኖች፤

ስሜ ሕይወት አይደቀ ሲባል በቅድስት ማርያም ዩኒቨርሲቲ ኮሌጅ የ MBA ሁለተኛ ዲግሪ ዕጩ ተመራቂ ተማሪ ነኝ። የዚህ መጠይቅ ዓላማ "የሥራ-ተኞች የስራ አፈጻጸም ግምገማ ልማድና ተግዳሮቶች በአዋሽ ኢንተርናሽናል ባንክ" በሚል ርዕስ ለሚደረግ የመመረቂያ ጽሑፍ ዝግጅት የሚያገለግል መረጃ ለመስጠት ነው። በመሆኑም ተአማኒና በሐቅ ላይ የተመሰረተ ድምዳሜ ላይ መድረስ ይቻል ዘንድ የሚያወቁትን ያህል እወነተኛ መረጃ እንዲሰጡኝ በትህትና እጠይቅዎታለሁ። ጥናቱ ሙሉ በሙሉ ለትምህርት ዓላማ የሚወልድ ነው። ስለሆነም የእርስዎ ምላሽ በሚስጠር የሚጠበቅ መሆኑን ላረጋግጥልዎ እወዳለሁ። ወደ ጊዜዎን ሰዉተዉ ይህንን መጠይቅ ለመሙላትና ቶሎ ለመመለስ ስላሳዩት ቀናነትና ፈቃደኝነት እጅግ በጣም አመሰግንዎታለሁ።

መመሪያ: ለእያንዳንዱ ጥያቄ በሳጥኑ ላይ ይህንን (✓) ምልክት በማድረግ እና መጻፍ በሚያስልግ ቦታ ደግሞ በጽሑፍ መልስ ይስጡ። ስምዎትን መጻፍ የለብዎትም። ባንኩ ዉስጥ በትንሹ 2 ዓመት ያላገለገለ ስራተኛ መሙላት የለበትም።

ክፍል አንድ: የመላሾች ማንነት

- 1. ጾታ: ወንድ ሴት
- 2. ዕድሜ: ከ25 በታች 25-35 ከ36-45 ከ46-55 ከ55 በላይ
- 3. የትምህርት ደረጃ: ሁለተኛ ደረጃ ያጠናቀቀ ዲፕሎማ ዲግሪ ሁለተኛ ዲግሪና ከዛ በላይ ሌላ ካለ ይግለጹ _____
- 4. በባንኩ ምን ያህል ዓመት አገልግለዋል? ከ2-5 ዓመታት ከ5-10 ዓመታት ከ10 ዓመታት በላይ
- 5. የቅርንጫፍ ባንኩ ስም _____

ክፍል ሁለት: የስራ አፈጻጸም ግምገማን በተመለከተ አጠቃላይ መረጃ

- 1. ስራዎት በዓመት ስንት ጊዜ ይገመገማል? በየወሩ በየ3 ወሩ በየ4 ወሩ የ6 ወሩ ሙት አንድ ጊዜ
- 2. ስራዎት በዓመት ስንት ጊዜ መገምገም አለበት ይላሉ? በየወሩ በየ3 ወሩ የ4 ወሩ የ6 ወሩ ሙት አንድ
- 3. ስራዎትን የሚገመገመዉ ማን ነዉ? (ከአንድ በላይ መምረጥ ይችላሉ)።

ሀ) የቅርብ አለቃዬ ለ) የስራ ባልደረቦቼ ሐ) እኔ ስር ያለ ሰራተኛ
 መ) እኔ ራሴ ሠ) ደንበኞች ረ) ሌሎች ካሉ ይግለጹ_____

4. በእርስዎ አስተያየት የሰራተኞችን የስራ አፈጻጸም ማን ነው መገምገም ያለበት?

ሀ) የቅርብ አለቃ ለ) የስራ ባልደረቦች ሐ) ከሰራተኛው ስር ያለ ሰራተኛ
 መ) ሰራተኛው ራሱ ሠ) ደንበኞች ረ) ሌሎች ካሉ ይግለጹ_____

5. ባንኩ የስራ አፈጻጸም ግምገማ ውጤትን ለምን ዓላማ ያወላል? (ከአንድ በላይ መምረጥ ይችላሉ)::

ሀ) የደሞዝ ጭማሪ ለማድረግ ለ) ጉርሻ ለመስጠት ሐ) ለደረጃ ዕድገት መ)
 ለሰራተኛ ስልጠና ለመስጠት ሠ) ሰራተኛን ከስራ ለማገድ
 ረ) ለምን ዓላማ እንደሚያወልድ አላውቅም ሰ) ሌሎች ካሉ ይግለጹ_____

6. በእርስዎ አስተያየት የስራ አፈጻጸም ግምገማ ውጤት ለምን ዓላማ መዋል አለበት? (ከአንድ በላይ መምረጥ ይችላሉ)::

ሀ) የደሞዝ ጭማሪ ለማድረግ ለ) ጉርሻ ለመስጠት ሐ) ለደረጃ ዕድገት መ)
 ለሰራተኛ ስልጠና ለመስጠት ሠ) ሰራተኛን ከስራ ለማገድ
 ረ) ሌሎች ካሉ ይግለጹ_____

7. ሀ) ቀጥሎ የተዘረዘሩት የአንድ ሰራተኛ የስራ አፈጻጸም የሚገመገሙባቸው መስፈርቶች ናቸው:: (1) ስራውን ማወቁ (2) ቅልጥፍና (3) ኃላፊነትን ለመወጣት ንቁ የሆነ (4) የሚታመን (5) ትብብር (6) ወጥነት፣ ብስለትና ራስን መግዛት (7) ከሁኔታዎች ጋር መስማማት/መላመድ/ (8) ከሰዎች ጋር መግባት (9) ራስን የማሻሻል ጥረት (10) ቀጠሮና ሰዓት ማክበር (11) የጤና ሁኔታ፣ ንጽህናና ገጽታ

መካተት አለባቸው የሚሏቸው ተጨማሪ መስፈርቶች ካሉ ይዘርዝሩ::

7.ለ) ባንኩ ከሚገለገልባቸው ከእነዚህ መስፈርቶች መካከል መወገድ አለባቸው የሚሏቸውን ከስራቸው በማስመር ያመልክቱ:: መወገድ አለባቸው ያሉበትን ምክንያት ይግለጹ:: (1) ስራውን ማወቁ (2) ቅልጥፍና (3) ኃላፊነትን ለመወጣት ንቁ መሆን (4) የሚታመን (5) ትብብር (6) ወጥነት፣ ብስለትና ራስን መግዛት (7) ከሁኔታዎች ጋር መስማማት/መላመድ/ (8) ከሰዎች ጋር መግባት (9) ራስን የማሻሻል ጥረት (10) ቀጠሮና ሰዓት ማክበር (11) የጤና ሁኔታ፣ ንጽህናና ገጽታ

ምክንያት:

7.ሐ) በስራ አፈጻጸም ግምገማ መስፈርቶች ላይ መደረግ አለበት የሚሉት ማሻሻያ ካለ ከነምክንያቱ ይግለጹ::

(1) ስራውን ማወቁ (2) ቅልጥፍና (3) ኃላፊነትን ለመወጣት ንቁ የሆነ (4) የሚታመን (5) ትብብር (6) ወጥነት፣ ብስለትና ራስን መግዛት (7) ከሁኔታዎች ጋር መስማማት/መላመድ/ (8) ከሰዎች ጋር መግባት (9) ራስን የማሻሻል ጥረት (10) ቀጠሮና ሰዓት ማክበር (11) የጤና ሁኔታ፣ ንጽህናና ገጽታ

ምክንያት:

8. ከሚከተሉት ተግደሮቶች (ችግሮች) የትኛው ነው በባንኩ የስራ አፈጻጸም ግምገማ ስርዓት ላይ የሚንጸባረቀው? (ከአንድ በላይ መምረጥ ይቻላል)።

- ሀ) የገምጋሚው የብቃት ማነስ
- ለ) የአንዳንድ የስራ ግምገማ መስፈርቶች ከስራው ጋር የማይገናኙ መሆን
- ሐ) በገምጋሚው የሚፈጸም አድልዎ
- መ) የስራ አፈጻጸም ግምገማ መስፈርት ሲዘጋጁ ሰራተኞችን አለማሳተፍ
- ሠ) የስራ መለኪያዎችንና ክሰራተኛው የሚጠበቀውን ነገር ቀድሞ አለማሳወቅ
- ረ) ሌሎች ካሉ ይጥቀሱ_____

ክፍል ሦስት: የስራ አፈጻጸም ግምገማ ልማድና ተግዳሮቶችን የሚመለከት መረጃ

የእርስዎን የመስማማት ደረጃ በሚገልጽ ዐረፍተ ነገር ፊት ለፊት ባለው ሳጥን ውስጥ (X) ወይም (√) ምልክት ያድርጉ። ማስታወሻ:

5=በድንብ እስማማለሁ_4=እስማማለሁ_3=መካከለኛ_2=አልስማማም_1=ፈጽሞ አልስማማም ማለት ነው።

ተቁ	ዐረፍተ ነገሮች	ምላሾች				
		5	4	3	2	1
1	የስራ አፈጻጸም ግምገማ ለሰራተኛውና ለባንኩ ያለውን ጠቀሜታ እገነዘባለሁ።					
2	ስራዬ የሚገመገምበት መስፈርት ግልጽና ከአድልዎ የጸዳ (እውነት ላይ የተመሰረተ) ነው።					
3	ስራዬ የሚገመገምባቸው መስፈርቶች ሲዘጋጁ የመሳተፍ ዕድል አግኝቼ አወቃለሁ።					
4	ስራዬ የሚገመገምበት መስፈርት የስራዬን ባህሪ በመመረከዝ የተዘጋጀ ነው።					
5	የስራ አፈጻጸም ግምገማ ውጤቴን እንዳላይ አልከለክልም።					
6	የስራ አፈጻጸም ግምገማ ውጤቴ አድልዎ ያለበትና የተሳሳተ መስሎ ሲታየኝ ወደ ክፍተኛ ባለስልጣን አቤት ማለት እችላለሁ።					

7	አለቃዬ በስራ አፈጻጸም ግምገማ ወቅት ተከታታይ አስተያየት ወዲያውኑ ይሰጠኛል።					
8	አለቃዬ ቅሬታ እንዳይቀርበበትና በሰራተኞች መካከል ፉክክር እንዳይኖር በማሰብ ለሁሉም ሰራተኞች ተቀራራቢ ዉጤት ይሰጣል።					
9	አለቃዬ ግምገማውን በአንድ ወቅት የተፈጸሙ መልካምና መልካም ያልሆኑ የስራ አፈጻጸሞችን እንደ ማስረጃ በማቅረብ ይደግፋል።					
10	አለቃዬ (ገምጋምዬ) ስራዬን ለመገምገም ከግምገማዉ ጊዜ በፊት የሰራሁትን ስራ መዝገብ ይይዛል።					
11	የባንኩ የስራ አፈጻጸም ግምገማ ሂደት ጠቃሚና አስፈላጊ ነዉ።					

የባንኩን የስራ አፈጻጸም ግምገማ ልማድ በተመለከተ የሚሰጡት አጠቃላይ አስተያየት ካሎት ይግለጹ።

ጊዜዎትን ስለሰጡኝና ስለተባበሩኝ በጣም አለሰግናለሁ!

ሕይወት አይድቆ

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APPENDIX E

Interview discussion questions with Human resource directorate

1. For what purpose is AIB S.C. using performance appraisal result?
2. How often is the bank conducting PA in a year?
3. How often do you think it should be conducted in a year? Why?
4. Who evaluates employees' performance in AIB S.C.?
5. How is the practice of participating employees in designing PA form?
6. What are the major challenges of PA in AIB S.C.?

APPENDIX F

Performance appraisal form of AIB S.C.