



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

**ASSESSMENTS OF EMPLOYEE PERFORMANCE APPRAISAL
PRACTICE IN WEGAGEN BANK SHARE COMPANY**

**BY
DESALEGN MERUGI**

**April 14, 2015
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Goitom Abraham (Ass. Prof.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature & Date

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LIST OF ACRONYMS

HR	Humane Resource
MBO	Management by Objective
PA	Performance Appraisal
PM	Performance Management
GTP	Growth Transformation Programs

Abstract

Human resources are among the fundamental resources available to any organization. Performance appraisal is part of human resource management which a formal system of periodic review and evaluation of an individual's (employees) job performance. Performance Appraisal (PA) helps in measuring and evaluating performance of the employees in an organization. PA serves as a multiple purpose objective. On one hand, it helps in identifying skill gaps present in the employees. On the other hand, it recognizes meritorious employees on the basis of their work and helps to design an effective reward system for organizations and also try to find out the potential of the human skill available in that organization for future HR planning. The research paper tries to address basic research questions, how is employee PA practiced in Wegagen bank, what PA related problems exist, view of PA both by the Employees and managers, and the Extent PA system employed in the organization.

The paper examines methods, process and the responsibilities of PA, explores the relationship between PA and its purpose in the organization and the practices of PA in Wegagen Bank S.C. The researcher uses questionnaire and interview to collect the necessary data. The data gathered has been analyzed using the various statistical methods.

The findings indicate that employees are evaluated by their immediate supervisor and next in-line Supervisor, review committee and finally results are approved by senior managers. The company's major problems identified from the data collected are on frequency and timing of evaluation, lack of knowledge about the purpose and objective of evaluation and absence of training and discussion about the evaluation method are the major problems identified. Based on the problems recommendations are suggested. Among the recommendations forwarded, are the bank must resolve the understaffed situation by lowering down some of the responsibilities held by managers or supervisors to lower level staffs by delegations. And the organization needs to fill the gap by giving training for those who are involved with the measurements of performance appraisal system of the company.

CHAPTER ONE

INTRODUCTION

1.1 BACK GROUND OF THE STUDY

The success of every organization, public or private, depends largely on the availability and quality of well-motivated human resource .The human resource is the most important and crucial of all resources for the survival of an organization or business firm (Iavencevich 1989).

Performance management is among the human resource management function which is a strategic and integral process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of an individual contributor and team (Armstrong 1994). For an organization performance system helps it to meet its short and long term goals and objectives by helping management and employees do their jobs more efficiently and performance appraisal is one part of these systems (Bacall, 1999).

In recent years, the concept of performance management has been one of the most important and positive development in the sphere of human resource management.

It is an important tool for managing people at all levels of an organization (Armstrong, 1994). Research indicates that organizations today are paying more attention to the process of performance management and that there is a wide and varied range of methods and design of performance scheme that organization can adopt to facilitate the various requirement of a performance management system required by various organizations (Armstrong, 1994).

According to Ivancevich (1989),”It is to remember that people do the work and create idea that shows the organizational service.” Therefore, it is agreed that resources remain unutilized unless human element is involved .The degree of human resource contribution should be evaluated in the development of the organization or business firm and is called performance appraisal. Performance appraisal is the identification, measurement and management of human performance in an organization (Gomez, 2001).

The ultimate objective performance appraisal is identifying, measuring and managing of human performance in an organization and to give feed-back to employees who may improve their performance on job and also organizations or business firms' success.

Additionally, information obtained during the appraisal process can be used as basis for personnel management, merit increment, termination, career planning and promotion and lay off, succession planning, transfer, bonus & criteria for selection procedure validation by using different appraisal methods.

There is a need for managing performance in banking sector in consultative, supportive and nondiscriminatory manner in order to enhance organizational efficiency and effectiveness. Wegagen Bank Share Company is one of the privately owned commercial bank in Ethiopia. One of Wegagen Bank's strategic objectives is becoming a leading bank using human resource as a competitive advantage. In order to achieve the Bank employed different human resource management interventions. Among these, employee appraisal system is one. It has developed its own performance management system for managing and measuring performance of its employees.

This study particularly focuses on the assessment of employee's performance appraisal practices of the bank. The researcher is motivated to conduct this paper because of the increase in the complaints and dissatisfaction of employees towards performance appraisal practices of the organization under study. Therefore the researcher tried to see the practices and problems observed in the performance appraisal system of the organization.

1.2. Background of the Organization

Wagegen Bank Share Company was established as a share company on 1997 in accordance with the commercial code of Ethiopia of 1960 and the licensing supervision of banking business proclamation 84/94. The bank obtained and banking license from NBE (National Bank of Ethiopia) and registered with trade & industry and tourism bureau of the Addis Ababa city administration. Since its existence Wagagen Bank share company build itself a progressive and modern a large and an over increasing customer and correspondence base.

Wegagen bank share company provide a full fledge commercial banking in all its branch outlets to customers with its networking over 100 branches all over the country.

Wegagen bank's priority in the coming years will be the strengthening its capital base maximizing deposits' of funds and maximizing return on equity and to the benefited

from the latest, technology in order to keep abreast with the latest development like the of GTP (Growth Transformation Programs), GTP₁, GTP₂ and of course the international financial service industry.

The Vision for Wegagen bank to be **“The most preferred bank in Ethiopia”**

The Mission of Wegagen bank is **“To provide a wide range of quality banking services through a dynamic workforce and up to-date IT solutions to satisfy the desired of all stakeholders ”**

At the time of its establishment, Wegagen Bank’s authorized capital and was 30 million Birr. The capital of the bank has reached about 1Billion Birr. The bank has a board of directors which is accountable to the general meeting of shareholders. The current Board consists of nine members appointed by the general meeting of shareholders. The term of the office of each member of the board is four years. But they are eligible for another term. The Board appoints the President of the Bank, who carries out the day- to-day management of the Bank. Two Vice Presidents and eight Department heads with high academic qualifications and long years of professional banking experience are appointed to assist the President. The total numbers of employees have reached to around 2,975, including managers, supervisor and support and professional staffs.

1.3. Statement of the Problem

The overall aim of performance appraisal is to establish a high performance culture in which individuals and teams take for responsibilities for the continuous improvement of business process and for their own skills and contribution within a frame work provided by effective leadership (Folan, 2005).To this end, employees need to be convinced with the fairness of the performance appraisal of their respective organizations.

To assess the perception employees on the performance appraisal system of the company, the researcher has conducted a preliminary study interviewing some employees from different department of the company .Accordingly, the employees expressed their dissatisfaction on the process applied in the implementation and the validity of the employees appraisal practice by arguing that there had been contradictory statements from the management on performance management system. Whilst the company is claiming that committed to the full implantation of the performance appraisal as discussed with head of the human resource and development department, these and other factors open for the researcher to assess the performance appraisal system in Wegagen Bank S.C.

As noted above concerns have been raised regarding the effectiveness and objectivity of performance appraisal in the Bank. There is a lot of confusion and fears about the

link in area of evaluation objectives, development objective, promotion, incentive and career development without threatening the relationship between superior and subordinates. A fair and transparent reward mechanism is the major drawback, which employees have no clarity on how management goes about allocating it. Furthermore employees have no trust in their supervisors. They complain that performance appraisal is taken as a tool for punishing those who do not have close relationship with their supervisors .Some employees also feel that performance appraisal is a one way communication instead of promoting a two way communication system between the supervisor and the subordinate.

Employees have asserted that goal setting does not happen at the beginning of the year; but later when incenting are due for pay. The form is filled and in most cases will not be touched again until the next review period. The performance appraisal may or may not be referred to at the annual pay review. Based on the information obtained from the preliminary study, the research was motivated to conduct a detailed and deep study, in order to prove or disprove the existence of concern accentuated by employees.

1.4 Research Questions

To address the stated problems, the study seeks answers to the following research questions:

1. How is employee performance appraisal practiced in Wegagen Bank?
2. What problems related to performance appraisal exist?
3. What is the view of employees and managers on the PA used by the Bank?
4. To what extent are employees satisfied with the PA system employed at the bank?

1.5 Research Objectives of the study

The general objective of this study is to assess the employees' performance appraisal system of Wegagen Bank Share Company and determine the strength and weakness of the system.

Specifically, the objectives of the study are:

- ❖ to explore how performance appraisal is carried out in the organization.
- ❖ to determine the strength and weakness of the current performance appraisal system practiced in the bank.
- ❖ to assess how employees are satisfied with the current PA system of the Bank;
- ❖ to identifying the potential source of employee dissatisfaction regarding performance appraisal system employed by the Bank;

- ❖ to examine whether there is alignment with employees and managers view on the PA system currently in place;
- ❖ to determine whether PA results are used for the intended purpose.

1.6 Significant of the Study

This study will clearly showmen of Wegagen Bank about the perception of the employees on the PA system of the Bank and make strategic improvement on the PA system currently in place. The study may also serve as a stepping stone for other researchers who are interest to conduct research in the area.

1.7 Scope or Delimitation of the Study

The study is conducted to assess the practice of performance appraisal system in Wegagen Bank S.C .The research data will be collected from the Head Office. The number of respondents is delimited to employees of who are working at the Head Office; employees who are involved in the day- to- day activities of the Bank and professional are participants of the study: The target population does not include janitors and guards, because of their in ability to give the required data on the issue that the researcher wants to raise. Therefore, the study will be limited to an assessment of performance appraisal system in Wegagen bank share company head quarter, which is found in Addis Ababa Kirkos sub city. As a result, the conclusion and recommendation given may not provide similar understanding for other branches and more specifically other banks in the industry.

1.8 Organization of the Paper

The research paper has five Chapters, chapter one is an introductory chapter which that describes the overall structure of the research paper ,here the back ground of the study ,back ground of the organization ,statement of the problem, research questions, objectives of the study, significance of the study ,scope of the study ,delimitation of the study ,and organization of the paper are presented. Chapter two consists of related literature review. Chapter three presents the research design and methodology ,in this chapter the type of research ,sample size ,method of data collection ,data analysis methods are described .The forth chapter discusses and analyses ,the results of the research ,it will focus on the major finding of the research .The fifth chapter consists of the summary of finding conclusion and recommendations drawn based on the overall findings.

CHAPTER TWO

LITERATURE REVIEW

2.1. The Concept of Performance Appraisal.

Performance appraisal is a formal system of periodic review and evaluation of an individual's job performance (Mondy & Noe, 1990). It occurs constantly in both public and private organizations. When it is properly done, performance appraisal provides feedback to employees that will improve their performance and thus organizations also benefit by ensuring that employees' effort and ability make contribution to organizational success. Moreover, performance appraisal data enables management:

- ❖ *To help with career planning, training and development, pay increases, promotion and placement decisions.*
- ❖ *To assess the success of recruitment, selection, placement, training and development programmers, and other related activities.(Armstrong,1989)*

2.2. Uses of Performance Appraisal

The main reason for appraising performance is to enable employees to use their effort and ability so that organizations achieve their goals and consequently their own goals. Generally the following are the main uses of performance appraisal.

❖ **Performance improvement.**

Performance feedback allows the employee, the manager, and personnel specialists to intervene with appropriate actions to improve performance.

❖ **Compensation adjustments.**

Performance evaluation help decision-makers determine who should receive pay raises. Many firms grant part or all of their pay increases and bonuses on the basis of merit, which is determined mostly through performance appraisals.

❖ **Placement decisions.**

Promotions transfer, and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance.

❖ **Training and development needs.**

- Poor performance may indicate a need for retraining. Likewise, good performance may indicate untapped potential that should be developed.

❖ **Career planning and development.**

Performance feedback guide career decisions about specific career paths one should investigate.

❖ **Staffing process deficiencies.**

Good or bad performance implies strengths or weaknesses in the personnel department's staffing procedures.

❖ **Informational inaccuracies.**

Poor performance may indicate errors in job analysis information, human resource plans, or other parts of the personnel management information system. Reliance on inaccurate information may have led to inappropriate hiring, training, or counseling decision.

❖ **Job-design errors.**

Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors.

❖ **Equal employment opportunity.**

Accurate performance appraisals that actually measure job-related performance ensure that internal placement decisions are not discriminatory.

❖ **Feedback to human resources.**

Good or bad performance throughout the organization indicates how well the human resource function is performing (Werther & Davis, 1996).

2.3. The Performance Appraisal Process

The basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively. In order to realize the purpose of performance appraisal organizations should carefully plan appraisal systems and follow a sequence of steps as illustrated below, as asserted by

1. Establish Performance Standard
2. Communicate Standards to Employees
3. Measure Actual Performance
4. Compare Performance with Standard
5. Discuss Appraisal with Employees
6. Initiate Corrective Action

These steps are briefly discussed below,

1. Establishing Performance Standards

The first step in appraising performance is to identify performance standard. A *standard* is a value or specific criterion against which actual performance can be compared (Baird, Lloyd. S 1990). Employee job performance standards are established based on the job description. Employees are expected to effectively perform the duties stated in the job description. Therefore, job descriptions form the broad criteria against which employees' performance is measured.

2. Communicating Standards to Employees

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

3. Measuring Performance

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

4. Comparing Performance with Standard

After evaluating and measuring employee's job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compare performance with the standard either performance match standards or performance does not match standards.

5. Discussing Appraisal with Employees

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care about the results (Glueck, 1978). After the evaluation, the rater must describe work-related progress in a manner that is mutually understandable. According to Baird, Lloyd S. (1990), feedback is the foundation upon which learning and job improvement are based in an organization. The rater must provide appraisal feedback on the results that the employee achieved that meet or exceed performance expectations. As (Glueck 1978) noted, reaction to positive and negative feedback varied depending on a series of variables such as:

- ❖ The importance of the task and the motivation to perform it
- ❖ How highly the employee rates the evaluator
- ❖ The extent to which the employee has a positive self-image, and
- ❖ The expectancies the employee had prior to the evaluation; for example, did the employee expect a good evaluation or a bad one?

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

6. Initiating Corrective Action

The last step of the performance appraisal is taking corrective action. The management has several alternatives after appraising performance and identifying causes of deviation from job-related standards. The alternatives are 1) Take no action 2) correct the deviation or 3) review the standard. If problems identified are insignificant, it may be wise for the management to do nothing. On the other hand, if there are significant problems, the management must analyze and identify the reasons why standards were not met. This would help to determine what corrective action should be taken. For example, the cause for weak performance can range from the employee job misplacement to poor pay. If the cause is poor pay, corrective action would mean compensation policy reviews. If the cause is employee job misplacement, corrective action would mean assign employee to a job related to his/her work experience and qualification. Finally, it is also important to revise the performance standard. For example, the major duties stated in the job description and the qualification required to do the job may not match. In this case corrective action would mean to conduct job analysis to effectively determine the *job description* and *job specification*. Hence, the evaluator would have a proper guide i.e., performance standards that make explicit the quality and/or quantity of performance expected in basic tasks indicated in the job description (Chatterjee, 1995).

2.4. Responsibility for Appraisal

Effective appraisals can be done by those who have:

- ❖ The opportunity to observe performance;
- ❖ The ability to translate observation into useful assessments;
- ❖ The motivation to provide useful performance evaluations (Chatterjee, 1995).

This being the case, the following are responsible for employee's performance appraisal.

Immediate Supervisor

An employee's immediate supervisor is a common alternative for appraising job performance. There are several valid reasons for this approach. These are:

- ❖ The supervisor is the one most familiar with the individual's performance
- ❖ In most jobs, the supervisor has the best opportunity to observe actual performance.

- ❖ Since the supervisor has the proper understanding of organizational objectives, needs and influences, he/she is best able to relate the individual's performance to departmental and organizational goals.
- ❖ Since the supervisor is held accountable for the successful operation of his/her department, it is logical for him to exercise control over personnel and administrative decisions affecting his/her subordinates (Chatterjee, 1995).

Moreover, since the supervisor is in a better position, he can link effective performance with rewards such as pay and promotion.

Peer Evaluation

In work place, peer is an individual working with and at the same level as the employee. In this evaluation approach the co-workers must know the level of performance of the employee being evaluated. For the approach to work effectively it is desirable for the peers to trust each other and evaluation should not be seen as means for pay raises and promotions rather than a means to improve work performance. Peer appraisal is reliable if work group is stable over a reasonably long period of time and performs tasks that require considerable interaction (Mondy & Noe, 1990).

Self-Appraisal

If employees understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are in the best position to appraise their own performance (Mondy & Noe, 1990). Since there is a tendency of over-exaggerating work achievement, this evaluation approach acts as inputs into supervisory appraisals or as employee development tools.

Subordinate Evaluation

In the subordinate evaluation system, it is believed that employees are in a good position to view their immediate bosses' managerial effectiveness. In academic environment:

- ❖ Students appraise the teaching performance of their instructors.
- ❖ Faculty members evaluate department heads, and deans.

Group Appraisal

Group appraisal involves the use of two or more managers who are familiar with the employee's performance to evaluate it as a team (Mondy & Noe, 1990). For example, if an individual regularly works with the administrative and financial managers, these two managers might jointly make the evaluation.

Combinations

The combination of the above appraisal approaches can provide greater insight into an employee's job performance. The section head's employee appraisal can be supplemented by peer and by the head of the department. For example, in order to minimize subjectivity, Regional Presidents' maybe rated by Bureau Heads, Woreda and Zone Administrators, and people in the regions.

2.5. Performance Appraisal Methods

A number of different appraisal methods are used to assess employees' job performance. Some of the most commonly used methods are briefly discussed below.

A Sample Rating Scale for Performance Evaluation

The rating factors include job-related and employee's personal characteristics. Factors related to job performance are the quantity and the quality of work, whereas employee's personal factors include cooperation, initiative, and the like. The evaluator is expected to complete the appraisal form by indicating the degree of each factor that is most appropriate descriptive of employee performance (Gomez Mejia, 2001)

Critical Incident

The critical incident method requires that written records be kept of highly favorable and unfavorable work actions. When such an action affects the department's effectiveness significantly either positively or negatively the manager writes it down. It is called a critical incident (Mondy & Noe, 1990). To be effective supervisors are required to record incidents as they occur on their logs. At the end of the evaluation period, the evaluator uses the log along with other data to assess employee job performance.

Essay

The *essay method* requires the rater to write a brief narrative description of employee's performance and characteristics. To do a thorough job, the supervisor has to devote considerable time and thought to writing his analysis. This is so because essays generally have to be constructed from diaries/logs of observed critical incidents kept by the evaluator during the performance assessment period (Chatterjee, 1975).

Ranking

In the *ranking technique*, the rater is asked to assess employees in a rank order of overall performance. Hence, if an employee performance is better than the others in a department, that particular employee are ranked highest, the employee with poor performance is ranked lowest (Armstrong 2009).

Work Standards

The work standards method compares each employee's performance to a predetermined standard or expected level of output (Mondy & Noe, 1990). This approach can be used in all types of jobs, mainly applied to production related jobs. Here since standards are used as evaluation criteria, there is no room for subjectivity.

Management by Objectives (MBO)

For organization to be effective, employees must clearly understand the objective of his/her organization. Management must provide opportunities for every employee to make contribution in the attainment of objectives. This is possible through a system of establishing objectives known as management by objectives (MBO). MBO, therefore, is defined as follows: A process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contributions of each of its members (Baird & Baird, Lloyd S 1990).

In the MBO technique of appraisal, objectives are set by the management and communicate it to the employees. It is a measurement of job performance in terms of objectives. If objectives are achieved, the employees are assessed to be a success. MBO is conducive to elicit employee involvement and commitment (Agarwal, 1997).

According to Beach (1980), the major features of MBO are as follows:-

1. Superior and subordinate get together and jointly agree upon and list the principal duties and areas of responsibility of the individual's job.
2. The person sets his own short-term performance goals or targets in cooperation with his superior. The superior guides the goal-setting process to insure that it relates to the realities and needs of the organization.
3. They agree upon criteria for measuring and evaluating performance.
4. From time to time, more often than once per year, the superior and subordinate get together to evaluate progress toward the agreed-upon goals. At these meetings, new or modified goals are set for the ensuing period.
5. The superior plays a supportive role. He tries, on day-to-day basis, to help the man reach the agreed-upon goals. He counsels and coaches.
6. In the appraisal process the superior plays less the role of a judge and more the role of one who helps the person attain the goals or targets.
7. The process focuses upon results accomplished and not upon personal traits.

2.6. Employee Placement and Termination

Placement

Staffing needs of an organization are met when new employees are hired from outside and a reassignment of current employees due to promotion or transfer. *Placement* refers to the assignment or reassignment of an employee to a new job. To attain organizational objectives, organizations must harness the efforts of its employees. To this effect, employees must be placed in a position related to their academic qualifications and/or work experiences. Employee placement is mainly decided jointly by both the employee's immediate supervisor and the top management. In this case, the human resource department should provide advice and counseling services regarding employee assignment or reassignment.

Promotion

A *promotion* occurs when an employee is moved from a job to another position that is higher in pay, responsibility, and/or organizational level (Werther & Davis, 1996). It is mechanism in which organization recognizes employees past job performance and its effort to aid the organization in furthering its objectives. Promotions usually are based on merit and/or Seniority.

Transfers and Demotions

Transfers refer to reassignment of an employee from one job to another position with similar status, equal pay and/or responsibility. Demotions on the other hand, refer to the downward movement of an employee to a position that is lower in responsibility, status, and perhaps lower pay. Transfers are beneficial to both the organization and to the employees. In this regard, transfers:

- ❖ Honor employee preference for working in different jobs, training in new skills, or changing work location.
- ❖ Accommodate shifts in an organization's work
- ❖ Further employee development or cross trains them in new jobs.
- ❖ Alleviate boredom and revive burnt-out employees (Holt, 1993).

Demotions may occur due to discipline; poor performance or inappropriate behavior such as absenteeism. It can be used as an alternative to firing an employee because of inefficiency. In this case, the reason for the demotion should be beyond the control of the employee.

Termination

Termination is a permanent separation of an employee from an organization. It may occur when employees are fired, laid off, resign, retire or die. There are many reasons for employee terminations. Some of the major ones are:

- ❖ Some employees may find a position in another organization that best suit their personal behavior.
- ❖ Some employees may simply want a change.
- ❖ Some employee may separate from the organization for economic reasons.

Terminations may even be beneficial to employees, since retirement benefits are provided for those who have served a long period of time in an organization. *Retirement* occurs when an employee stops regular work in an organization. The retired employee may shift to another work that best suit his capability (Werther & Davis, 1996).

2.7. How to Manage Performance

“Performance management is all about people, communication, dialogue and working together; not about forms or forcing employees to produce.” “It is not just about performance appraisal.” In fact, performance appraisal is only a small part of it. Performance management is about preventing and solving problems. Performance management is an ongoing process throughout the year (Werther & Davis, 1996).

Modernize your thinking

Employees need to play an active role in defining and redefining their jobs.

- ❖ INVEST time and effort
- ❖ SHARE responsibility
- ❖ SEEK out employee wisdom

Identify the benefits

Since performance management helps employees understand what they should be doing and why, it gives them the ability to make day to day decisions

- ❖ Keep the goal in sight
- ❖ Be patient about results
- ❖ Performance management is a year round process

Manage Performance

If you believe that performance appraisal is performance management, it’s just not going to work.

- ❖ Ensure that employees know the difference
- ❖ Make it two ways
- ❖ Make it about yourself too

Work with Employees

If managers look at performance management as something they do to employees, confrontation is inevitable. If they view it as a partnership, they reduce confrontation.

- ❖ Give employees the information they need
- ❖ Use more questions than statements
- ❖ Listen, respond and act

Plan precisely with clear goals

Manager and employee need to agree on what objectives are most important and less important.

- ❖ Change goals as needed
- ❖ Focus on mutual understanding
- ❖ Be practical

Align employee goals with corporate goals

Many managers find it useful to set aside one day a year to meet with staff and identify what their unit needs to accomplish in the coming year.

- ❖ Begin with the big picture
- ❖ Be prepared to adjust the timing
- ❖ Reinforce during reviews

Be approachable all year

Aim all communication at identifying problems and solving them – not blaming people.

- ❖ Explain what you need
- ❖ Listen to what they are saying
- ❖ Act, because you listened

Focus on communication

Forms don't improve performance. People working together improve performance. (Most appraisal forms are so bad they make employees resentful and are too general to generate real benefits.)

- ❖ Use forms to summarize, not tyrannizes
- ❖ Develop better appraisal forms
- ❖ Dialogue is the key

Avoid the perils of rating

Always clarify the meaning of each rating item before doing the rating. Discuss your understanding of its meaning and ask the employee how s/he understands it.

- ❖ Be open about limitations of rating
- ❖ Negotiate ratings
- ❖ Don't add up the ratings

Prepare for the appraisal

Arrange not to be interrupted. Have your phone calls held. This time belongs to the employee. Make it quality time.

- ❖ Getting to the partnership mindset
- ❖ Touch base a day or two before the meeting
- ❖ Prepare in person with the employee and not by memo

Start reviews on the right note, and sense the atmosphere

Keep in mind that most employees have had unpleasant experiences with performance appraisals...and might see appraisals as a conflict situation. Keep sending the message about what the meeting is for.

- ❖ Follow through during the meeting
- ❖ Share your own feelings
- ❖ Don't wait until it's too late (create a positive relationship all year round)

Identify causes of why things happen

The real benefit comes from identifying why performance succeeds when it does, and why performance fails when it fails. You can then work out how to do more of the right things and less of the wrong things.

- ❖ Look at multiple causes
- ❖ Search everywhere for causes
- ❖ Your conclusions must still be addressed and might have to change

Recognize success

Celebrate successes as they occur – salary alone is not enough.

- ❖ Explain the good things
- ❖ Catch employees doing something right
- ❖ Recognize with small rewards during the year

Use a cooperative communication style

Fear is not a good motivator – are their things that I do or say that make you feel uncomfortable when talking to me?

- ❖ Reduce unsolicited advice
- ❖ Reduce commands
- ❖ Don't exaggerate with words like 'all the time' or 'never'

Focus on behavior and results

Distinguish between what you observe and what you infer.

- ❖ Conclusions about attitude are very subjective
- ❖ Avoid attacks on personality and style
- ❖ Is there a better way to approach the issue?

Be specific about performance

Employees need regular, specific feedback on job performance. They need to know where they are excelling and where they might improve. If they don't know how can they get better?

- ❖ Rely on specific examples
- ❖ Stick to facts and not inferences (e.g. you're not a team player)
- ❖ Make and use informal notes to jog your memory

Manage conflict with grace

When confrontation happens it is often because managers have avoided dealing with a problem until it is severe. Early identification of problems helps make them easier to resolve and people who are upset do not solve problems well.

- ❖ Use power only as a last resort.
- ❖ Show that you are open minded, fairness breeds loyalty

Document performance

Whilst appraisal forms should not become the focus, documentation ensures that important information does not get lost. It is important for legal reasons

- ❖ Sign off documentation.
- ❖ Document the essentials, noting what is important but don't go overboard.
- ❖ Allow employee to comment before the document is finalized.

Develop employees

You took time and money to hire them and get them up to speed. In a constantly changing workplace, the skills they need also change.

- ❖ Follow up to reinforce training Develop a skill development plan
- ❖ Link learning to goals

Continuously improve your system

A poor performance management system undermines the credibility of your management.

- ❖ Evaluate the system every year
- ❖ Understand the employee's perspective. Your system may appear to work from where you sit, but may seem like a disaster from where the employee sits.
- ❖ Aim for small improvements. Small improvements add up to better result

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The previous chapter presented relevant literature and theories related with the topic under study .In this chapter, the researcher presents the methodology adopted to conduct the research .The chapter serves as a road map of how the researcher has approached the study. Thus the purpose of this chapter is to address the methods that are used in the study. Items addressed in this chapter include the research design, population and sample, data collection techniques, reliability and validity of the instruments, scoring technique, data gathering procedure and the method of data analysis.

3.1 Research Design

The type of the research in this study is descriptive research. The study used a descriptive approach, which measures things as they are. Therefore to ensure the relevance of the study in addressing the problem and to follow economical procedure, the researcher will employed a descriptive design to finalize the study. Literature review was collected from different books and journals then assembled and sighted as a source of our valuable information. The data collection tools are questioners, interview and secondary data. Data's are analyzed and interpreted in a meaningful way to ,while collecting the data the researcher conducted a pilot test ,to make sure the reliability and validity of the data to be gathered. The responses were analyzed and interpreted in a meaning full way and summary and conclusions were given from the findings and also recommendations are drawn.

3.2 Population and Sampling Techniques

The target population for this study includes employees and the management of Wegagen Bank S.C working at head office level .The bank has nearly 2,950 employees working in 100 branches located in different parts of the country. As reported on the annual report of the bank, as of June 30, 2014, the number of permanent employees reached 2,754. For this study the permanent employees working in the head office level of the bank are considered as target population .The number of employees working at head office level is 417.

Sampling is the process of choosing actual data source from a large set of possibilities (Given 2008). Accordingly, it will be better to use a sample to infer the practice of employees appraisal system in Wegagen bank S.C rather than taking the whole population in different branches of the bank, because as described by Churchill and Irving, first complete count on population of moderate size very costly. Also one can select a sample over a census for the purpose of accuracy. Census involves larger field staffs, which in turn introduce greater potential for non-sampling errors (ibid). Therefore; the researcher collected information from the employees by taking a sample of respondents to infer about the larger group. The researcher opted to take sample because similar research findings could be generated by using a representative sample. As mentioned earlier due to time and budget constraints the researcher was forced to take only a representative sample which will represent the total population.

The sample is determined by using a probability sampling approach, where it uses a group's size in the population as a sole influence. The researcher used simple random sampling technique, where each case can have an equal chance of being selected. This makes it the most unbiased form of sampling technique. Using a formula (Yemmane, 1997) $n = \frac{N}{1 + N(e)^2}$, where N size of the population n=sample size e=error to be faced, the minimum sample size was determined. Thus using this formula, the sample was determined as indicated below. N=308, e=10%, and 90% confidence level then the sample size was determined using the above formula that is around 76.

3.3. Data Source and Tools of Data Collection

The source of data for this study include primary and secondary source. To collect the data from primary source the researcher used questionnaires and interview checklist. The researcher prepared and distributed a likert scale structured questionnaires for a sample respondents. The question distribution for employee will be closed ended.

In addition, the researcher prepared and distributed structured questionnaire which consisting of both close and open-ended questions to be completed by responded by all department managers. Generally, the focus area of the interview and the questionnaire was to explore participants understanding of performance appraisal and their objectives; to determine the participants feelings towards the company's performance appraisal implementation process including challenges faced.

Moreover the researcher prepared semi- structured interview questions to be attended by the HRD (Human Resource Development Department) manager and gathered very

useful information used as input for the research paper. Questioner and interview were used to collect the research data, the reason for using questioner is that, it enables to gather information from vast number of respondents while and to gather some useful those cannot be collected from interview. While interview is used for gathering valuable information and for busy managers and not to lose important information the interviewee can get ample information during the interview.

3.4. Data Analysis Methods Used

The data analysis process of this research occurred in three main stages, the first stage deals with data management prior to data entry. After the data collection, it was managed to allow computerized data entry for the statistical analysis. This process was carried out both prior to and immediately following data input to check its accuracy and quality.

The second stage focuses on the initial data analysis to check the suitability of the data after data entry .Initial data analysis was carried out in order to test for assumption underlying the data, to gain descriptive data ,and to help determine the property of the measurement .Thus ,this stage of data analysis consists of initial or preliminary data analysis ,to describe the sample ,check for data errors ,check for the reliability of measures for this sample ,construct scale scores ,factors analysis for different dimensions.

Finally the third stage of the data analysis, the researcher used statistical techniques for answering research questions .The analysis and interpretation of data in this study is done using qualitative and quantitative data analysis techniques. Qualitative data is used to collect the data using interview, while quantitative data is used to collect the data from questioner distributed to employees of the organization, then the questioner are analyzed using tables and percentage.

3.5. Ethical Considerations

Taking into consideration ethical issues, the consent of the respondents and the organization under the study was secured. Moreover, confidentiality of data collected was respected .Respondents were instructed not identity their names. Great care has been also taken in writing the report using appropriate language which is free from bias. The report reflects the information obtained from the respondents.

3.6. Validity and Reliability

The validity in the research lies within several factors. Firstly, there should be a very careful selection of the organization considering the suitability. The selection was made carefully in order to interview and question the banks that are familiar with the topics and can provide accurate answers. To ensure the validity of tools used, comments were obtained from different people who have experience in the area and the tools were accordingly consolidated. The comments of the advisor were also incorporated. Preliminary analysis was also carried out to check whether the tools measure what are intended to measure. These practices justify the validity of the study.

To ensure the reliability of the study, pilot test was carried out. The questioners were distributed to the same category of respondents twice, and the responses were almost the similar. Thus, it can be said that the data collected are reliable. Moreover; the right people were involved in the study.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The data collected using questionnaire and interview as primary data collection tools were analyzed using descriptive statistics. Thus, the data were categorized and tabulated, and analyzed using frequency count and percentage. Moreover, the data were interpreted based on the facts and concepts accessed from the literature review.

The Data obtained through the administration of interviews are analyzed using the qualitative methods; whereas the data obtained from the questionnaires distributed are analyzed quantitatively using numbers and percentage as mentioned earlier.

4.1 Analysis of Data Obtained from Interview

According to the interview, the objectives of performance appraisal include the following:

- To identify the status of the work force of the organization;
- To reward and promote employees based on their performance;
- To strengthen the relationship and communication between management and employees ;
- To judge the gap between the actual and the desired performance;
- To diagnose the strengths and weaknesses of the individuals and to identify the training and development needs ;
- To review the performance of the employees over a given period of time;
- To provide feedback to the employees regarding their past performance;
- To gather essential information that would assist in the other personnel decisions in the organization; and
- To judge the effectiveness of the other human resource functions of the organization.

According to an interview held with the HRM head and other department and section heads, the performance of employees was appraised by employees' immediate supervisors. Additionally the performance appraisal is conducted biannually, at the end of December and June.

According to the interview the Bank uses graphic rating scale technique to appraise their employees. Appraisers are given format to appraise employees. The format contains characteristics, those are assumed can practically demonstrate the knowledge, practical experiences, cooperation on job with his/her immediate supervisor. In group working, initiative to help clients, job reliability and effectiveness, productivity and efficiency, property handling knowhow and personal attitude, ability to practice knowledge/training acquired, ability of performing assigned job qualitatively, contribution to the functional section in constructive manner, efforts to genuinely caring for morale of other coworkers, willingness to accept criticism and evaluation on the job working in harmony with coworker genuinely, ability to accomplish assigned tasks in organized and efficient ways, ability to control different tasks at a time, competency to pursue different methods to perform tasks using own creativity, concern for resource and property, effort shown to satisfy internal and external customers, ability to listen to customers' demand patiently, Practice of working hours of dressing style, Neat personality on working hour.

In the process of filling performance evaluation forms supervisors shall refer to these performance evaluation levels. The point attached to each performance evaluation level shall serve as a multiplier for the specific weight of point attached to performance criteria.

For example if 'job knowledge' is given 10 points in the performance evaluation form and the supervisor thinks that the job knowledge of an employee is 'exceptional' then he shall use 100% (1) to 95% (.95) range as a multiplier to reach at the value of performance. The point to be given therefore out of 10 be between 10 and 9.5.

The hand book of performance management of the bank presents the requirements for each performance level corresponding to each performance standard and indicator. Performance evaluators' are advised to refer this handbook prior to starting to fill the comprehensive performance evaluation form so that they can better objectively evaluate the employee.

To determine whether an employee is performing 'poor' and 'very poor' the evaluator must ascertain that the staff is performing at the 'poor' and 'very poor' expectation on 40% or more of the criteria for that standard.

When a supervisor perceives that an employee is headed towards poor performance he/she should schedule a meeting with the employee as soon as possible to discuss this concern.

Prior to giving an ‘unsatisfactory’ rating, it is important that the evaluator meets with the employee a minimum of two times to discuss his/her performance, and private documentation, offer suggestions or assistance for improvement, and monitor performance aimed at improvement. Additionally, the evaluator is to provide detailed explanation (with incidents) in the comment section of the comprehensive evaluation form (From the performance management hand book of Wegagen Bank).

According to the information obtained from the human resource department head the grade level is not set for appraisal. However, the average rating method is used to compute the result of performance appraisal of employees in the Bank.

4.2 Analysis of Data Obtained from Respondents

Table 4.1 Problem solving ability of performance appraisal

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Performance appraisal is used to solve organization and individual problems	12	15.7%	18	23.68%	11	14.47%	21	27.63%	14	18.42%

Performance appraisal is used to solve both organizations’ and individual employees’ problems. According to Armstrong (2009), the overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but, more importantly, it is also about ensuring that the support and guidance people need to develop and improve is readily available. Accordingly, as indicated in Table 4.1 Above the respondents were asked to determine the problem solving ability of the performance appraisal system practiced by the company. As a results indicate majority 46.05% of the respondents disagree, while 39.38% agree and 14.47% remain indifferent about the

information generated through performance appraisal is being used for the purpose of diagnosing the problems of the organization and the employees.

Interview was conducted with human resource department head of the Bank: The response was not far from the information gathered through the questionnaires. There were not much problem solving ability of the performance appraisal is seen or observed and as per the interview, The HRD manager said as a principle PA should solve problems but that kind of solution is not seen in our organization.

As results indicate, it is difficult to say that information generated through performance appraisal is fully to solve the problem of both the employees and the Bank. Therefore the Bank must start to use the PA for decision making efficiently.

Table 4.2 Placing Appeal on biased performance appraisal results

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq.	%	Freq	%	Freq	%	Freq	%	Freq	%
Appeal to a performance rating, if it is biased or in accurate.	27	35.52 %	11	14.4 7%	27	28.1 3%	8	10.5 3%	3	3.9%

Performance appraisal is constantly under a storm of criticism the rating scales method to be the most vulnerable target. The following are some of the more common problems Appraiser Discomfort. Lack of objectivity, halo effect, leniency/strictness, rental leniency, recent Behavior Bias and other (Mathis and Jackson 1997).

Supervisors have the chance of committing bias or in accurate rating and subordinates need to have a room for appealing for performance rating, if they think it is biased. Such room may involve appealing to the higher officials of the bank, who rationally measured, analyses and give decision on the case. This can bring about trust and confidence between subordinate and supervisors. 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 information for some people. Age, religion, seniority, gender, appearance, or other arbitrary classifications may be reflected in appraisals, if the appraisal process is not properly designed. Examination of rating by higher-level managers help corrects this problem. As per the respondents view 49.99% of respondents agree, while 14.43% disagree, and 28.13% are indifferent for the question that asks about appeal to a performance rating if the employee thought that it is biased or inaccurate, respectively.

According to the interviews conducted with the HRM department head, employees who think their performance appraisal rating is biased/incorrect can appeal to the next supervisor who is superior to the rater and if yet he/she is not satisfied with decision, again can appeal to the human resource department in order to be reviewed and if not satisfied still he/she can also appeal to the Vice president Operation and Administration. Therefore, the employees moderately agree about the existence of rules and regulation to appeal for performance rating. From the responses given by the respondents and employees Head of the HR department of the Bank it can be understood that, the opportunity exists but there are employees who do not know its existence. If the employees do not know how to appeal for the felt bias on their appraisal, the supervisors are obliged to train these staffs how to go about it.

Table 4.3 Organization of counseling session before Performance appraisal

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq.	%.	Freq.	%.	Freq	%.	Freq	%.	Freq	%
I usually Participate in counseling session before PA.	6	7.89%	14	18.42%	22	28.94%	27.6	21.3%	17.1	13%

The purpose of performance appraisal is also to determine decision of employee's development to make them more productive in the organizations, developing employees' evolves counseling and coaching for their weak performance and it is one of the human resource management functions. According to Armstrong (2009)

counseling and coaching and coaching employees' functions as a continuous and evolutionary process in which performance improve over time. It provides the basis for regular and frequent dialogues between self-assessment. It is mainly concerned with individual performance but it can also be applied to teams. Information generated through performance appraisal being used to counsel and coach subordinates, data are presented in the table above.

From the above Table (4.3) 26.31% agree that information generated through performance appraisal is used to counsel and coach subordinates. On the contrary, 44.7% disagree and 28.9% were indifferent. These show that, though the majority disagrees significant percent of employee disagree and are indifferent about the issue. In addition to these employees' responses, interviewed the HR head, according to the official, such practices in the Bank is below expectation level; after the process of employee appraisal.

Table 4.4 Degree of Rates agreement with the results of performance appraisal.

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
I most of the time agree with the result of my performance appraisal.	6	7.89%	41	53.4%	18	23.6%	10	13.1%	1	1.3%

It was surprising to discover that from the above Table 4.4, 61.83% of the respondents agree with the statement that, they agree with the results of their performance appraisal results; 23.6% are indifferent and 14.4% of them disagree with the statement as resource department manager told me that as a Bank working hard that employees are good working atmosphere as the result the performance management is implemented correctly. According to the HR head and the other department managers they have faced with challenges about the results of the PA, but they did not go far to change it. Moreover if they did not agree with their result they can refuse to sign on the results. It is obvious that the bank have a long way to go in term of proper implementation of

performance management because their vision and will not be achieved without proper management of their employee's performance.

Table 4.5:-No transparency in a way performance result is implemented.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq.	%	Freq	%	Freq.	%	Freq	%	Freq	%
There is no transparency in a way PA result is implemented.	6	7.89%	41	53.94%	18	22.68%	10	13.15%	1	1.31%

An attempt was made to know the extent to which employees perceive that the raters know the work behavior of their employees during the period of evaluation and then they communicate the result of the appraisal to their employees on the regular basis. The halo effect occurs when a manager rates on an employee's high or low on all items because of one characteristic.

From the above Table (4.5) it is possible to learn that majority 61.83% of employees agree, 19% disagree and 14.41% indifferent respectively. An appraisal that shows the same rating on all characteristics may be evidence of the halo effect. Clearly specifying the categories to be rated, rating all employees on one characteristic at a time, and training raters to recognize the problem are some means of reducing the halo effect.

Table 4.6 Respondents view on their Supervisors knowledge about performance Appraisal.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Respondents View on their supervisors knowledge about PA.	23	30.26%	42	55.26%	1	1.32%	9	11.84%	1	1.32%

From above table 4.6 we can understand that 86.78 % feel that their supervisors do not have enough knowledge on performance appraisal, On the other hand 1.32% remained indifferent, and 13.16% disagree, and this shows that employees have no confidence on the performance appraisal knowledge of their supervisors. As per the interview from HRD head supervisors who are engaged with appraisal have enough experience but he said we did not give any kind of training to these supervisors. And the total result shows that there is a skill gap on the side of the supervisors due to lack of training.

Table 4.7 Respondents View on whether supervisors conclude their result from a single incident

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Supervisors conclude their result from a single incident.	23	30.26%	43	56.57%	1	1.32%	9	11.84%	0	0%

An attempt was made to know the extent to which employees perceive that the raters document the work behavior of their employees during the period of evaluation and

then to which they communicate the result of the appraisal to their employees on the regular basis. The halo effect occurs when a manager rates an employee high or low on all items because of one character which might be good or bad.

From the above Table (4.7) it is possible to learn that majority i.e., 86.83 % of the employees agree, 11.84% disagree and 1.32% remain indifferent respectively with the statement supervisors conclude their result from a single incident. An appraisal that shows the same rating on all characteristic may be evidence of the halo effect. Clearly specifying the categories to be rated ,rating all employees on one characteristic at a time, and training raters to recognize the problem are some means of reducing the halo effect.

Table 4.8 Respondents view on why PA carried out in the bank

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA is carried out fulfill the rules and policy of the bank.	25	32.89%	39	51.32%	0	0%	7	9.21%	5	6.53%

The purposes of PA are informative, developmental, and administrative. The responses of the employees about their knowledge of the purpose of performance appraisal are shown in Table 4.8 above. From the above data we can see that majority 84.21% of the respondent know the purpose of performance appraisal, while few employees 15.74% do not. In addition, the human resource department head were asked about the knowledge of employees regarding performance appraisal in their respective department heads were asked about the purpose PA of employees regarding performance appraisal in their respective department during the interview sessions, and their response was that they don't think the employees knew very well, as there was no training given to them, and they did not believe what they knew from informal communication among their friends was adequate as PA is a broad term and done to full fill the policy and procedure of the bank. From the understanding there is lack of awareness on the side of employees about the purpose of PA in a company.

Table 4.09 Satisfaction of ratees with the ability of raters.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
I am satisfied with the ability of the appraiser.	10	13.16 %	22	28.9 %	14	18.4 %	16	21.0 %	14	18.42 %

One of the purposes of performance appraisal is to distinguish effective from ineffective performers in the organization, by designing effective instrument from to measure and understand the level of the capacity of employees in the organization in respect to other co-worker and standard set prior to appraisal. The table 4.09 presented above explores the perception of employees about the ability of the appraiser.

Of the total respondents 39.47% disagree, 41.4% agreed and 18.42% in different with the statement above .According to the table above, majority of the respondents agree that their supervisor have enough knowledge about performance management. As per the interview with the HRM head ,that the bank did not give any kind of training concerning employee performance appraisal system ,but he mentioned that they have enough knowledge from their seniors and peers,

Table 4.10 Focus of performance appraisal on the technical aspects of the work

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA focuses on the technical aspects of the work in your bank.	8	10.5 %	20	26.3 %	16	21.1 %	18	23.7 %	14	18.4 %

As can be seen from table 4.10 above respondents were asked to indicate their level of agreement with the statement PA focuses on the technical aspects of the work in your organization .Accordingly 28(36.8%) expressed their agreement with the statement. They feel that PA is carried out to evaluate the technical capability of employees .On the other hand, majority, i.e.; 32(42%) of the respondent disagree with the statement .According to them; the appraisal doesn't focus on the technical skill and /or capability of employees. The remaining 16(21.1%) chose to be neutral .Though majority of the respondents, i.e.; 42.1% confirmed that the technical capability of employees seems to be insignificant, quite considerable number of respondents, i.e., 36.8% are in the opinion that technical capability of employees is given due attention during appraising employees performance. This could be because different offices use different appraisal forms based on the nature of the job under their supervision. Nonetheless failure to focus on the technical skill of employees will not enable organization to determine the efficiency of its employees without technical knowhow; employees will be less efficient in performing their duties and responsibilities.

Table 4.11 Respondents Views on rating of Employees Performance by Raters.

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The rater gives equal rating for all employees.	21	27.6%	22	29.9%	11	14.5%	15	19.7%	7	9.2%

As indicate din Table 4.11 above, the respondents were requested to express their level of agreement with the statement “the rater gives equal rating for all employees “. Accordingly, majority of the respondents, i.e.43 (56.6%) express their agreements with the statement .on the other hand 22(28.9) disagree with the statement. But, 11(14.5%) of the respondents neither agreed nor disagreed. From the responses, it can be inferred that most of the raters do give equal rating to all employees irrespective of their level of performance. Managers /supervisors usually give equal rating to their subordinates to get rid of complaints that are likely to arise because of rating disparities. This practice will however diminish the moral of hardworking and outstanding employees and consequently hamper the overall performance of the whole organization.

Table 4.12 Usage of PA results to Counsel and Coach Employees

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA used to Counsel and Coach Employees.	21	27.63%	22	28.94%	11	14.47%	15	19.73%	7	9.21%

The purpose of performance appraisal is also to determine decision of employees' development to make them more productive in the organizations, developing employees' evolves counseling and coaching for their weak performance and it is one of the human resource management functions. According to Armstrong (2009) counseling and coaching and coaching employees' function as a continuous and evolutionary process in which performance improves over time. It provides the basis for regular and frequent dialogues between self-assessment. It is mainly concerned with individual performance but it can also be applied to teams. Information generated through performance appraisal being used to counsel and coach subordinates, data are presented in the table above.

From the above Table 4.12, 53.90% agree that information generated through performance appraisal is used to counsel and coach subordinates. On the contrary, 30.01% disagree and 16% were indifferent. These show that, though the majority agrees significant percent of employee disagree and are indifferent about the issue. In addition to these employees' responses, I interviewed the HR head, according to the official, such practices in the Bank is below expectation level; after the process of employee appraisal is completed the practice of counsel and couch subordinates not as much as needed, since any deficiency affects effectiveness and efficiency. In this competitive world organization should maxima their benefits by using such employee appraisal tools.

Table 4.13 Determination Employee Pay and Promotions by PA Results.

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA determines your pay and promotions.	15	19.73%	33	43.42%	13	17.10%	14	18.42%	1	1.33%

Performance appraisal is used not only for employee feedback purposes, but also for pay and promotion determination purposes. If PA is to be effective it has to be connected with the benefits it bears, such as pay increment and promotion. Payment is a kind of material reward involving pay in cash or in kind. Whereas promotion is the move from a lower level to a higher level position comes with cash increment. This helps the organization as well as the incumbent employee in bringing about effectiveness and efficiency, which in turn increases productivity or service quality. Concerning the usage of information generated through performance appraisal for pay and promotion decisions by the Bank, data collected is presented in the table above.

According to Table above 4.13 information 63.15% of employees' say performance appraisal is not attached in toward and promotion additionally 19.724% of employees were agreeing that it attached to reward and promotion, and this may be form low understanding of employees about the performance appraisal and is purposes from the total respondent employees 17.10% are indifferent about the use of information generated to determine pay and promotion decisions for the purpose of triangulation the human resource departments were interviewed. According to their response, information generated through PA is used for promotion decision development and annual increment purposes.

Table 4.14 Respondents View on frequency of Performance Management.

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Performance management should be done continuously	19	25%	3	3.94%	14	18.42%	25	32.89%	15	19.73%

Findings reveal that it depends on the position level to agree with the statement. It was to discover that most of the supervisors/ managers disagree with the statement which means according to them, should not be done continuously. There is a significant difference between the general workers and the supervisors/ managers. As per the Table 4.14, 28.94% of the respondents agree with the statement that performance appraisal should be done continuously while the majority 52.62% disagree and 18.42% remain neutral to the above statement. Most of the supervisors disagree with the statement because of the fact that they may be overstaffed and have a large span of control compared to non-managerial positions.

Table 4.15 Respondents View on communication of PA Process.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA is a two way communication in your company.	29	38.16%	33	43.42%	10	13.16%	2	2.63%	2	2.63%

Performance appraisal is useful not also tells you how to respond your subordinates request but also their comments are very useful for the healthy work of an organization. Feedback is sought to answer the hidden questions that supervisors fear to ask and when performance appraisal is done the supervisor gives his points with his recommendations, then after the employees are the right to see their result and comments about it and sign the same on the space provided. The opinions of the respondent about the adequacy of performance appraisal in helping to improve Job performance are shown in the Table above.

According to the Table above 4.15 the majority 81.58% agree, while 5.26% agree, and 13.1% are indifferent, about the performance appraisal in their organization helping them to improve their Jobs. The responses of the human resource department heads revealed that the practice of evaluating employees to improve their job was not adequate enough. The Bank should use for the improvement of performance of their employees performance by developing policy. The guides create opportunities, for coaching, training and development programs, which can improve the performance of employees and the communication between the supervisors and the subordinates in the Bank.

Table 4.16. Respondents view on the power of PA to improve their job performance.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA has the ability to improve their job performance.	16	21.05%	25	32.89%	0	0%	11	14.47%	24	31.58%

Performance appraisal is useful not only to align employees with the goals of organization; it is also used for the development of the capacity of the employees in order to mark them more productive. Improving Job performance is improving Job quality and efficiency. And this can be achieved through training and human resource development in term of contributing to the organization's goals. According to Gomez-

Mejia (2001) development in terms of contributing to the geared toward improving employees' performance and strengthening their Job skills, including counseling employees on effective work behaviors and sending them for training. The opinions of the respondent about the adequacy of performance appraisal in helping to improve Job performance are shown in the Table above.

According to the Table above 4.16 from respondents 45.9% disagree, while majority 53.94% agree with the performance appraisal in their organization helping them to improve their Jobs. The responses of the human resource department heads revealed that the practice of evaluating employees to improve their Job was not adequate enough. The Bank should use for the improvement of performance of their employees performance by developing policy. The guides and create opportunities, for coaching, training and development programs, which can improve the performance of employees in the Bank.

Table 4.17 Satisfaction of Employees with performance appraisal process of the organization.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
I am Satisfied with PA processes.	15	19.73	22	28.94	0	0	16	31.0	23	30.26
		%		%				5%		%

As per the responses of employees per the above (Table 4.17), 48.67% are satisfied while 61.31% disagree with the statement those, once processes and procedures are not adhered to employees' satisfaction with, the system could not have been better and they would not be motivated either. Thus, the improper management of the system has led to the de motivation and dissatisfaction. Dissatisfaction from the PA system has the potential of bringing about de motivation which can affect productivity as well as corporate goal achievement.

The Bank has a goal of becoming the best commercial Bank, the attainment of this goal largely depends on the inputs made by employees in the company. A highly-motivated work force would do everything possible to achieve this goal in the shortest possible

time. According to (Auerbach ,1996), PA can increase motivation through the feedback process and way provide evaluation of working conditions and it can improve employee productivity this subsequently would result in collective productivity and hence organization goal achievement. Several factors contribute to the achievement of the goals of an organization of which performance appraisal, as a motivation tool is one such key issue. Responses on dissatisfaction and de motivation indicate that once employees are not satisfied and motivated with the system, they may not put in their possible best towards achieving the goals of the business. As stated earlier, the success of every organization depends largely on the availability and quality of a well-motivated human resource. Wegagen Bank has quality and well qualified work force and must be able to motivate them in order to achieve its goals and become the best in the Banking industry. Management indicated that the impact of PA on the achievement of the Bank's goals and objectives is a positive one as individual/ functional/ departmental goals are aligned to that of the business.

Table 4.18 Feedback from supervisors after every appraisal is done.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The manager /supervisor gives you feedback after every appraisal	11	14.4 3%	13	17.1 %	24	31. 57 %	25	32. 89 %	3	3.94 %

Nelson and Villalobos, Jorge (1997) noted that the major function of PA is to give employees feedback on performance, to identify the employees' developmental needs to make promotion and inward decisions, to make demotion and termination decisions and to develop information about organizations selection and placement decisions.

According above Table 4.18, the majority 31.5% of the total respondent are agreed, while 36.74% disagree, and 31.57% are indifferent regarding the usage of information for employees' feedback, the human resource department heads were interviewed as informants according to their information. The employees are given the right to see their

performance rating and sign if they agree and if they do not agree, they have the right not sign the form. This indicates information generated through PA is needed to maximize the feedback to the subordinate employees. The rationale for their knowledge is it helps how they were working their jobs and shows them where they stand and motivates them to improve their performance which improves productivity/ service quality.

Table 4.19 Alignment Performance Appraisal Process to the Organization's Goal

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The performance Appraisal process is a waste of Time	3	3.95 %	8	10.63 %	6	7.90 %	26	34.21 %	33	44.42 %

If it is not possible appropriately to align employees to the Bank's goal, performance appraisal would be a waste of time and resources. In the Table (4.19) above the opinion of employees are shown. The majority 77.63% of employees disagree with the above statement, while 14.58% agree, and 7.90% indifferent. Even though, the majority do not believe the performance appraisal is a waste of time, but there are quite few who believe it is a waste of time in the Bank. The human resource management head expressed their views positively the existence of performance appraisal. The performance appraisals process doesn't meet the organizations and employees goal is a waste of time.

Table 4.20 Respondents View on whether Performance Management improves Communication

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Performance management improve communication between the employees and the supervisor	29	38.15 %	33	43.42 %	10	13.15 %	2	2.63 %	2	2.63 %

The communication methods used were predominantly top-to-bottom with little opportunity for bottom-up communication. Literature on change management recommends that communication be carried out in an interactive manner that draws staff into discussions (Canares and Burnes 2009). The findings indicated that it depends on whether the employee manager/supervisor or a general worker to agree or disagree with the statement the performance management improves communication between the supervisor and the employees it was discovered that more manager/supervisor than general workers disagree with the statement. This is because the supervisors know that due to their workload and span control they are unable to communicate effectively with their subordinates. From the above table 81.79% agree, 5.26% dis-agree and 13.15% are indifferent. Supervisors/managers than general workers disagree with the statement performance management improve communication between the supervisor and the employees. The supervisory know that they do not communicate effectively with their subordinates and on the other hand they do not value combination as much the general workers value it one may argue that the training was not geared towards proper understanding of PM because employees especially the supervisors are unable to link the basic elements of PM such as communication with performance management.

Table 4.21 Ability of PA to Help employees Improve Job Performance.

Item	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
PA have the ability to Help employees to improve Job performance	15	19.73%	21	27.63%	8	10.52%	15	19.73%	17	22.36%

Performance appraisal is useful not only to align employees with the goals of organizations; it But also used for the development of the capacity of the employees in order to make them more productive. Improving job performance is improving job quality and efficiency. And this can be achieved through training and human resource development in terms of contributing to the organization’s goals, According to Gomez-Mejia (2001), development uses of appraisal are toward improving employees’ performance and strengthening their job skills. Landing counseling employees’ performance and strengthening their job skills, landing counseling employees on effective work behaviors and sending them for training the opinions of the respondents about the adequacy of performance appraisal in helping to prove job performance are shown in the Table above.

According to the Table 4.21 above the majority 47.36% agree while 42.36% disagree and 10.52% different about the performance appraisal in their organization helping them to improve their jobs. The responses of the human resource department heads revealed that the practice evading employees to improve their job was not adequate enough. The Bank should use for the improvement of performance of their employee’s performance by developing policy guides and create opportunities, for coaching. Training and development programs, which improve the performance of employees in the Bank.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF THE FINDINGS

The findings of the study are summarized as indicated below:

1. The way performance appraisal is carried out in the company.
 - In relation to the problem solving ability of performance appraisal ,
The majority of respondents agree with the problem solving ability of PA ,while moderate number of respondents dis-agree with the statement ,therefore from the results we can say that PA appraisal solves both organizational and individual problem in the company.
 - In regard to placing appeal if the rating is bias, respondents reaction were the majority of the respondents agree and come to consensus with placing the appeal to the concerned organ for further investigation and scrutiny.
 - Pertaining to counseling session before performance appraisal,
According to the result majority of the Respondents dis- agree with the statement, this means that, there is no counseling session before performance appraisal is done.
- 2 Problems related to PA,
 - Degree of the rate agreement with the result of performance appraisal.
According to the results from the table majority of the respondents agree with the results of their performance apprsial, while moderate number of employees remain neutral, this means only section of the employees refuse to accept their result as it is
 - Regarding no transparency in a way performance result is implemented.
According to the table majority of the respondents feel that there is no transparency in the way the performance appraisal is put in place, which might bring problem in the organization and employees are uncomfortable in the implementation of the PA results.
 - Regarding respondents view on their supervisors' knowledge about performance appraisal.

As confirmed by the majority of respondents they believe that their supervisors have enough knowledge regarding performance appraisal. Which is good for the mind of the employees to be rated by their employees.

- According to the pool of respondents that majority agree with the statement that their supervisors conclude the results of their performance appraisal on a single incident, which is a very bad type of conclusions and it will harm the working environment and employees should be evaluated from the work they perform during that PA period under consideration not a single incidents.
- Majority of the respondents know why the PA is carried out in the bank, which is a very good culture for the company and it will help its employees to grow and give their best to their esteemed customers because of the knowledge that they have and expected of them.
- From the table of analysis the majority of the respondents satisfied with the ability of their supervisors .this shows that even if the supervisors did not get any kind of training they are capable of adapting the rules and the regulations of the bank towards PA.
- Most of the respondents agree with the statement that PA is focused on the technical aspect of the work. From the total perspective technical part by itself is not good for an organization behavioral parts of the employees should be added for the betterment of the company.

3 Perception/view of employees on PA conducted the company.

- The majority of the respondents agree with the statement that supervisors give equal rating for all employees in order to minimize any complain arise from the results. This kind of practice may damage the working environment of the organization.
- Majority of the employees are with the statement and agree that PA appraisal is used for staff training need gaps and knowledge difference between the staffs of the organization.
- From the view of the respondents majority says PA appraisal is used to make promotion for those staffs with the higher rankings and pay increase for those with the same higher results achieved.

4 Satisfaction level of employee on the PA system currently in place.

- As the result indicate s that majority of the respondents dis-agree with the statement because of the time that it takes to do the PA, but on the contrary PA is good practice and should done continuously
- Majority of the respondents believe that performance appraisal in the company is a two way communication in this way check and balance will be maintained.
- As confirmed by majority of the respondents, performance appraisal has the ability to help employees improve their job performance.
- As the results indicate, majority of the respondents are not satisfied with the performance appraisal process of the organization.
- As the data indicate majority of the respondents feel that feed back is not given sufficiently by their supervisors after the end of performance appraisal session which is bad and raises suspicion.
- According to the majority of respondents, performance appraisal is not a waste, it is rather very important in that it helps employees to understand their level of status.
- From the majority of respondents the result shows that performance appraisal helps employees of the organization. Performance appraisal helps employees in different ways to mention some improve their knowledge gap if any, develop skills within the organization and to themselves in different directions.

5.2 CONCLUSION

Employees are the life blood of an organization and they should be treated and nurtured well in order to get the most out of it. When conducting performance management at organization level the management of the bank have the obligations to see the angles that their workers are better off or worse of then they can plan and predict the future of their company human resource needs, in terms of skill and knowledge that will go with the ever increasing and changing environments. Therefore performance Appraisal should be the main area of concern and should be done carefully because it touches both the interest of the company and the individual employees. Based on the findings and the observation the bank needs to work hard to wards maintaining the workforce, because of the stiff competition in the industry. From different perspective the researcher try to see many angles that performance appraisal is carried out in Wegagen Bank S.C.

Some managers do not follow due process in reviewing the performance of their subordinates in the face-to-face discussion performance appraisal process especially when it comes to linking it to promotion and pay. Clear measurable and realistic targets need to be set for employees as basis for appraisals. This is affecting team work, morale and overall performance (as shown in the results) in such a competitive banking industry in Ethiopia. Information generated through PA is at the lower level in Wegagen Bank S.C in providing incentives and promotion to those employees with better results of performance, it is also difficult to say that information generated through performance appraisal is used to diagnose the problems of both employees and the Bank itself. Raters rating subordinates on the basis of personal liking and disliking exists at moderate level in addition raters avoiding giving performance rating having negative consequence also exists. The study indicates that, Wegagen Bank S.C is using PA to motivate employees at moderate level. Which shows the use of PA for motivational purposes is not at the desired level. It consists of mixed interest which is vague so that it hurts the morale of employees and prevents them from competition and creativity. Thus, employees without competition and creativities would be cost to the organization.

5.3 RECOMENDATIONS

On the basis of the result that have been established and conclusions drawn from the research, the following recommendations are necessary.

- From the data gathered and the information from HRD department there is no training given to supervisors and employees about the relevance of performance evaluation, and need to be given training to those who are in need of the training in this way the bank can bridge the gap of knowledge.
- The bank has to educate the employees so that they fully understand how performance is linked with the results of their performance appraisal.
- There is a need to be developing a good feedback system to ensure that appraisal is not completely separate from the actual performance development performance management process.
- Supervisors and front managers should be very careful not to use their own rating to judge their subordinates during performance appraisal.
- Performance appraisal should be made a continuous process method rather than annual reviews. Because through time they can get better results and can differentiate the best performs.

- Monitor the evaluation document and consistency of performance rating at director and the HR level should be done. This should provide a mechanism whereby significant anomalies can be detected. Further training of the management team on how to address poor performance within their teams, while giving the employees an understanding of the process.
- The Bank has to educate the employees so that they fully understand how pay for performance works within the company and how pay scales and structures are determined this should address both the concerns of employees who feel that are not. Being adequately rewarded for their performance and the ideas of those who believe that they should receive continuing pay rises regardless of their performance levels.
- Carry out full case studies with in Wegagen Bank and in general the Banking sector. Would give a better insight into the performance management systems and specifically performance appraisal system being used to provide an effective tool to benchmark best practices.
- The bank should devise a way to reward it employees those who performed well in their performance appraisal results and promote the same per their skill and attitude toward the growth of the bank, they can be of a great succession plan of the bank.
- Therefore the Bank must start to use the PA for decision making efficiently.
- By the help of performance Appraisal the management of the bank should devise ways to use their human resource of the bank in the best productive way.
- Continuous assessment is very vital for the productivity and the growth of both the individuals who working in the company and the organization itself.
- Wegagen Bank must resolve the overstaffed situation by lowering down some of the responsibilities held by managers/supervisors to lower level staffs or through delegation of assignment.

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Dear Respondents;

This questionnaire is prepared to employees of Wegagen Bank. The objective of the questionnaire is to collect information about the effectiveness of Wegagen Bank's performance appraisal system. The information you provide will be valuable for the successes of the research project. Please be honest and objective while filling the questionnaire. The information you provide will be used only for academic purpose and will be kept confidential.

Instruction,

- ✓ Please make a circle or tick mark on the space provided.
- ✓ Be logical when you answer the question.
- ✓ Thank you

APPENDIX A

PART I:-PERFORMANCE RELATED

S.No		Strongly Agree	Agree	Neutral	Dis-Agree	Strongly dis-Agree
1	Performance appraisal solves any employee related issues in your company.					
2	Appeal to a performance appraisal rating, if you think that the rating is not fair.					
3	There is a counseling session before the performance appraisal is done.					
4	I most of the time agree with the result of my performance appraisal.					
5	There is no transparency in a way performance appraisal result is implemented.					
6	Supervisors have no enough knowledge about performance appraisal.					
7	Supervisors may conclude their result from incident in the period under observation					
8	Performance appraisal is done for only to full fill the rules and regulation of the bank.					
9	I am satisfied with ability of the appraiser.					
10	Performance appraisal focuses on the technical aspect of the work only in your organization.					
11	Performance appraisal is used in your organization for the purpose of salary increment, bonus, and promotion.etc...					
12	The rater gives equal weight for all employees.					
13	There is a meeting after performance appraisal is done in your organization to talk of the results.					
14	I have satisfied with the performance appraisal system of the bank.					
15	Performance appraisal determines your pay and promotions.					
16	I have no problem with the frequency of performance appraisal in, my organization.					
17	The performance appraisal is a two					

	way communication in your company.					
18	The criteria in your performance appraisal formats are easy to understand and interpret.					
19	Performance appraisal system is vital in your organization.					
20	Fair and transparent type of performance appraisal is done in our organization.					
21	The appraiser appraises both behavioral and technical knowledge of the employees.					
22	There is two ways of performance appraisal in your company.					

APPENDIX B

Part II: - SHORT ANSWER AND INTERVIEW QUESTION

This questionnaire is prepared to employees of Wegagen Bank. The objective of the questionnaire is to collect information about the effectiveness of Wegagen Bank's performance appraisal system. The information you provide will be valuable for the successes of the research project. Please be honest and objective while filling the questionnaire. The information you provide will be used only for academic purpose and will be kept confidential.

1. Do you think that performance appraisal solves organizational problem?
2. Do subordinates appeal to performance appraisal rating if they thought that it is biased or unfair?
3. Is there a need for training on performance a management system for managers?
4. Do you have knowledge on performance appraisal?
5. Does the performance appraisal form have the ability to distinguish from good performer and bad ones?
6. Do you think the rater gives equivalent rating to all his employees in your company to avoid any rivalry between them in your organization?
7. How performance appraisal system is entertained in your company?
8. Do managers and supervisors give feedback on after every appraisal meeting?
9. The performance appraisal system is a waste of time?
10. How often performance appraisal is conducted in your company?
11. How important is performance appraisal for the supervisors in your organization?
12. How communication between subordinates and supervisor is enhanced in performance appraisal period?
13. Are employees satisfied with performance appraisal process?
14. Is performance appraisal in your organization determines employees pay and promotion?
15. How is your company's performance appraisal system in comparison with others in the same industry?
16. Why performance appraisal is carried out in your company?
17. Is the rating focuses on the traditional type or the modern type for performance appraisal system?
18. What do you think is the most common error in performance appraisal in your company?
19. Do you use performance appraisal to punish employees in your organization?
20. What is the use of performance appraisal in your organization?