



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

**ASSESEMENT OF EMPLOYEE PERFORMANCE
APPRAISAL PRACTICE OF DASHEN BANK S.C**

**BY
ASCHALEW TARIKU**

**APRIL, 2015
ADDIS ABABA, ETHIOPIA**

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BY
ASCHALEW TARIKU (MBAAF/0293/2005)

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Temesgen Belayneh (Phd.) 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.

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April, 2015

ENDORSEMENT

This thesis has been submitted to St. Mary's University, school of graduate studies for examination with my approval as a University advisor.

Temesegen Belayneh (Phd)

St. Mary's University, Addis Ababa

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April, 2015

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List of Abbreviations

- PAS** - Performance Appraisal System
- PAM** - Performance Appraisal Methods
- DB** - Dashen Bank S.C
- HRM** – Human Resource Management
- NBE** - National Bank of Ethiopia
- SPSS** – Statistical Package for Social Science
- PA** - Performance Appraisal
- HR** - Human Resource
- OCB** - Organizational Citizenship Behavior
- MBO** - Management by Objective
- PAR** - Performance Appraisal Result

Abstract

Employee performance appraisal is one of the most commonly used management tools in the organization irrespective of their type, size and objective. The study has the general objective of assessing employee performance appraisal practice of Dashen bank S.C. Recent research has moved away from studies of rater accuracy and rating instruments to themes of employee reactions towards performance appraisal as indicators of system satisfaction and efficiency. An assessment of performance appraisal system has been studied as a significant factor in employee acceptance and satisfaction. This study assesses the performance appraisal system of Dashen bank S.C Data were obtained via questionnaire from 300 participants at the head office and 40 branches of the bank in A.A. an interview was also made with some key personnel of the bank particularly with employees working in administration and human resource department. The findings of the study indicated that respondents perceived the performance appraisal system. Majority of employee (63.33%) agreed that they do not know the purpose of performance appraisal system, 6.66% of employee said that the purpose of performance appraisal system is for bonus & promotion, 20% of employees agreed that for salary increments and 3.33% of employee said that for training & development. The objective of appraisal should be made clear to all employees before appraisal take place and employees should accept it In general the overall view of management should advocate the accuracy of measurement and take corrective action in case of unfair ratings. With this context the management effort to the betterment of the appraisal system will result in reliable performance measurement.

KEY WORDS: *Performance Appraisal, Performance Appraisal System, Performance Standard, Organizational Commitment, Job Satisfaction, Productivity,*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employee evaluation, also known as performance appraisal, is critical to the functioning of an organization as well as to the advancement of employees. The organization needs to rate its employees. Employees need to have their work received so that they may be acknowledged and rewarded when appropriate. The implementation of an effective performance appraisal program, however, is complicated by the difficult task of obtaining a truly fair and accurate appraisal of an employee's performance. (Wexley & Klomovski, 1990)

Performance appraisal is the process by which employees are assessed for the purpose of enhancing their development or formulating an administrative decision. The significant point in this definition is that performance appraisal is considered as a managerial tool for facilitating administrative decision related to human resource. In other words, the outcomes of performance appraisal should be directed towards the benefit of the organization and the individual employees (Wexley & Klomovski, 1990)

Employee performance is a critical issue in the strategy that most organizations must follow to achieve their goals. Therefore it is crucial to know the meaning of performance at first. According to Harrison (1997), as cited Aswathappa (2002), performance is "the outcome of the interaction between an individual's needs, perception of the result required and the amount of effort, energy and expertise that individuals have or wish to apply to the task in hand"

From the above definition of performance we can understand that performance is determined by both internal factors like individual needs and capacities and external factors quality and quantity of work. The other thing that we infer from the definition is that employee's performance highly relies on their perception of the outcome of their performance.

Since performance of employees is a very critical issue in the organization its appraisal is also so critical. There are a lot of definitions concerning performance appraisal. Some of them are presented below. Aswathappa (2002), defined performance appraisal as a formal, structured system of measuring and evaluating an employee job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization, and society all benefit. Ivanevich (2004) defined performance appraisal as an actively used to determine the extent to which an employee performs work effectively.

According to the first definition we can infer the following. Firstly, performance appraisal does not take place in an ad hoc manner, it is a structured approach. Secondly, it demonstrates that effective measurements measure issues related to the job rather than personal traits. Thirdly, the scope of performance appraisal should exceed the measurements of current performance to judge the potentiality of the employee to perform in the future and occupy advanced post within the organization. This indicates that performance appraisal should be linked with other HRM activities, for instance, carrier planning, manpower planning and training & developments. (Stephen p. Robbins 11th edition, Management, San Diego state University.)

More than 70 percent of managers admit they have trouble giving a critical performance review to an underachieving employee. It is particularly challenging when managers and employees alike sense that they are not beneficial. Although appraising some ones performance is never easy, especially with employees who are not doing their jobs well, managers can be better at it by using any of the seven different performance appraisal methods (Stephen p. Robbins 11th edition, Management, San Diego state University.)

There is little doubt about the need for accurate measurement of employee performance in most, if not all, organizational settings. Performance evaluation serves many varied and important functions. These include assessing criteria for selection procedures and other personnel decisions; identifying strengths and weaknesses in job incumbents; specifying the requisite components for training programs; and providing the necessary information for feedback (Frank, James and Rick, 1982)

For performance appraisal to meet its desired objective appropriate techniques must be in place. Hence, there is a need to match appraisal techniques to different performance appraisal situations in the organization. One way or another any organization comes up with the rating of its employees. The result of performance rating is important to the organization and it is also vital for employees and these calls for the need for feedback. Feedback is any information received by an individual that indicates the correctness, accuracy, or adequacy of past behaviors. When the feedback indicates certain deficiencies in what is being done, the message transmitted to the employee indicates that subsequent behavior should change in a direction designed to reduce the noted inadequacies. On the other hand, feedback can also serve a motivational function. When information about previous performance is used to focus an employee's attention on achieved levels of performance or how much is being done, the message to the employee is that it instructs him or her to orient future efforts toward increasing subsequent performance (Frank, James and Rick, 1982)

1.2 Statement of the Problem

Performance evaluation is the activity used to determine the extent to which an employee performs work effectively. To make sure that a system that measures the performance of the employee accurately must be in place. The techniques applied should be valid and reliable for any human resource decisions to depend on the result of performance appraisal.

In many cases, however, it is not possible to obtain objective performance measure on an individual base. Besides, existing objective measure usually correspond only to part of employee tasks, which may lead to distorted incentives (Milgram & Roberts, 1988, Holmstorm & Milgram, 1991). Therefore, many firms implement some kind of subjective performance evaluation (Grund & Przemecck, 2008)

Many empherical studies have shown that subjective performance ratings of supervisors are subject to the centrality and leniency bias (Grund & Przemecck, 2008)

In Dashen bank, performance evaluation is conducted twice a year and there are three types of standardized forms. I.e. for supervisory level employees, clerical employees and non-clerical employees. Most of the questions in the forms are more of subjective. This makes it difficult for raters to accurately rate the performance of their subordinates.

The organization further noted that on a couple of occasions they tried to base some HR decisions like pay raise and bonus on the result of performance appraisal but failed because almost all Employees rating were more than 80% and it was not possible to differentiate the good performers from that of bad ones (Dashen Bank, Internal research,2012)

If the result of employees communicated timely by using appropriate methodology, it can be a motivating factor for employees to improve their past performance and increase commitment. To ensure the fairness of performance appraisal result there must be a procedure through which employees can appeal whenever they are dissatisfied by their performance appraisal result.

Failure to design and implement appropriate appraisal system have a host of unfavorable consequences on the productivity and job satisfaction of employee.

Need arises to assess the performance appraisal system of the Dashen bank hence this proposed research. This research study has conducted to assess the performance appraisal practice of Dashen bank S.C. strength & weaknesses of the appraisal system are pin pointed.

1.3 Research Questions

This research has tried to give answers to the following research questions.

- How does the performance appraisal process of the bank conducted?
- Is the performance appraisal system of the bank meeting its intended objectives?
- Are the criteria used in the system applicable?
- What are the major problems underlying the appraisal system of the bank?
- What to assess or job outcome to observe and measure?
- How to communicate assessment results?

1.4 Objectives of the Study

The study has the general objective of assessing employee performance appraisal practice of Dashen bank S.C and recommending solutions for problems related to the subject matter.

With the above general objective, the study has the following specific objectives;

- To identify what roles (purpose) performance appraisal system serves and how employees perceive the system.
- To identify who should be involved in appraising performance and what aspects of performance would be appraised by those involved.
- To see what methods are available to appraising performance and assess the frequency of the appraisal practice.
- To uncover potential problems related to performance appraisal and state ways of overcoming those problems.
- To find out and assess the factors that should be considered in performance appraisal.
- To see whether appraisers provide timely feedback and conduct post assessment discussion with employees and whether employees should have access to their rating results.
- To recommend possible solutions for any pitfalls uncovered in the empirical findings.

1.5 Significance of the Study

The primary beneficiary of this study is for academic practice of future research; the prime significance of the study is that it provides fresh reference on the subject that others may use it in their research. Dashen bank is the other party that is going to be benefit from the study. DB may use it to consider some of the views implied in the study to Carve the problems existed in the performance appraisal system. Last but not least is it serving as partial fulfillments of the master's degree in Accounting & finance.

1.6 Scope of the Study

The study is restricted to Assessments of performance appraisal system in the case of Dashen bank Sc., Addis Ababa branches. The bank has 120 branches country wide and out of these 60 of them is found in the capital city. Because of limited time and money in undertaking the

study and due to the uniformity of jobs among all branches, the researcher used purposive method to distribute questionnaires to Addis Ababa area bank staffs only; and group questionnaire administration method was used for Dashen Bank employees; and due to busy nature of the bank job, interview conducted with some branch managers only.

1.7 Organization of the Paper

This project has five chapters; the first chapter deals with background information, Statements of the problem, Objective of the study, scope and limitation of the study. The second chapter deals with review of related literature. The third chapter has methodology. The fourth chapter has findings and analysis of the data. The last chapter has made summery, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1 Introduction

2.1.1 What is Performance Appraisal?

Performance appraisal is a formal system of periodic review and evaluation of an individual job performance (Mondy & Noc, 1990). It occurs constantly in both public and private organizations. When it is properly done, performance appraisal provide 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 decision.
- To assess the success of recruitment, selection, placement, training and development programs, and other related activities (Mondy & Noc, 1990).

2.1.2 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 (Werther & Davis, 1996).

- **Performance improvements.**

Performance feedback allows the employee, the manager and personnel specialist to intervene with appropriate actions to improve performance (Werther & Davis, 1996).

- **Compensation adjustments.**

Performance evaluation helps decision maker determine who should receive pay raises. Many firms grant part or all of their pay increase and bonuses on the basis of merit, which is determined mostly through performance appraisals (Werther & Davis, 1996).

- **Placement decisions.**

Promotion, transfer, and demotions are usually based on past or anticipated performance. Often promotions are a reward for past performance (Werther & Davis, 1996).

- **Training and development needs.**

Poor performance may indicate a need for retraining. Likewise, good performance may indicate untapped potential that should be developed (Werther & Davis, 1996).

- **Career planning and development.**

Performance feedback guide career decisions about specific career paths one should investigate (Werther & Davis, 1996).

- **Staffing process deficiencies.**

Good or bad performance implies strengths or weakness in the personnel departments staffing procedures (Werther & Davis, 1996).

- **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 (Werther & Davis, 1996).

- **Job design errors.**

Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors (Werther & Davis, 1996).

- **Equal employment opportunity.**

Accurate performance appraisals that actually measure job related performance ensure that internal placement decisions are not discriminatory (Werther & Davis, 1996).

- **Feedback to human resources.**

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

2.2 Purpose of Performance Appraisal

Walsh and Fisher (2005) identified four purposes of performance appraisal and according to them the performance appraisal:

- (1) Provide feedback about strengths and weaknesses;
- (2) Distinguish between individuals to allocate rewards;
- (3) Evaluate and maintain the human resource systems of the organization; and
- (4) Create a paper trail of documentation.

Even if Walsh and Fisher identified some of the major performance appraisal purposes, their finding is not the full list and it also lacks elaboration. Performance appraisal can serve the following major purposes.

Appraisal can be used to improve current as well as future performance of employees, provide timely feedback, increase motivation, identify training needs, identify potential of employees, let individuals know what is expected from them, focus on career development, award salary increases and solve job problems. It can be used to set out job objectives, provide information for human resource planning and career success, assess the effectiveness of the selection process and as a reward or punishment” Walsh and Fisher (2005)

We can also see the purpose of performance appraisal from two perspectives:

1. Necessary information for facilitating managerial decisions related to personnel functions.

2. From a developmental perspective, appraisal has to do with ways that enhance Employee ability and motivation

In the first perspective, the result of performance appraisal of employees can help the organization to decide well informed decisions in the other areas of Human resource like human resource planning, recruitment and selection, training and development and compensation. The result obtained from a formal performance appraisal in any organizational setting can be a base to evaluate and improve the effectiveness of the various human resource practices in the organization. More specifically performance appraisal can serve the general purpose of improving the current as well as the future performance of employees through a systematic rating of their performance on the job as well as enhancing their job satisfaction and organizational commitment according to the second perspective. These various benefits of performance appraisal justify the attention that must be given to the proper planning and implementation of workable performance appraisal system in all organization settings. It is quite clear that those organizations with proper performance appraisal system have a superior competitive advantage than those without it (Walsh and Fisher, 2005).

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 bellow;

1. Establish performance standard.
2. Communicate standards of employees.
3. Measure actual performance.
4. Compare performance with standards.
5. Discuss appraisal with employees.
6. Initiate corrective action (Werther and Davis, 1996).

1. Establish performance standards.

The first step in appraising performance is to identify performance standard. A standard is allowed or specific criterion against which actual performance can be compared (Baird, et.al,

1990). Employee job performance standards are established based on the job descriptions. Employees are expected to effectively perform the duties stated in the job descriptions form the broad criteria against which employee's 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 Werther 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 (Werther and Davis, 1996).

4. Comparing performance with standard.

After evaluating and measuring employees job performance it is necessary to compare it with the set standard to know whether there is deviation or not. When one compares performance with the standard either performance match standards or performance does not match standards (Werther and Davis, 1996).

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 Et.al.

(1990). Feedback is the foundation up on 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's 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 alternative are 1, take no action 2, correct the deviation, or 3, review the standards. If problem 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 identify & analyze the reasons why standards were not meet. 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 misplacements, corrective action would mean assign employee to job related to his/her work experience and qualification. Finally, it is also important to revise the performance standards. 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 appraisal can be done by those who have;

The opportunity to observe performance

The ability to translate observation in to useful assessments

The motivation to provide useful performance evaluation (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 regards 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 rises and promotions rather as a means to improve work performance. Peer appraisal is reliable if work group is stable over reasonably long period of time and performs tasks that require considerable interaction (Mondy and 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 positions by which they are to be evaluated. They are in the best position to appraise their own performance (Mondy and Noe, 1990). Since there is a tendency of over exaggerating work achievement, this evaluation approach acts as inputs in to supervisory appraisals or as employee development tools (Mondy and Noe, 1990).

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 (Mondy and Noe, 1990).

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 and 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 and employees job performance. The section heads of employee appraisal can be supplemented by peer and by the head of the department. For example, in order to minimize subjectivity, regional presidents may be rated by Birue heads, Woreda & zone administrative and people in the region (Mondy and Noe, 1990).

2.5 Performance Appraisal Methods

Many appraisal methods can be used to evaluate employee's performance. Because of many existing appraisal methods, some different categorizations of them were made by researchers (e.g., Decenzo & Robbins, 1998). In literature, most common and popular categorizations are firstly two-group one (Cascio, 1991):

(I) Absolute appraisals;

(ii) Relative appraisals;

And secondly three-group one (Fisher et al., 1999);

(I) Comparative appraisals;

(ii) Behavioral appraisals;

(iii) Output-based appraisals.

Although there were some studies that used two-group categorization (e.g., Roch et al., 2007, Goffin et al., 1996; Jelley & Goffin, 2001; Nathan & Alexander, 1988; Wagner & Goffin, 1997, Heneman, 1986), it is not easy to directly put every PAM into one category. Even if they may be forced to be in one category, the methods in the same category may have different features in terms of appraisal errors, which are chosen as an evaluation criterion of PAM, in this study. Then, instead of evaluating the performance appraisals' categories, it was preferred to evaluate PAMs individually. By reviewing the literature, PAMs are determined as shown Below Performance appraisal methods (Hakan Turgut & Ibrahim Sani Mert,2014).

Performance Appraisal Methods Explanations

1. Comparison (Sorting)

In this method, the rater ranks his/her subordinates on their working performance. Working performance of employees is compared and then sorted from the best to the worst. By putting a subordinate in a rank order, the relative position of each subordinate is tested in terms of his/her numerical rank. Paired comparison of subordinates, that involves comparing the

working performance of each subordinate with every other subordinate, is also a version of this method (Hakan Turgut & Ibrahim Sani Mert,2014).

2. Forced Distribution

This is an appraisal method that requires assignment of the subordinates to a limited number of categories. In this method; employees (subordinates) are inevitably evaluated according to the normal distribution. For example; 10 % of employees are at the very top of scale, 20 % of employees are at the top of scale, 40 % of employees are at the middle of scale, 20 % of employees are at the bottom of scale, 10 % of employees are at the very bottom of scale (Hakan Turgut & Ibrahim Sani Mert,2014).

3. Graphic Rating Scales

Managers evaluate the employee according to defined factors, as the attributes printed on an evaluation form. Form has performance levels regarding attributes. There are numbers or scales (very good, good or weak) across the attributes on the form. Manager chooses one of them. Being an oldest and most widely used method, the graphic rating scales are forms on which the evaluator simply checks off the subordinate's working performance (Hakan Turgut & Ibrahim Sani Mert,2014).

4. Checklist

In this method; a checklist that presented work related descriptive statements, is used for every work position. Manager chooses "Yes" or "No" option that represents the effective or ineffective behavior on job that rater familiar with these work related descriptive statements (Hakan Turgut & Ibrahim Sani Mert,2014).

5. Forced Choice

Manager is given some pre-defined expressions (a series of statements) to evaluate the performance of worker for each item. Managers indicate which items are most descriptive of the employee. Manager does not know the score equivalent of the expressions (Hakan Turgut & Ibrahim Sani Mert,2014).

6. Composition (Essay)

Manager simply writes a narrative describing the performance of employee. This is a composition about the worker to define the worker and designates successful, unsuccessful, weaker or powerful sides of worker. This method is a non-quantitative method and rather than focusing day-to-day performance of employee it focuses on generally observed work behaviors of an employee to present a holistic view (Hakan Turgut & Ibrahim Sani Mert,2014).

7. Critical Incidents

Manager writes down the extreme performances both negative and positive. These performances are named as critical incidents/events. These critical events should affect directly the success or failure of worker. This method requires the written records to be kept as highly effective and highly ineffective work behaviors. The manager maintains the logs of each employee to record the critical incidents to use them to evaluate the employee's performance at the end of the rating period (Hakan Turgut & Ibrahim Sani Mert,2014).

8. 360-Degree Feedback

Data from all sides, from multiple levels within the organization and from external sources, is collected in this method. Employees are assessed by his superior, inferior, work friends, clients and by themselves. By the way, this method provides an enhanced self-awareness for an employee about his/her work performance (Hakan Turgut & Ibrahim Sani Mert,2014).

9. Management by Objectives

This is a method necessitating the attainment of the pre-defined objectives. According to this method, managers and employees determine collectively the objectives for employees to meet during a specific period. Attainment of an objective is more important than "how it was attained". Employees are then evaluated with a view to how they have achieved their determined goals (Hakan Turgut & Ibrahim Sani Mert,2014).

10. Assessment Centers

Evaluation process is performed objectively by specialists or Human Resources (HR) professionals in the center. In this center the job of worker is simulated and worker is observed. Additionally, some tests, social and unofficial events and exercises are used to support assessment. This method is preferred by some organization due to difficulty faced with appraisal process and tends to use an assessment center as an adjunct to their appraisal system (Hakan Turgut & Ibrahim Sani Mert,2014).

11. Team Based Performance Appraisal

As today's work life values the team work, rather than the individual performance, it is better to evaluate an individual performance as a team member. Then, employees are assessed not as individuals but as a team. there are many performance appraisal techniques/methods that have different features and evaluation procedures as presented above, it cannot be stated that only one method can be used in a definite situation, sector organization. We can easily see that even if some organizations that act in the same sector, have equal number of employees, similar structures, resembling visions and missions, these organizations may use different appraisal methods depending on their choice rather than the features they have. At this point, choosing the most effective appraisal method arises as a problem that (HR) practitioners' face. Though, whichever method is chosen, it is more important to reach a precise evaluation at the end of the performance appraisal process. One of the most important factors helping to realize this, is to decrease appraisal errors being made by evaluators or at least minimize it by applying the most appropriate method(s) that prevent(s) appraisal errors (Hakan Turgut & Ibrahim Sani Mert,2014).

2.6 Performance Appraisal Errors

The accuracy of the results of performance appraisal depends mostly upon the degree of error freeness achieved by the evaluators. Even if appraisal errors are partly as a result of evaluators' attitudes, regardless of which appraisal method is used, it should be accepted that the features of appraisal method affects the appraisal errors. Every PAM has its unique structure and procedure that cause performance appraisal errors to be effective to a certain extent. Although it is hard to determine the level of this extent for each PAMs, the evaluation of the expert practitioners can give most precise results as accepted in this study. Since the aim of this study is to evaluate PAMs with a focus on the errors, first appraisal errors that will be used as evaluation criteria must be determined. By a literature review, performance appraisal errors are determined as presented below.

Performance Appraisal Errors Explanations

1. Perceived meanings of performance standards

This error emerges from misunderstanding of performance appraisal standards stated in the appraisal forms. Using a standard appraisal form consisting of the same criteria aiming to measure specific qualities does not always lead to standard appraisals due to different perceptions among the appraisers. This error results from lack of common understanding of the performance standards (Hakan Turgut & Ibrahim Sani Mert,2014).

2. Halo/Horn effect

Evaluator's general perceptions of an employee influence his/her perception on specific dimension. This error has two opposite sides. One is the general evaluation of the employee according to his/her strengths (halo effect) and overseeing the other possible weaknesses. The other, the horn effect, is the opposite of the halo effect, where the employee is generally evaluated according to his weaknesses and his/her strengths is overseen (Hakan Turgut & Ibrahim Sani Mert,2014).

3. Central tendency error

This error is ignoring the strengths and weaknesses of an employee and mainly tending to appraise the personnel in an average score. Some raters, rather than giving extreme poor or good grades, to evaluate all ratees tend to an average scoring even if the performance actually varies (Hakan Turgut & Ibrahim Sani Mert,2014).

4. Positive or negative leniency error

Positive leniency is the tendency to give high evaluation points in general, usually above the deserved level. Negative leniency is vice versa, that gives generally low evaluation points, regardless of the deserved level. It can be said that positive leniency is more frequent than negative leniency, since, some raters are concerned about damaging a good working relationship by giving poor or negative rating (Hakan Turgut & Ibrahim Sani Mert,2014).

5. First impression and /or recency error

This error results from putting too much emphasis of the evaluator's on his/her first impression of the employee or more commonly from focusing on recent interactions with the employee. Since the recent events or employee behaviors are more noticeable than the former ones, recent events are weighted more heavily than they should be, in the performance appraisals. As a result of this, some raters only tend to regard the latest events and/or behavior of the employee regardless of employee's actual performance (Hakan Turgut & Ibrahim Sani Mert,2014).

6. Similar-to-me error

This error results from situations where the evaluator sees his employee's background, education, attitudes, characteristics very similar to himself/herself, therefore grading higher in performance appraisals. Due to this error, evaluators may tend to perceive others similar to themselves more positively than they perceive those who are dissimilar (Hakan Turgut & Ibrahim Sani Mert,2014).

7. Contrast error

Contrast error is observed where the evaluator compares one employee with the other instead of the criteria dictated in the appraisal form. This often results in the under evaluation of some employees due to comparing him/her with an employee who is seen very successful by the evaluator (Hakan Turgut & Ibrahim Sani Mert,2014).

8. Insufficient Observation

In some cases, employees are evaluated with lack of sufficient information or observation on how they really perform on their work. Here the evaluator gives his/her evaluation point or comments on his/her general perception without detailed idea about the employee over a specific criterion. (Hakan Turgut & Ibrahim Sani Mert, 2014).

2.7 Effects of performance Appraisal Systems

2.7.1 Effect of PAS in Organizational Commitment

Organizational Commitment refers to the amount of involvement an employee has in his/her worked. This helps both the employee and the organization to improve their skills which in turn improves the productivity of the organization and the employee. An employee who is involved completely in his/her work is said to have great organizational commitment since it will make them to become loyal to the company and will commit themselves to the organization automatically in all aspects which results in greater improvement in their career as well as the productivity. Thus Organizational Commitment leads to greater productivity. Effective performance appraisal systems help to create a motivated and committed workforce. In their analysis, they pointed out that with large spans of control, several supervisors may work with an individual employee. They concluded that developing an effective performance appraisal system requires strong commitment from top management: if the system does not provide the linkage between employee performance and organizational goals, it is bound to be less than completely effective. Deborah F. Boice and Brian H. Kleiner (1997)

Aharon Tziner, Kevin R. Murphy (1999) observed the attitudinal influences in performance appraisal. From their analysis they found that raters who were high on instrumental

commitment were more likely to give high ratings than raters lower on instrumental commitment. They also suggested that perceptions of performance appraisal systems can affect the quality and usefulness of the ratings obtained. One way of improving ratings may be to increase perceptions that ratings are done honestly.

That rating is used fairly by organizations, and that raters are rewarded for providing useful performance feedback to their subordinates. Aizzat Mohd. Nasurdin, Mohamad Abdullah Hemdi and Lye Phei Guat (2008) examined a model involving Human Resource Management (HRM) practices, perceived organizational support, and organizational commitment. They have concluded that HRM practices will be positively related to organizational commitment, and that perceived organizational support would serve as a mediator in the relationship between HRM practices and commitment. They found that the Malaysian manufacturing sector demonstrated that career development and performance appraisal have direct, positive and significant relationships with organizational commitment.

2.7.2 Effect of PAS in Organizational Citizenship Behavior

Also referred to as contextual behavior, prosocial behavior, and extra-role behavior, organizational citizenship behavior (OCB) consists of employee behavior that contributes to the welfare of the organization but is beyond the scope of the employee's job duties. These extra-role behaviors may help or hinder the attainment of organizational goals. There are five dimensions of OCB: altruism, conscientiousness, courtesy, sportsmanship, and civic virtue. It is found that the OCB dimensions of altruism and civic virtue can have just as much of an impact on manager's subjective evaluations of employees' performances as employees' objective productivity levels. The degree to which OCB can influence judgments of job performance is relatively high. We can say that if employees have the feeling of having citizenship in the organization their performance in the work will be more.

Wei Zheng, Mian Zhang, Hai Li (1986), examined how performance appraisal process is associated with organizational citizenship behavior, under the light of social exchange theory and impression management theory, using affective commitment as a mediator and rating-reward linkage as a moderator. They found that the relationship between performance appraisal process and organizational citizenship behavior was partially mediated by affective commitment, and

perceived rating-reward linkage strengthened the direct association between appraisal process and organizational citizenship behavior whereas it weakened the relationship between appraisal Process and affective commitment. Scott B Mackenzie, Philip Podsako Richard Fetter (1991) investigates the effects of “organizational citizenship behaviors” and objective sales productivity on managers' evaluations of salespersons' performance.

Three objective measures of weekly productivity (number of policies, total commissions, and the percentage of quota reached) were obtained for a primary sample of 259 multiline insurance agents, as well as a cross-validation sample of 113 agents. Also obtained for these agents was an evaluation of four dimensions of organizational citizenship behaviors (altruism, civic virtue, courtesy, and sportsmanship), and a managerial assessment of their performance. Covariance structure analysis indicated that managers' subjective evaluations of salespersons' performance are determined as much by the salespersons' altruism and civic virtue as by objective productivity levels in the primary sample. Similar results were also obtained in the validation sample. Moreover, these findings were robust to the effects of common method biases.

The impact of Islamic work ethics, reward system and organizational environment on citizenship behavior of employees. They found that there is significant and positive correlation between work environment and citizenship behavior of employees. They have concluded that organizations should develop proper, transparent and well communicated reward system to ensure pleasant work environment to achieve both tangible and intangible organizational objectives. Abduls Sattar Abbasi, Aiza Hussain Rana (2012).

2.7.3 Effect of PAS in Job Satisfaction

Job satisfaction refers to the contentment an individual has with his or her job. Job satisfaction describes how content an individual is with his or her job. It is a relatively recent term since in previous centuries the jobs available to a particular person were often predetermined by the occupation of that person's parent. Performance appraisal is among the most critical Human Resource functions that brings global success for one organization. It is also important to mention that extensive frustration and satisfaction with performance appraisal have challenged practitioners and researchers to appraise the efficiency of performance appraisal quality. Once the employees are satisfied with their job their performance will be effective and they will achieve the goals efficiently. The effects of employees' perceptions of political motives in performance appraisal on their job satisfaction. They found that when employees perceived performance ratings to be manipulated because of raters' personal bias and intent to punish subordinates they expressed reduced job satisfaction that, in turn, led to greater intentions to quit their jobs. They concluded that manipulations of ratings for motivational purposes, however, had no effect on job satisfaction and turnover intention. June M.L. Poon (2004). Ayaz Khan (2009) examined the effectiveness and impact on performance and job satisfaction of technical education faculty (N.W.F.P). He concluded that existing system of performance appraisal lack proper effectiveness to positively affect performance and satisfaction level of faculty members of Technical Education Department (N.W.F.P) due to inherent pitfalls.

Adnan Ahmed, Iftikhar Hussain (2010) analyzed the Performance Appraisals Impact on Attitudinal Outcomes and Organizational Performance. They recommended that a better PA system integrated with better HR practices will enhance performance appraisal satisfaction and also increase employee job satisfaction and reduce turnover intentions to bring effectiveness in the organizations. Mahdieh Darehzereshki (2013) analyzed the role of the performance appraisal quality on job satisfaction. He had analyzed and concluded that employees with high quality performance appraisal experiences were more likely to be satisfied with their job and human resource (HR) practitioners has to decide whether the allocation of additional resources to ensure that all employees have a uniformly high quality performance appraisal experience is a worthwhile investment.

2.7.4 Effect of PAS in Employee Engagement

Employee engagement is the act of an employee being involved in, enthusiastic about, and satisfied with his or her work. It includes the characteristics of a workplace environment that “attract and retain the most productive employees”. Employee engagement is typically described as a high level of employee involvement, commitment to the organization and job satisfaction. Engaged employees value, enjoy and have pride in their work. They are more willing to help each other and the organization succeed; take additional responsibility; invest more effort in their jobs; share information with other employees; and remain with the organization than employees who are less engaged. Employee engagement and related variables, such as commitment and cooperation are associated with their performance as because once the employees are given a good performance appraisal they will be motivated and automatically they will start engage themselves towards the objectives of the organization. Vishal Gupta, Sushil Kumar (2013)

Graham Lowe (2012) examined how job, work environment, management and organizational factors influence levels of engagement among healthcare employees. He found that a high level of employee engagement is related to retention, patient centered care, patient safety culture and employees’ positive assessments of the quality of care or services provided by their team. He concluded that hospital employees provide a unique opportunity to explore the dynamics of employee engagement in healthcare

Vishal Gupta, Sushil Kumar (2013) explored the relationship between perceptions of performance appraisal fairness and employee engagement in the Indian business context. The relationships between justice perceptions and engagement were analyzed and they found that there is a significant positive association between distributive and informational justice dimensions and employee engagement. They concluded that the distributive and informational justice perceptions during a performance appraisal session lead to enhanced engagement among employees.

Caroline Ann Rowland, Roger David Hall (2013) explored the contribution of appraisal systems to sustainable organizational effectiveness. It argues that competitive advantage is increasingly reliant on discretionary effort. As the emphasis of appraisal has shifted from a developmental to a performance focus, perceived unfairness in both procedures and outcomes threatens to undermine commitment and, therefore, sustainable performance.

They found that appraisal frequently creates actual and perceived injustice in terms of both procedures and rewards. It also generates tensions between managing performance and encouraging engagement.

2.7.5 Effect of PAS in Productivity

Productivity refers to the objectivity or target of an organization to be achieved by their employees. Employees can work effectively and efficiently only when they are Satisfied with their work and when they feel responsible for the work they do. This can be done by motivating the employees in terms of both financially as well as non-financially. Performance appraisal helps the organization to understand the employee's interest about their job and also helps in providing them the necessities or facilities for performing the job in an effective way. It motivates them and makes them to engage themselves towards attaining the goal of the organization. It also helps in creating a new culture in the organization so that the employees feel comfortable in their work and which in turn all these factors lead to increase in productivity.

Gerald T. Gabris, Kenneth Mitchell (2009) examined whether employee incentive plans lead to increased productivity. The authors also implemented a structured open-ended questionnaire to over 100 employees of Biloxi and used five-point Likert Type scale for analyzing the data. They found that statistically significant variation in attitudes does exist toward the Biloxi merit bonus system as a stimulus of employee performance. They suggested that potential conflict between managers and subordinates over the purpose and function of the performance appraisal process may not be all that serious. Also they suggested that employees themselves appear to support the notion that rises and promotions should be based on merit.

Evrin Ustunluo (2009) analyzed whether appraisal system leads to improve in productivity. They pointed out that most of the teachers always or often fulfill their responsibilities in terms of teaching and professionalism although few teachers had received low means .They suggested that Administration, Heads of Program and Coordinators always and often take their responsibilities in terms of planning, organization, communication, collaboration, professional competence, leadership and duties. They concluded that in terms of the administration, the appraisal system helped define roles and responsibilities more clearly,

review and determine job descriptions, organizational goals and objectives, and led to continuous learning, team building and improved productivity.

Ari Warokka, Cristina G. Gallato and Thamendren Moorthy (2012) studied the literature of the effect of performance appraisal on productivity and employees by connecting the employees' perception on fair performance appraisal and organizational Justice – considered practices to job Satisfaction and work performance. They concluded that employee perception of organizational justice (distributive, procedural and interactional justice) in the performance appraisal system did not significantly contribute or have no impact to productivity.

2.8 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 (Werther & Davis, 1996).

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 employee's past job performance and its effort to aid the organization in furthering its objectives. Promotions usually are based on merit and/or Seniority (Werther & Davis, 1996).

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(Holt, 1993).

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).

2.9 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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 way.
- Make it about yourself too (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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) (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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' (Werther & Davis, 1996).

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 (Werther & Davis, 1996)?

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 (Werther & Davis, 1996).

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 results (Werther & Davis, 1996).

2.10 Legal Considerations in Performance Appraisal

To provide information that can serve the organization's goals and that complies with the law, a performance evaluation system must provide accurate and reliable data. The ability to generate accurate and reliable data is enhanced if a systematic process is followed. According to Ivancecich (2004), the following six steps can provide the basis for such a systematic process:

- Establish performance standard for each position and the criteria for evaluation.

- Establish performance evaluation policies on when to rate, how often to rate, and who should rate.
- Have raters gather data on employees' performance.
- Have raters (and employees in some systems) evaluated employees' performance.
- Discuss the evaluation with the employee.
- Make decisions and file the evaluation.

Performance appraisal data as stated earlier are used to make many important human resource decisions (e.g. pay, promotion, training, transfer and termination). The appraisal system is a common target of legal disputes by employees involving charges of unfairness and bias. An employee may seek the legal recourse to obtain relief from a discriminatory performance appraisal. Every organization is guided by the rules and regulations of the federal and/or state agencies of its respective country. In this respect, the Federal civil service commission is the agency in charge in Ethiopian context. Ivancecich(2004).

According to Article 31 of the Federal Civil Servants proclamation:

A. The purpose of performance appraisal shall be:

- To enable civil servants to effectively discharge their duties in accordance with the expected level, quality standards and time and expense;
- To evaluate civil servants on continuous basis and identify their strengths and weaknesses with a view to improve their future performance;
- To identify training needs of employees;
- To give reward based on results;
- To enable management to make its administrative decisions based on concrete evidence.

B. Performance evaluation shall be carried out in a transparent manner.

C. The agency shall issue directives on performance evaluation.

The legal aspect of performance appraisal shall be given due attention because failure to comply with policies and regulations results in penalties that can be easily avoided by performing performance appraisal activities by taking in to consideration the legal issues Ivancecich (2004).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This is a descriptive research that has been conducted to assess performance appraisal system of Dashen Bank S.C. focusing on employees of Addis Ababa area branches. According to C.R. Kothari, (2004), the purpose of descriptive research is to portray accurately the characteristics of a particular individual, situation or a group. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present.

The data collection method has been both qualitative and quantitative in nature. The qualitative method has been used to obtain qualitative data from managers using structured interview and the quantitative method has been used to collect quantitative data using self-administered questionnaire. Primary and secondary data's has been used to support and study. The primary data has been collected from pre organized self-administered questionnaires and the secondary data has been obtained from periodic publications of National Bank of Ethiopia and the banks' annual and periodic progress reports.

3.2 Population and Sampling Techniques

Currently the number of branches the bank has reached 120, with a total employees of more than 3,000. The current number of operational city area branches is above 60. To select sample area branches and sample respondent's non probable sampling technique has been employ and 40 branches has been selected using convenience sampling. Because of the scattered nature of the area banks, some of them are difficult to access in terms of their geographical location. Hence, by using convenience sampling, area branches which are accessible and proximate have been selected for the purpose of the study.

For the study 300 members from the 40 city-area banks and six departments have been selected to fill the questionnaires using purposive sampling technique due to the scattered nature of each branch. To draw the sample size from the total population the following Taro Yamane (1967) sampling formula, which is appropriate for small size population has been employed.

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

Where,

n= Sample Size

N= Total Population Size and,

e= the standard error with 95% confidence level.

$$n = \frac{3000}{1 + 3000 \times 0.05^2}$$

$$n = \underline{300}$$

Each branch has a manager, assistant manager, accountant, supervisor, cashier, clerk/Teller and auditor. Among these, 7 employees have been selected from each area branches using purposive sampling and have filled the questionnaire, i.e. including the deputy manager, accountant, supervisor, cashier, auditor and Clerk/Teller. From those six departments division heads and section heads have been included in addition to the others. Since the main area bank of the bank is large and the number of staffs it has is higher than others, 10 respondents have been selected using purposive sampling by calculating the ratio of employees in each branch.

3.3 Sources of Data and Data Collection Tools Used

The data collected for the study includes both primary and secondary data. The primary data were obtained from feed backs of the employees which were collected through pre organized self-administered questionnaire and manager's view which was collected using structured interview. The primary data can provide the appropriate data about the assessment of performance appraisal system in the bank. In addition, secondary data were obtained from different policies and procedural manuals of the bank, journals annual reports and periodic progress reports of the bank and national bank of Ethiopia publications. Different books, articles and journals have been also referred to get relevant information and strengthen the theoretical framework of performance appraisal system.

Questionnaires that contain 14 questions including 5 demographic variables were prepared and distributed to staff members of city-area banks and departments. The questionnaire was prepared in English language. Since English is the organization's working language, it is presumed that they can communicate with English and understand the intention of the questionnaire. In order to gather primary information, a questionnaire that comprises three parts was developed. The first section of the questionnaire has 5 demographic variables which are asking the respondents gender, age, educational qualification, and their length of service in the organization.

The second part of the questionnaire has a total of 14 questions that give a general data about purpose, methods, and problems factors of performance appraisal system of Dashen bank S.C. The last part of the questionnaire contains subjective type questions, which ask the respondents to write their comment or anything they think is relevant to the study, but not incorporated in the questionnaire. This is expected to be helpful to collect information that was not specifically addressed by the questionnaire, but relevant to the study. The questionnaire has been developed with close consultation of the researcher's advisor and experts of the subject area before it was distributed to respondents.

To incorporate the management's view towards performance appraisal system 8 structured interview questions were prepared and in-depth interview was conducted. Most of the managers were busy; and were not willing to attend such an in-depth interview session. As a result, of out 40 area bank managers, only 19 were willing to participate in the interview.

The theoretical framework of the paper has been covered from secondary data like books, journals, articles, internal publications and periodic report of the bank and national banks publications.

3.4 Data Collection Procedures

The questionnaire has been distributed through area banks by friends of the researcher who are working in the bank and some of them are addressed by the researcher himself. The study has attempted to gather data from both primary and secondary data sources. Primary data is collected using a structurally designed pre organized self-administered questionnaire for 300 employees' which has been selected using purposive sampling from 40 branches of city area banks and using structured in-depth interview has been collected from 19 area bank managers. The selection of respondents has made using purposive sampling and it

incorporates deputy manager, accountant, supervisor, cashier, auditor and Clerk/Teller of each branch.

3.5 Data Analysis Method

The data has been analyzed according to the objective of the study. The individual analysis of each objective is presented in the following section. Demographic characteristics has been summarized using number and percentages for all variables including age, sex, years in the organization, years on the current job/position and educational level. Numbers, percentage and graphs have been used in analyzing data regarding assessment of performance appraisal systems. In this regard a powerful stastical tool, SPSS have been used.

3.6 Ethical Considerations

Study respondents' willingness to participate in the study is respected and verbal consent was taken. Name of personalities were not mentioned in the report without consent in any case. The strategically computational information collected was not included in the report. To assure that, the bank's officials close consultation was implied. Any information that can be found spoiling the goodwill of the bank as well as the reputation of the bank is not included in the report.

3.7 Reliability and Validity of Data Collection Tools

Content validity of the data collection instrument in providing adequate coverage of the topic under study is confirmed. By using a universally accepted sampling method a representative sample of the population was drawn.

Due emphasis was given to make the questions objective type and understandable so that the employees can answer the questions properly based on what they know. Vague and confusing wordings were avoided not to mislead the employees on the time of filling the questionnaires. The questionnaire was organized and finalized with a close consultation of my advisor and expertise of the subject area.

The questionnaire distributed for the respondents were fully collected. Responses completeness and accuracy were reviewed carefully. Each response was coded and categorized and carefully feed in to frequency table using Microsoft excel sheet. Variables were summarized in to 1st, 2nd and 3rd based on frequency of employees' response. The

first top three variables with the greater percentages were rated as 1st. The second top three variables having the second top three percentages were rated as 2nd. And the third the top three variables having the third top three variables were rated as 3rd.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS & INTERPRETATION

4.1 Introduction

In order to get a representative data 300 questionnaire were prepared and distributed to employee of the company for those who are found in Addis Abeba city. Thus the analysis is based on the valid 300 questionnaire responses. The data was analyzed using Microsoft excel program. Descriptive statics was used for presentation and interpretation of data.

4.2 Demographic Data of the Respondents

To analyze the data, the respondents were categorized in to five demographic variables by sex, marital status, academic qualification, length of service and position held. Each data is explained in detail hereunder indicated in table below.

Table. 3.2.1. Profile of the respondents.

sex	Number	Percentage
Male	240	80
Female	60	20
Total	300	100
Marital Status	Number	Percentage
Married	210	70
Single	90	30
Divorced	0	0
Widowed	0	0
Total	300	100

Source own survey, 2015

From the above information 240 (80%) of the employee who answered the questionnaire are male, 210 (70%) of them are married, the rest of 60 (20%) of the respondent are female, and

90 (30%) of the respondents are single, this indicates that majority of the respondents has fell the responsibility to accurately answer the questions in the questionnaire.

Academic background of the respondent is presented as below.

Table.3.2.2. Academic background of the respondents

Academic Qualification	Number	Percentage
Below BA	40	13%
BA	250	83%
MBA	10	4%
ACCA	0	0%
Total	300	100%

Source own survey, 2015

From the above table given 83% of employees are with BA degree, 4% of employees are MBA degree holder, 13% of employees are below BA degree. This gives the organizations a competitive advantage having qualified and skilled employee since the banking industry is in the competitive market.

The following data shows the number of years the employees has served the company.

Table.3.2.3. Years of experience of employees.

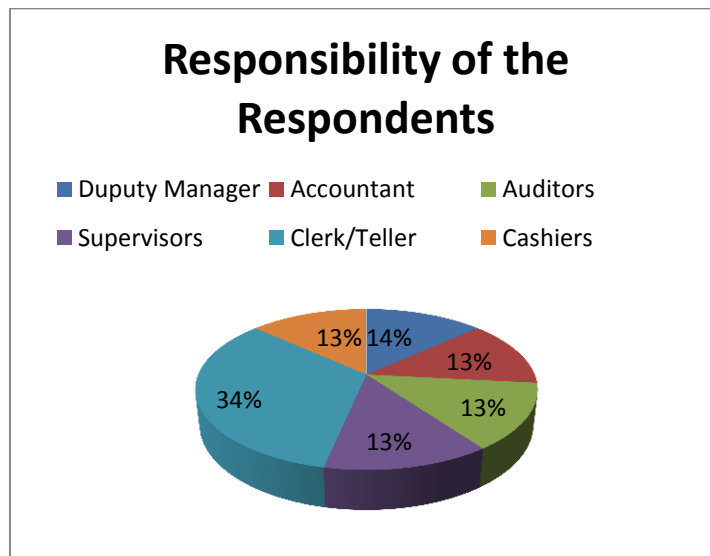
Years of experience	Number	Percentage
less than 3 years	30	10%
3-6 years	220	73%
7-10 years	0	0
11-14 years	50	17%
above 15 years	0	0%
Total	300	100%

Source own survey, 2015

Longer years of experience show that there is relatively lower employee turnover. These benefit the organization by keeping employees loyal to the company and reduce cost of hiring new employees. 73% of the employees serve the organization for greater than 3 years, 17% & 10% Of the employees serve the company from 11-14 years & less than 3 years respectively. This is a satisfactory figure as the company is only 17 years old.

3.2.4. Responsibility of the respondents.

Responsibility of the respondents is presents in pie chart as follow



Source; own survey 2015

34% of the respondent's responsibility shows that clerk/ teller, 13% of the respondent's responsibility were deputy manager, accountant, auditor, and supervisor respectively and 14% of the respondents were cashier. This implies that this research assess majority of the banks responsibility held and they give concert responses.

4.3 Respondents Opinion towards Performance Appraisal System

The respondent response and answers are presented below based on the sequence of the question written in the questionnaire. It is prepared in English to collect the necessary data from all level of employees.

1. The first question asked to them was how often the organization evaluates performance, since this is the fact of the organization practice all employees respond that it is conducted semiannually.
2. Employees answer as follows for the questions that says; in your opinion how often do you think performance appraisal should be conducted?

Table.3.3.1. Employees Opinion on the Frequency of Performance Appraisal.

how often PA conducted	number	percentage
Quarterly	210	70%
semiannually	60	20%
annually	30	10%
Total	300	100%

Source; own survey 2015

20% & 10% of the respondent agreed that performance appraisal should be conducted semiannually and annually respectively. But the majority of the respondents (about 70%) respond that it should be conducted quarterly. This implies that semiannually & annually is longer period to remember and measure an employee's performance for the past period. As Mrs.E.deapa, Dr. R. palaniswamy, Dr.Kuppusamy, Contemporary management research, 2014 stated that there is no set- in- stone rules about the frequency of job performance appraisal, as it is up to the employer and the company policy in question but it is better for short period to remember and measure an employee's performance for that period.

3. Different employees have different attitude as to who has to evaluate employee's performance. For these employees are given five choices; immediate supervisor, colleagues (peer appraisal), rating committees, employee him/her self or appraisal by subordinates. Results from respondents are as follows.

Table.3.3.2. About Who Evaluate Employee's Performance

Who evaluate employees	Number	Percentage
Immediate supervisor	300	100%
Peer appraisal	0	0
Rating committees	0	0
Self-rating	0	0
Appraisal by subordinates	0	0
Total	300	100%

Source; own survey 2015

All employees said that evaluation is conducted by immediate supervisors because this is the rules of the organization.

4. Employee’s opinion about who is responsible to evaluate employee’s performance is as follow.

Table.3.3.3.Employee opinion about who should evaluate employee performance.

Who evaluate employees	Number	Percentage
immediate supervisor	210	70%
Peer appraisal	10	3.33%
Rating committees	50	16.60%
Self-rating	0	0
Appraisal by subordinates	30	10%
Total	300	100%

Source; own survey 2015

Majority of employees (70%), 16.66%, 10% and 3.33% agreed that evaluation should be conducted by immediate supervisors, rating committees, appraisal by subordinates and peer appraisal respectively. this implies that immediate supervisor is the one most familiar with the individual performance, in most jobs, the supervisors has the best opportunity to observe actual performance, and since the supervisors has a proper understanding of organizational objectives, needs and influences, he/she is best able to relate the individuals performance to departmental and organizational goals as stated in the literature review by (Chatterjee, 1995).

5. Different employees have different attitude as to the performance appraisal system being employed in the company. These employees are given five choices; assessment center. MBO, 360 degree feedback & balanced scorecard.

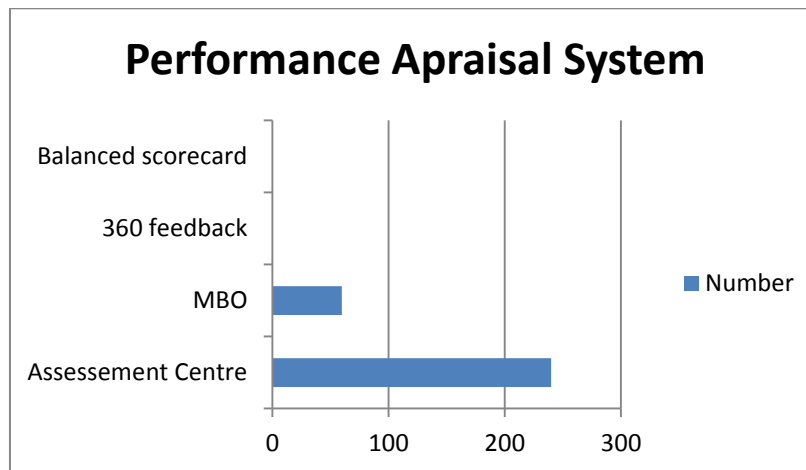
**Table.3.3.4. Performance Appraisal Systems Employed
in the Company.**

PAS	Number	Percentage
Assessment Centre	240	80%
MBO	60	20%
360 feedback	0	0
Balanced scorecard	0	0
Total	300	100%

Source; own survey 2015

Graphically employee respondents about performance appraisal system employed by the company is presented as follows,

Figure.3.3.4. Performance Appraisal Systems



Source; own survey 2015

Majority of employees (80%) agreed that performance appraisal system should be assessment center and the rest (20%) agreed that MBO (management by objective) this implies that performance evaluation process is performed objectively by specialists or human resources (HR) professionals in the center. In this center the job of workers is simulated and worker is observed. Additionally, some tests, social and unofficial events and exercises are used to support assessment as discussed in the literature review by (Hakan Turgut & Ibrahim Sani Mert, 2014).

6. Performance evaluation result has been used for many human resource management activities, as it is explained in the literature review organizations may use performance appraisal result for different purpose. Regarding Dashen bank S.C the questionnaire requests employees for what purpose performance appraisal result is used on their company. The responses is given bellow;

Table.3.3.5. Purpose of Performance Appraisal System

Purpose of PAS	Number	Percentage
Salary increment	60	20%
Bonus	20	6.66%
Promotion	20	6.66%
Training & developments	10	3.33%
Do not know	190	63.33%
Total	300	100%

Source; own survey 2015

Majority of employee (63.33%) agreed that they do not know the purpose of performance appraisal system, 6.66% of employee said that the purpose of performance appraisal system is for bonus & promotion, 20% of employees agreed that for salary increments and 3.33% of employee said that for training & development. This implies that majority of employee cannot be used to improve current as well as future performance of employee; they are not trying to increase motivation, let individuals not know what is expected from them, they are not focus on career development and they are not known to solve job problems as stated in the literature review by (Werther & Davis, 1996). So this is a major problem.

7. Employee opinion about the effects of poor performance appraisal system is as follow.

Table.3.3.6. Poor Performance Appraisal Result

Effects of poor PAR	Number	percentage
Demotivation	170	56.66%
Termination	30	10%
in effective teamwork	100	33.33%
Total	300	100%

Source; own survey 2015

Majority of employees (56.66%) said that the effect of poor performance appraisal system is demotivation whereas the rest 10% and 33.33% of employee said that termination and ineffective teamwork respectively. this implies that poor performance appraisal system does not reflect the actual performance of employees at the same time does not reflect the actual objective of performance appraisal systems as stated in the literature review by (Holt, 1993).

8. Respondents opinion about the criteria used to evaluate performance appraisal are as follow.

Table.3.3.7. Criteria Used to Evaluate PA is Appropriate.

Criteria used to evaluate PA is appropriate	Number	percentage
Yes	210	70%
No	60	20%
I don't know	30	10%
Total	300	100%

Source; own survey 2015

Majority of the respondents (70%) said that the criteria used to evaluate performance appraisal are appropriate, whereas 20% and 10% of the respondent reflect that the criteria used to evaluate performance appraisal system is not appropriate and they do not know respectively. This implies that performance appraisal system attain its purpose, the employee must understand the criteria which their performance is measured just as it is mentioned in the literature review by (Werther and Davis, 1996). In the above question there was three opinion, which is yes, No and I don't know. Now if the respondent answer is "No" there was another alternative which is mention any criteria that should be included and mention any criteria that should be removed.

So 20% of employees extend their opinion regarding the criteria that must be included in the appraisal evaluation are mentioned as follow;

- The criteria should be clear and related to the objective.
- There must be standard to which their performance is compared.
- It should be specific that measures the tasks and activities performed by respective departments.

As employees suggest the evaluation criteria that should be removed from the performance format is "generalization and subjectivity"

9. The other part of the questionnaire was asking the Weight assigned to the evaluation criteria is fair? For this question 67.34% of the respondent said No, while the remaining 32.66% of the respondent said yes (source Questionnaire). This impels that the weight assigned to the evaluation criteria does not meet the intended purpose as stated in the literature review by (Werther and Davis, 1996).
10. The major question that says which of the following problems applies to the appraisal system of your organization? The respondent have five choices which is no link between some evaluation criteria and employee job, lack of ability to evaluate performance, bias in evaluating performance and non-participation in setting performance evaluation criteria, the respondents response is prepared and presented in the following table.

Table.3.3.8. Problem Applies to the Appraisal System of your Organization.

Which of the following problems apply to the appraisal system of your organization	Number	Percentage
No link b/n evaluation criteria & employee job	30	10%
lack of ability to evaluate performance	180	60%
Bias in evaluating performance	70	23.33%
non participation in setting performance evaluation criteria	20	6.66%
Total	300	100%

Source; own survey 2015

Majority of the respondent (60%) agreed that the major problem applied to the appraisal system of our organization is lack of ability to evaluate performance, 23.33%, 10%, 6.66% of the respondent said that bias in evaluating performance, no link between evaluation criteria and employees job and non-participation in setting performance evaluation criteria respectively. This implies that the employee dislike his job, commitment and they are not initiative to intervene with appropriate actions to improve performance.

11. After the appraiser has completed the appraisal, it should be communicated to the employee. Feedback helps employees realize their potentials. In addition providing feedback is believed to be the subordinate right to know. Even though employees of Dashen bank S.C are not made clear about conducting of performance appraisal in their organization. They are allowed to look in to PA result. By doing so, they will express their opinion towards the suggestion and recommendations given by different raters. Their opinion is to show their agreement or disagreement towards the given result. Thus the response from the questionnaire show that 100% of the respondents answered they are allowed to see their performance appraisal result. The problem as employee mentioned is that the results cannot be altered even if they have compliant made.

12. The other part of the questionnaire was asking whether employees discuss about the performance appraisal result with their appraisers or not. For this question 240 (80%) of employees said yes we are discuss the result with our appraiser, while the remaining 60 (20%) of employees no we don't discuss it with appraisers. This implies that for the appraisal system to be effective, the employee must actively discuss the performance evaluation result, the participation will enhance employee motivation, commitments towards their jobs, and support 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 as discussed in the literature review by (Glueck, 1978).
13. The following questions asked to the respondents whether they can appeal to a higher official in case when they perceive that the performance appraisal result is not fair. The response is presented in the following table.

Table.3.3.9. Appeal to Higher Officials

Do you appeal to higher officials when you feel the PA result is unfair?	Number	Percentage
Yes	180	60%
No	100	33.33%
I don't know	20	6.66%
Total	300	100%

Source; own survey 2015

About 6.66% of employees answered they don't know the existence of such opportunity so far, When appraise feels that performance appraisal result is unfair. The other 180 employees who accounted about 60% of the total respondent said they can appeal to the designated higher official. The other groups which account about 33.33% or 100 respondents answered that they felt impossible to appeal for the higher officials. This implies that employees are evaluated with lack of sufficient information or observation on how they really perform on their work or lack of supervisors ability to evaluate performance as discussed in the literature review by (Hakan Turgut and Ibrahim Sani mert, 2014) and As it is explained from the

interview Dashen bank S.C has no written policy regarding the performance appraisal process. This create information gap between employees who are responding differently to the same question. There is no common understanding among employees about the same issue of appealing.

14. Employee who responds that I can appeal to higher official was requested to answer whether their grievance was fairly examined by higher authority. The response is presented as follow;

Table. 3.3.10. Fair Examination of Grievance.

Do you believe that your grievance will be fairly examined?	Number	Percentage
Yes	110	36.66%
No	160	53.33%
I don't know	30	10%
total	300	100%

Source; own survey 2015

36.66% of them describe that it will be properly examined and adjusted accordingly. The other 53.33% which is a greater number of employees say that even though we appeal to the higher officials we don't expect it will be fairly examined. 10% of the respondent's response that they don't know what will happen after appealing the grievance. Employees have doubt as to the examination of the grievance. 53.33% of the respondents explained they don't believe their grievance will be fairly examined once the result has been set. But the remaining which accounts 36.66% respond that their grievance will be fairly examined and get fair response if they appeal to the higher officials. Insignificant number of respondents doesn't know what will happen to their grievance ones they appealed to the officials assigned. The probability of getting negative response is higher than the probability of getting positive response this implies that, grievances, if not identified and redressed may adversely affect workers, managers and the organization on the production, increase in the rate of absenteeism and turnover, reduction in the level of commitments, sincerely and punctuality, increase in the incidence of accidents and reduction of employee morale (Smriti Chand, 2011).

CHAPTER FIVE

SUMMARY, CONCLUSION & RECOMMENDATION

5.1 Summary of Findings

The major objective of the study was to find out appropriate answers for what the major performance appraisal problems in Dashen bank S.C. To achieve the objective, questionnaire and interview methods were employed.

The Weight assigned to the evaluation criteria is fair? For this question 67.34% of the respondent said No, while the remaining 32.66% of the respondent said yes (source Questionnaire). This implies that the weight assigned to the evaluation criteria does not meet the intended purpose

Based on the information gathered through the questionnaire and interview conducted in Dashen bank S.C. using that, the major findings that the researcher comes up with are;

- There is no written policy about performance appraisal system.
- Performance evaluation is made twice a year, which is long period to remember and evaluate employees half year past performance.
- Even though employees are given opportunity to express their feeling about their performance appraisal results in case if they have grievance, it may not be fairly examined and given solution.
- Lack of uniformity and consistency in applying the whole performance appraisal system which is influenced by subjective judgments rather than by guided written policy and principle.
- Employees are not clear about the purpose of performance appraisal and the timing of performance appraisal.
- There is no training given for both appraiser and appraisees about how to conduct performance appraisal and its objective.
- Employees are not participated in setting the performance criteria and the weight assigned to performance measurement criteria.

- The performance measurement criteria are general rather than being specific to include the major tasks and activities of each department. The format of performance appraisal of the company is prepared in to three divisions each with minor differences one from the other. One for clerical the other for non-clericals and the rest for supervisors.
- The objective of evaluation has not been communicated to the employees in advance.
- The performance appraisal system fails to communicate the feedback on time.

If all the above mentioned problems are corrected the appraisal system of the bank will contribute to the success of the organization. Therefore, based on the problems the following recommendations are suggested as helpful to improve the system.

5.2 Conclusion

Individual performance is the foundation of organizational performance. Improving individual performance is critical for the success of every organization. Performance evaluation is a common practice in the life of the organization. Failure to have a proper employee performance appraisal system leads to failure of the business organization itself.

The aim of performance appraisal is to evaluate the job performance of employees so as to improve their performance and consequently the organization performance. in order to do so performance appraisal system should use job related criteria, appropriate method of appraisal for each purpose, qualified and well trained appraiser and participation of employees in one way or the other

The objective of the study is to find out the process and system of performance appraisal system on improving employees moral and performance by making through assessments of performance appraisal system in Dashen bank S.C in doing so the study tries to analyze data that have been gathered through primary and secondary sources. In investigating the performance appraisal system of the bank, it has been found that rating scale method is used by immediate supervisor, review committee and the senior managers uses an essay method of evaluation. In this respect they write a brief narrative description of employee's performance

and characteristics. This includes the major task he or she has performed, weakness and strength of the appraise, transfer to another post, promotion and other personal traits are described here.

Dashen bank S.C performance appraisal format explicitly describe the following objective;

- Salary increment.
- Promotion.
- Transfer to another post.
- Demotion or termination.

Although almost all of the respondents suggest that evaluation should be conducted quarterly, rather than twice a year.

5.3 Limitation of the Study

The study focuses on assessment of performance appraisal system of Dashen bank S.C. Due to the limitation of time and resource, the report has not been detail. In addition because of inaccessibility of the required data from the company it has not cover explicitly all areas of performance appraisal system.

5.4 Recommendation

In views of the findings and the problems mentioned above coupled with the review of related literature the following recommendations are suggested.

- The first step the company has to do is establish a written policy regarding the responsibilities of appraisal frequency of appraisal in general guidelines used in performance appraisal process and system.
- The criteria of appraisal should be developed from the job analysis. The more the criteria of evaluation are related to the job analysis and evaluating is for better.
- The objective of appraisal should be made clear to all employees before appraisal take place and employees should accept it.

- Employee should participate in the designing of the appraisal system and criteria.
- Besides, employees should be given training that lets them know how to conduct evaluation and the purpose of evaluation.
- Feedback should be given to employees on time. After all the main objectives of evaluation is improving employees performance, but employees could not perform better without feedback given to them on time.
- The performance appraisal criteria should be specific to reduce subjective judgment that comes from generalization.
- Grievance should be fairly examined, after the evaluation; the rater must describe work related progress in a manner that is mutually understandable.
- By participating employees in the design of the performance appraisal process the weight assigned to the criteria should be revised based on the participant idea.
- Since, the evaluation is long; raters should develop the habit of recording the favorable and unfavorable deeds of workers to lesson recent behavior bias.
- It is better to include explanation of those criteria in the evaluation form so that employees and appraisers will be in a position to understand them without considerable effort.
- In general the overall view of management should advocate the accuracy of measurement and take corrective action in case of unfair ratings. With this context the management effort to the betterment of the appraisal system will result in reliable performance measurement. This in turn enables Dashen bank S.C to attach high value to the system. The final result is therefore, the enhancement of employee performance and the advancement of the organizational objectives and goals.

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Appendix 1 Questionnaires

St. Mary's University

School of Graduate Studies

Performance Appraisal System of Dashen Bank S.C

Questionnaire for Employees

Dear respondents,

This questionnaire is designed to collect information about the Performance Appraisal System of Dashen Bank Sc.

The purpose of this study is for the partial fulfillment of the requirements for the degree of **Master of Business Administration in Accounting and Finance** (MBA). The information you provide is confidential and for the sole purpose of academic reason. Hence, you are kindly requested to respond to the statements in the following questionnaire. Your response has a great impact for this survey study. The main objective of the study is to assess the performance appraisal system of Dashen bank S.c and recommend solutions for problems related to subject matter.

Part I General Information

Circle on your selection or mark (X) for the following questions as appropriate.

1. Sex Male Female
2. Marital status,
 - a) Married
 - b) Single
 - c. Divorced
 - d. Widowed
3. Academic qualification,
 - a) Below first degree
 - b) First degree
 - c) Master's Degree
 - d) Above Master
 - e) other (specify).....
4. Number of years that you stayed in the bank giving service,
 - a) Less than 3 years
 - d) 11 - 14 Years

- b) 3 - 6 years
- c) 7 - 10 Years
- e) More than 15

5. Please indicate your position/ Staff Grade -----
- a) Manager
 - b) Division Head
 - c) Auditor
 - d. Supervisor
 - e. Clerk/Teller
 - f. Other (Specify).....

Part 2. Regarding performance appraisal

1. How often is your performance evaluated in a year?
 - A. Monthly
 - B. Quarterly
 - C. half a year
 - D. Annual
 - E. any time.

2. How often do you think performance appraisal should be conducted?
 - A. Monthly
 - B. Quarterly
 - C. half a year
 - D. Annual
 - E. Any time

3. Who conduct the performance appraisal?
 - A. Immediate supervisor.
 - B. Peer appraisal.
 - C. Rating committees.
 - D. Self-rating
 - E. Appraisal by subordinates.

4. In your opinion who is responsible to evaluate employees performance (you may think more than one)
 - A. Immediate supervisor
 - B. Colleagues
 - C. Subordinates
 - D. employee themselves
 - E. Other (Specify).....

5. Which appraisal system is being employed in the company?
 - A. Assessment Centre
 - B. MBO
 - C. 360 degree feedback
 - D. balanced scorecard.

6. For what purpose is the performance evaluation result used in your company(you may thick more than one)

- A. Salary increment.
- B. Bonus
- C. promotion
- D. Training and development
- E. Other (Specify).....
- F. don't Kwon

7. What do you think is the effect of a poor appraisal system?

- A. De- motivation.
- B. Retentions
- C. in effective team work

8. Do you think the criteria used to evaluate your performance appraisal are appropriate?

- A. Yes
- B. No
- C. I don't know

9. If your answer in question no.10 is "No" answer the following questions

A. Mention any criteria that should be included.

.....
.....
.....
.....
.....

B. Mention any criteria that must be removed.

.....
.....
.....
.....
.....

10. Do you think that the weight assigned to the evaluation criteria is fair?

- A. Yes
- B. No
- C.I don't know

11. Which of the following problems apply to the appraisal system of your organization (tick).

- A. No link between some evaluation criteria and employee job.
- B. Lack of ability to evaluate performance
- C. Bias in evaluating performance
- D. Non participation in setting performance evaluation criteria
- E. Other (mention).....

12. Are you allowed to see your performance results?

- A. Yes
- B. No
- C. I don't know

13. Do you discuss performance appraisal results with the appraisers?

- A. Yes
- B. No

14. If your answer to question no. 13 is "yes" do you think the grievance will be fairly examined?

- A. Yes
- B. No
- C. I don't know

Appendix 2 Interview Questions

1. Is there a formal performance appraisal in your organization?
2. Is there a written policy regarding performance appraisal system of the bank?
3. Is there a goal setting process before the start of any appraisal period?
4. If there is a goal setting process, are employees involved in the process?
5. Who rates the performance of employees?
6. Do you think the raters have the required knowledge, experience and training that is necessary to rate the performance of employees?
7. Is there a feedback process?
8. Are you satisfied with the performance appraisal system of your organization?

