

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF EMPLOYEES' PERCEPTION OF PERFORMANCE APPRAISAL PRACTICE: THE CASE OF UNITED BANK SHARE COMPANY

BY

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ADDIS ABABA, ETHIOPIA

DECEMBER, 2016

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(SGS/0274/2007A)

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APPROVED BY BOARD OF EXAMINERS

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I hereby declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of materials used for the thesis have been duly acknowledged.

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ACRONYMS AND ABBREVIATIONS

UB- United Bank

PA- Performance Appraisal

PAS- Performance Appraisal System

PAP- Performance Appraisal Process

SPSS-Statistical Package for Social Sciences

MBO-Management by objectives

BARS-Behaviorally anchored rating scale

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Abstract

Performance appraisal is an important human resource management function and the need for a well managed performance appraisal system is necessary in order to help an organization to meet its objective in maximizing the benefit from the human resource element and keep satisfaction of the employees from every aspect. Hence, the main objective of conducting this study is to assess perception of employees on performance appraisal practice in the case of United Bank S.C. in regard to this the study will be significant to United Bank in clearing out the view of its employees about the existing employee performance appraisal practice and it will also use as a ground for further study in the area. In the study a quantitative research method a descriptive statistics technique, a none probabilistic convenient sampling method, and both primary and secondary data were used. Based on perception of employees the study shows that, the expectation set on the UB's performance appraisal form reflects the most important factors to appraise employee's performance, the criteria on the appraisal form also customized based on characteristics of job, the criteria set in the appraisal form distinguish effective from ineffective performers, outstanding performers are awarded with salary raise/bones rewards or promotion, there is no much practice of setting performance expectation/goal at the beginning of a rating period, evaluators lack knowledge on how to appraise, and the purpose of performance appraisal system is not there to provide training and development for employees. And to address the gap observed based on the findings and conclusion reached the researcher gave recommendation i.e. the Bank is advised to give great attention to Raters' training to boost their ability, the Bank is highly recommended to include in its existing PA purpose element of providing training and development employees, and the Bank is recommended to work hard in communicating performance expectation/goal to employees at the beginning of the evaluation period.

CHAPTER ONE

INTRODUCTION

This chapter consists of the background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope of the study, and organization of the paper.

1.1 BACKGROUND OF THE STUDY

According to Armstrong (2000), "performance appraisal is the formal assessment and rating of individuals by their managers at usually an annual review meeting".

Performance appraisal is an important Human resource management function, and for the purpose of meeting objectives organizations may have different performance appraisal system. But whatever the objective is, organization should have employee performance appraisal system which can create a possibility of regular and frequent interaction between a supervisor and his/her subordinate, and this will let the organization to motivate, encourage, build, train, reinforce and modify behavior of employees. In other words it can be considered as a developmental process since it has a room to discuss about past performance of the employee and to help the employee to improve and become more effective in the future. Appraisal may be also understood as the assessment of an individual's performance in a systematic way which will help to rate an individual for a given year in relation to others and in relation to his own ratings over the years the performance being measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, cooperation, judgment, flexibility, health and the like. In order to improve an organization performance appraisal system; supervisors should be informed that this is part of their duty followed by a systematic training on the issue given to them and they themselves would be evaluated on how seriously they have taken this exercise, conducting job evaluation studies and develop separate evaluation forms respective to various positions can also be mentioned (Saiyadain, 2004).

It is much true that accurate appraisals are crucial for the evaluation of recruitment, selection, and training procedures that lead to improved performance. Appraisal can determine training

needs and occasionally counseling needs. It can also increase employee motivation through the feedback process and may provide an evaluation of working conditions if there is any to be raised during discussion and it also help the organization effort in improving employee productivity, by encouraging the strong areas and modifying the weak ones by giving the necessary training (Maund, 2001).

As the banking sector in Ethiopia is growing fast the need for a well managed performance appraisal system is necessary in order to help a bank to meet its objective in maximizing the benefit from the human resource element and keep satisfaction of the employees from every aspect. In this regard United Bank has implemented system having Employee Performance Appraisal Manual. And it is done twice a year using graphic rating scale appraisal method in here immediate supervisors are responsible to carry out the duty of appraiser.

United Bank was incorporated as a Share Company on 10 September 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank obtained a banking services license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of the Addis Ababa City Administration. Over the years, United Bank built itself into a progressive and modern banking institution, endowed with a strong financial structure and strong management, as well as a large and ever-increasing customers and correspondent base. United Bank provides a full fledged commercial banking service in all its branch outlets to customers with its networked 130 branches and 23 sub-branches, and many more are on the pipeline to be operational soon (Company profile, 2016).

This study focused on the assessment of employee's appraisal practice of United Bank S.C. The reason that initiated the researcher to conduct this research is the dissatisfaction of employees on the current performance appraisal system of the organization. And following this the researcher come up with conclusion based on actual findings and gave recommendation based on actual result.

1.2 STATEMENT OF THE PROBLEM

The main objective of performance appraisals is to measure and improve the performance of employees during the past period and increase their future potential by encouraging the strength part and working on the weakness, and in return this is believed to increase the value of the organization in using all human resource efficiently. In addition to this performance appraisal is a way to provide employees feedback he/she was doing in the past, it creates a great room in improving communication between supervisors and subordinates periodically, understanding training needs of employees on the present and on the upcoming duties, clarifying roles and responsibilities and determining how to allocate rewards as per the result.

And with this regard the researcher addressed observed issues as a problem in assessing employee performance appraisal practice as per the conversation made with some employees of the Bank in the case of United Bank S.C, i.e. Employees are not getting performance evaluation feedback on time, There is no clear awareness on employees why the evaluation is there, There is less communication between employees and the human resource administration of the of the bank about performance appraisal, The appraisal frequency and feedback on performance evaluation not enough, There is no documentation on negative or positive performance of employees before the appraisal date, Employee's performance appraisal result kept secret, there is no training for managers on how to appraise and give feedback to employees. And up to the researcher knowledge a research with same issue not addressed before by other researchers specific to this Bank and the researcher believes that, this study fulfills such gap.

The researcher has tried to look at the above mentioned subjects in his study by communicating different level of the Bank employees through questioner and came up with conclusion based on findings and his own recommendation on the case studied in fulfilling the purpose of the research.

1.3 RESEARCH QUESTIONS

This study answered the under mentioned questions:-

- ➤ What elements of effective performance appraisal exist in United Bank S.C.?
- ➤ What elements of ineffective performance appraisal exist in United Bank S.C.?
- what is the level of awareness of employees of the bank on the performance appraisal system?

1.4 OBJECTIVE OF THE STUDY

1.4.1 General objective

The general objective of this study is to assess employees' perception of performance appraisal practice in the case of United Bank S.C.

1.4.2 Specific objective

The specific objectives of this study are:-

- 1. To determine effective elements of performance appraisal in United Bank S.C.
- 2. To determine ineffective elements of performance appraisal in United Bank S.C.
- 3. To investigate the level of awareness of employees of the bank on the performance appraisal system.

1.5 SIGNIFICANCE OF THE STUDY

The study will be significant to united bank in clearing out the view of its employees about the existing employee performance appraisal practice and with regard to the study will be used as an input for improvement of the system for the upcoming periods.

And the study will give feedback to employees of the bank to their dissatisfaction, increase the level of understanding to other stakeholders in the industry with the matter, and it will also help to other researchers for future study in the area as aground about the organizations employee performance appraisal practice.

Moreover the researcher believes that, the study has improved his own knowledge on the area of employee performance appraisal system.

1.6 SCOPE/LIMITATION OF THE STUDY

Having the general objective throughout the research the researcher carried out this study to assess employee's perception of performance appraisal practice of United Bank S.C. As per the current information collected from the bank the number of branches as at March 31, 2016 reaches to 130 and the number of staffs including clerical and none clerical employees reaches to 3,167 (Progress report of the bank at the end of March, 31 2016).

However the data for this research has been collected only from 15 convenient branches found in Addis Ababa due to limitation of time to cover other areas, meaning data has not been collected from branches outside the capital city and the Head office. Therefore with this regard the study had its own limitation and the conclusion may not fully validate facts related to other organs of the bank itself and stakeholders in the industry.

1.7 ORGANIZATION OF THE PAPER

This study has five chapters. The first chapter consists introduction part and under it:-background of the study, statement of the problem, research questions, objective of the study, significance of the study and scope of the study are included. Chapter two presents the related literature to the subject studied. Chapter three states research methodology. Chapter four includes data analysis part of the study results and discussion, and at last chapter five consists of summaries of major findings, conclusions, and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

INTRODUCTION

This chapter consists of theoretical literature review, empirical literature review and the conceptual framework.

2.1 THEORETICAL REVIEW

2.1.1 WHAT IS PERFORMANCE APPRAISAL

The word appraisal has been defined in various ways and according to Kaila (2011), "Appraisal is the process of evaluating the performance or contribution of a company's own people, especially executives or managers towards the objectives and goals of the company". Kaila (2011), further states that, "Performance appraisal refers to all formal procedures used in working conditions to evaluate personalities and contributions and potential of group members".

In addition, considering that performance appraisal is something that has to be done periodically Armstrong (2000), notes that "Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at usually an annual review meeting".

In explaining the relationship between job performance with performance appraisal, Goitom (2012), notes "Job performance: refers to the degree of accomplishment of a task that makes an individual's job. It is measured in terms of results. Performance appraisal is the process of determining and communicating to an employee how he/she is performing the job. It is periodic and impartial"

Performance appraisal includes; - identification, measurement, and management of human performance in organizations. By Identification it means that what areas of work the manager should be examining when measuring performance. The inclusion of measurement in the system indicates the counterpace, telling managerial judgment of how good or bad employee performance was previously and it also tells that performance measurement must be consistent throughout the organization. And Management in the performance appraisal system indicates how appraisal should be more than a past oriented activity that criticizes or praises employees for

their performance in the preceding year, rather, appraisal must take a future oriented view of what employees can do achieve their potential in the organization by providing them feedback and coach them to higher level of performance (Gomez-Mejia, Luis, David, Robert, 2012).

Performance appraisal is an important Human resource management function, and for the purpose of meeting objectives organizations may have different performance appraisal system. But whatever the objective is, organization should have employee performance appraisal system which can create a possibility of regular and frequent interaction between a supervisor and his/her subordinate, and this will let the organization to motivate, encourage, build, train, reinforce and modify behavior of employees. In other words it can be considered as a developmental process since it is has a room to discuss about past performance of the employee and to help the employee to improve and become more effective in the future (Saiyadain, 2004).

According to Saiyadain (2004), appraisal may be understood as the assessment of an individual's performance in a systematic way which will help to rate an individual for a given year in relation to others and in relation to his own ratings over the years the performance being measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, cooperation, judgment, flexibility, health and the like.

A performance appraisal is a method by which job performance is measured and having the same meaning the performance appraisal can be called in many different words like; Employee appraisal, Performance review, 360 review, and Career development review. Doesn't matter what the name, these appraisals should be very beneficial in motivating and rewarding employees. The performance appraisal is a formalized process to assess how well an employee does his or her job. The effectiveness of this process can contribute to employee retention, in that employees can gain constructive feedback on their job performance, and it can be an opportunity for the manager to work with the employee to set goals within the organization. This process can help ensure the employee's upper level self-actualization needs are met. (University of Minnesota, 2016)

Companies may have some formal and informal means of appraising their employee's performance and in general performance appraisal means evaluating an employee's current and /or past performance relative to his or her performance standards (Dessler, 2005).

2.1.2 PROCEDURE FOR EVALUATING PERFORMANCE APPRAISAL

Performance appraisal is not one shout activity, rather it should started from the very initial organizational planning time and continuously circulate up to the life cycle of the organization. Mamoria (1995), pointed out that, the process of performance evaluation begins with the establishment of performance standards, followed by communicating the standards to the employees, because if left to them, it will be difficult to guess what is expected of them. This is followed by measurement of actual performance and then compare the actual performance to the performance standard set and discuss the appraisal out come with the employee and if necessary, initiate corrective action.

The performance appraisal process contains three steps; the first one is defining the job, this means that the organization has to make clear the duties and respective job standards to the employee and reach to agreement. Second apprising performance of the employee against the seated standards in a pre defined rating form. Third facilitating repeated feedback sessions to discuss on the appraisal result and make plans for any development required (Dessler, 2005).

The performance appraisal forms of an organization itself should be carefully prepared in order to address the appraisal objective. And the form can be prepared in various ways however the there are three key elements to be considered i.e. the focus of the appraisal, the performance criteria selected and the performance ratings used (Cole, 2000).

2.1.3 THE ROLE OF PERFORMANCE APPRAISAL

Performance appraisal is a systematic process to evaluate employees on (at least) an annual basis. The organization's performance appraisal and general rules and policies should be the tools that measure the employee's overall performance.

The four reasons that answer, why a systematic performance evaluation system should be implemented are; First, the evaluation process should encourage positive performance and behavior. Meaning the target should be towards seeking for positive performance of employees.

Second, it is a way to satisfy employee curiosity as to how well they are performing in their job in giving feedback to them about the past. It can also be used as a tool to develop employees, in clearing out the strength and weakness of employees respective of their duties and responsibilities. Lastly, it can provide a basis for pay raises, promotions, and legal disciplinary actions as per the result found (University of Minnesota, 2016).

It is much true that accurate appraisals are crucial for the evaluation of recruitment, selection, and training procedures that lead to improved performance. Appraisal can determine training needs and occasionally counseling needs. It can also increase employee motivation through the feedback process and may provide an evaluation of working conditions if there is any to be raised during discussion and it also help the organization effort in improving employee productivity, by encouraging the strong areas and modifying the weak ones by giving the necessary training (Maund, 2001).

Performance appraisal plays an integral role in organizations performance management process; first it is a systematic way to translate the employer's strategic goals in to specific employees' goals, by giving training employees following to periodical review. Second the appraisal lets both the manager and subordinate to correct any deficiencies the appraisal might have. Third the appraisal is useful to support employee's career plans in exposing his/her strength and weakness. In addition to these the appraisal always affects organization's salary raise and promotional decisions (Dessler, 2005).

Appraisals serves as a key input for administrating and a formal organizational positive reward for those outstanding performers, to encourage them in their future performance, it also serves as an input to facilitate training for those who have performed below the standard to help them in caring out job related duties and responsibilities, moreover a carefully done appraisal be can used as an input to punish those employees performed against the organization objective (Cascio and Nambudiri, 2010).

A well done performance appraisal will provide real information about individuals in an organization. By saying a well done it means that performance is evaluated realistic and quantitative terms, in consideration of maximizing profit margin, reducing sales expenditure, reducing wastage and spoilage, achieving sales quota, etc., and the result that the appraisal

provide about the information of individuals in an organization, will be useful for the organization for administration purpose, placement, selection, promotion, financial rewards, determination of grades, incentives or compensation and the like (Kaila, 2011).

A carefully done appraisal is a way to give feedback to employees of an organization in order to address the necessary tasks to be done on their personal and career development. It also generates a two way communication between managers and subordinates to establish objectives for training programs (Cascio and Nambudiri, 2010).

2.1.4 REQUIREMENTS OF EFFECTIVE APPRAISAL SYSTEM

It is obvious that implementation of an effective appraisal system benefits both the organization and the employees. It helps the organization to meet its vision, objective, and goals and employees also benefit from it in carrying out their present duties and responsibilities smoothly and working for their carrier development based on the feedback they received from managers. And this calls for how there should be effective appraisal system in an organization. Cascio et.al (2010), discusses those five key requirements of effective appraisal system, first Relevance of the appraisal system should be justified based on links between the performance standard sated for a particular job and organizational objectives, second Sensitivity of the appraisal system should be checked by making sure it's capability in distinguishing effective performers from ineffective. Third Reliability of the appraisal system must confirm the consistency of judgment by raters. Fourth Acceptability of the system is necessary by all users of it, in the organization, fifth, Practicality is mandatory implying that the appraisal instruments must be easy for managers and employees to understand and use.

Singh and Pandey (2013), has also discussed the essentials to be considered for effective appraisal system providing that performance appraisal system is there in an organizations, to evaluate the personalities and contributions and potential of group members. In here the essentials discussed are; - performance appraisal system must be easily understandable, it must have the support of all lie people who admire it, the system should have built in incentives, etc.

The first step in the process is to determine how often performance appraisals should be given. It is necessary that managers should constantly be giving feedback to employees and this process is a more formal way of doing so. However, some organizations choose to give performance

evaluations once per year, while others give them twice per year, or more. The advantage to giving an evaluation twice per year, of course, is more feedback and opportunity for employee development as it will create a discussion room between supervisors and subordinates. But in deciding how often performance evaluations should be given there are different issues to be considered. That are; - The related cost, the no of employees in an organization, the necessity of it during specific period and the like. And it is highly recommended that asking for feedback from managers and employees is also a good way to determine the frequency of performance appraisal in an organization (University of Minnesota, 2016).

2.1.5 WHO SHOULD BE AN APPRAISER?

To conduct effective employee's performance appraisals, those who are directly concerned bodies should be included in evaluation of employee's performance. Chandan (1995) also indicated that employee's performance should be appraised by those who have the opportunity to observe performance or supervisors, the ability to translate observation in to useful assessments and the motivation to provide useful performance evaluation.

In addition to one immediate supervisor to carry out the task of evaluating employees, there are also other possibilities to evaluate employees that organizations has to consider as well; rating by committee of several supervisors, rating by the employee's peers (co-workers), rating by the employee's subordinates, rating by someone outside the immediate work situation, self-evaluation (Ivancevich, 2003).

2.1.5.1 Supervisors

This is a method of evaluating employee's performance of an organization by one of the immediate supervisor. In order to improve an organization performance appraisal system; supervisors should be informed that this is part of their duty followed by a systematic training on the issue given to them and they themselves would be evaluated on how seriously they have taken this exercise, conducting job evaluation studies and develop separate evaluation forms respective to various positions can also be mentioned (Saiyadain, 2004).

2.1.5.2 Rating by a Committee of Several Supervisor

This approach of evaluating performance creates a room for participation of more than one supervisor, who has contact with the employee, and therefore it has its own advantages in offsetting bias which can be done by only one supervisor (Ivancevich, 2003).

2.1.5.3 Rating by the Employees Peers (Co-workers)

This approach is mostly useful when the organization make sure that the tasks of work units require frequent working contact among peers, for the reason that the co-workers must know the level of performance of the employee being evaluated. And in order to meet its objective the organization should be confident enough that there is trust between the evaluating peers and they are not using it wrongly for competition purpose to get raises and promotions (Ivancevich, 2003).

2.1.5.4 Rating by the employee's subordinates

This is a method when employees in an organization or students in a university evaluate their managers and instructors respectively. It is used more for the developmental aspects of performance evaluation than the other methods. Managers are less interested to be evaluated in this method if the result is going to be used for the purpose of raises and promotion instead of using it for developmental purpose. And also regarding to this method, in order to build up their confidence, managers want to make sure that their subordinates are familiar with the job (Ivancevich, 2003).

2.1.5.5 Rating by someone outside the immediate work situation

This method is also known as the field review technique. It uses a specialized evaluator outside the job setting, and due to this it is believed that using this method is coasty and unless there is some other reason beyond Organizations use this method for exceptionally important jobs. In addition to its cost a crucial consideration is that the outside evaluators are with less data about the job (Ivancevich, 2003).

2.1.5.6 Self-evaluation

In regard to this method the employee will evaluate herself or himself with the techniques used by other evaluators. This method used by an organization putting as an objective the self-interests of the employee. On the other side using this method may lead to wrong result as there is a tendency of exaggerating work achievement, while evaluating oneself (Ivancevich, 2003).

2.1.6 TRAINING FOR MANAGERS

Managers should be trained on the area in order to meet the objective of performance appraisal and it is obvious that The Human resource manager knows the importance of performance evaluation systems in developing employees, but the other line managers may not understand the case deeply therefore the HR manager is responsible to ensure that every line manager in the organization is trained on how to fill out the evaluation forms, to educate managers on the standards for completing performance evaluation forms as well as train them on how to complete the necessary documents (criteria and ratings), how to develop improvement plans when necessary, and how to deliver the performance appraisal interview (University of Minnesota, 2016).

Appraising performance is both a difficult and an essential supervisory skill because making a mistake while exercising it may affect both the employee and the organization negatively. For this reason supervisors must be familiar with basic appraisal techniques, understand and avoid problems that can have an effect on appraisals, and know how to conduct appraisals fairly. With this regard the human resource department is responsible for training supervisors to improve their appraisal skills (Dessler, 2005).

2.1.7 CHALLENGES TO EFFECTIVE PERFORMANCE MEASUREMENT

2.1.7.1 Rater error and bias

This is a challenge for the outcome of the performance appraisal when there is error caused by a supervisor or evaluator in making an overall judgment about the employee and then confirm all dimensional ratings to that judgment and this a the kind of error may be caused by when a supervisor make all ratings consistent with the employees performance level on a dimension that is important to the supervisor. In addition to what is said a supervisor may make an error due to

personal bias, which may be consciously or unconsciously. For example, a supervisor may systematically rate certain employees lower or higher than others in the organization on the bases of race, national origin, sex, age, or other factors (Gomez-Mejia, et. al. 2012).

2.1.7.2 The influence of linking

This cause an error in the result of employee's performance appraisal when appraisers allow their dislike or like of an individual to influence their assessment of that persons performance. in fact according to Gomez-Mejia, et.al. (2012) the decision on the result of the appraisal may be appropriate or biased though there is a linking. That it can be said the appraisal is done appropriate if supervisors like good performers than poor performers, in contrast to this it can be said that it is biased if the supervisor like or dislike employees for the reason s other than their performance and then allow this feelings to contaminate their ratings.

2.1.7.3 Organizational politics

Organizational politics are a big challenge for on the result of performance appraisal, in here while going through the evaluation process rational approach may be totally neglected and the value of the employee may be assessed from the political perspective depending on the agenda or goal of the supervisor. And in this approach employees may also be motivated participants in the measurement process, meaning employees actively try to influence their evaluations, either directly or indirectly (Gomez-Mejia, et. al. 2012).

2.1.7.4 Individual or Group focus

This challenge is there on performance appraisal in organization when there is a team structure in performing duties. This challenge may affect the appraisal result if managers do not consider team performance appraisal at two levels. And to overcome this challenge, managers must separately evaluate first individual contribution to team performance and second the performance of the team may be evaluated as a unit (Gomez-Mejia, et. al. 2012).

2.1.7.5 Legal issues

As discussed by Gomez-Mejia, et.al. (2012) there are generally accepted undeniable legal requirements to be followed by performance appraisal system of an organization. Some of them

highly stated as prohibiting discrimination, meaning performance appraisal must be free of any kind of discrimination. It also discusses the necessary of use of job analysis, providing written instructions, allowing employees to view appraisal results, agreement among multiple raters (if more than one raters was used), and the presence of rater training.

2.1.7.6 Related to the Appraises

Employees should understand the necessity of the appraisal system positively, that the effective implementation of the system benefits both the organization and the employee themselves in increasing performance. however due to lack of this knowledge by employees in area, it may cause barriers in the process, such as employee's anxiety or frustration, employees negative attitude towards appraisal result and employee's reaction to positive and negative result (Thomas and Bretz, 1994).

2.1.8 METHODS TO MEASURE PERFORMANCE

2.1.8.1 Graphic rating scale

Managers evaluate employees by assigning a numerical value (e.g. Outstanding = 5, average = 2, likewise) to pre-defined factors. In other words it is a scale that lists a number of qualities and a range of performance for each. The employee is then rated by indentifying the score that best describes his or her level of performance for each factor. It is the most popular one among the other methods (Kandula, 2004).

2.1.8.2 Ranking method

Managers give rank to employees or generate list of appraises in order of ranking based on over all criteria by going through a process of choosing highest, then lowest, until all are ranked from best to worst on a particular nature (Kandula, 2004).

2.1.8.3 Paired comparison method

The appraiser go through a serious task of ranking employees on each time by making a chart of all possible pairs of the employees from whom he/she should be chosen according to the high performer of the factor, indicating who is better employee of the pair. And each employee's rank

is determined by counting the number of times she/he was rated superior (Cascio and Nambudiri, 2010).

2.1.8.4 Forced distribution method

This is an appraisal method in which predetermined percentages of rates are placed in various performance categories. The overall distribution of rating is forced into a normal, or bell-shaped, curve under the assumption that a relatively small portion of employees is outstanding, a relatively small portion is unsatisfactory, and everybody else falls in between. Like as an example out of 100% employees;- 40% to fall in average, 20% to fall in bellow average, 20% on the other side of the curve to fall in above average, 10% to fall in outstanding, and the rest 10% in the other side of the curve to fall in unsatisfactory category (Cascio and Nambudiri, 2010).

2.1.8.5 Critical incident method

A brief subjective reports by keeping a record of uncommonly good or undesirable examples of an employee's in accomplishing parts of his/her jobs. The record focuses only work-related behavior not traits. Meaning in this method managers are considered as they are judging performance, not personality. On the other hand reviewing the record with the employee at predetermined times like on a daily or a weekly base is there (Cascio and Nambudiri, 2010).

2.1.8.6 Behaviorally anchored rating scale (BARS)

This is an appraisal method that use critical incidents to anchor various points along the scale having a major advantage that the points will define the dimensions to be rated in behavioral terms. As an example the points to be anchored with the incidents can be 7, 8, 9 to be rated as high, 4, 5, 6 to be rated as average and 1, 2, 3 to be rated as low (Cascio and Nambudiri, 2010).

2.1.8.7 Management by objectives (MBO)

At the beginning this method involves in setting measurable goals to establish objectives of departments, department managers and each department employees considering objective of the organization as a whole. And the objectives to be achieved in a given period of time must be agreed by the key people involved in the establishment, there should be also a well developed plans for how and when the objectives to be achieved, with an agreed objective measurement

tool. And the method emphasizes periodically reviewing the progress towards the goals of the organization (Cascio and Nambudiri, 2010).

2.1.8.8 Narrative Essay

Comparing to the others this is the simplest evaluating method in which appraisers writes an explanation about employee's strength and weakness points, previous performance, positional suggestion on the employees improvement at the end of evaluation term. It is highly recommended to use this method combining with the other methods. In this method of performance appraisal the appraiser mainly attempt to focus on behaviors such as commitment, timeliness and interaction. Since the writing skill of the appraisers or supervisors may vary the length and the content of the written statements can vary considerably (Cascio and Nambudiri, 2010).

2.1.8.9 360- Degree Feedback

This is one of the performance appraisal methods, which referred to as a multisource assessment or multi-rater feedback, meaning feedbacks should be collected from supervisors, employees, and co-workers. It uses systematic collection and feedback of performance data on an individual to utilize information from the full Circle that appraise interacts. This method is not mostly appropriate to be used as determinant of pay, promotions, or terminations. Instead it is particularly effective if organizations use it for appraising those holding managerial positions, to help them for career coaching and know their strengths and weaknesses (Goitom Abrham, 2012).

2.2 EMPIRICAL LITERATURE REVIEW

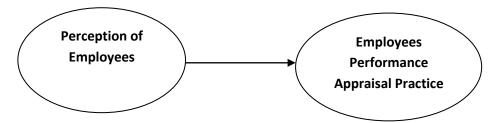
A research study by Bernard, (2013) on determining employee's perception about the purpose of performance appraisal system of an organization supporting a performance appraisal system should distinguish employee's strengths, weaknesses, and aid in identifying the area where an employee needs training. And to this end the study found out that the employees were in agreement with all the items regarding the administrative purpose and developmental purpose of their performance appraisal system. The study also recommends that there should be a great awareness on employees of an organization to help them know where they stand with respect to

goal achievement, as the indicators in the performance appraisal system are aligned with the vision and mission of the organization at large.

Furthermore according to a research by Farrell (2013) it is found out that there is a poor practice in involvement of employee's participation in the appraisal system of an organization. And to come up with an appraisal system which addresses benefit of all the study recommends that there should be a higher level of employee involvement in the system. In this regard the study also assures that encouraging the participation of employees in the appraisal system will help the organization to develop employees by identifying training needs, to coach and give more accurate, constructive feedback.

A research study by Shrivastava and Rai (2012), in a banking sector emphasizes implementation of effective performance appraisal based on following different steps like the selection of performance data, deciding on who is going to be assigned as a rater, creating a rating instrument and delivery of useful information to employees. And the research also stress on the need for feedback on employee performance by creating a room for discussion between the rater and the employee, to discuss about the performance result of the individual and the action to be taken following it i.e. Development and support that may be required from the organization side in order to enhance effectiveness and efficiency of the employee.

2.3 CONCEPTUAL FRAMEWORK



CHAPTER THREE

RESEARCH METHODOLOGY

This chapter consists of the research design, types and sources of data, sampling design, data collection method, and data analysis method used for the research.

3.1 RESEARCH DESIGN

As the main objective of this study is to assess the performance appraisal system of united bank, in this study 170 copies of a structured questionnaires were distributed to clerical employees of fifteen branches of the Bank and out of this, 158 (93%) copies questionnaire were collected back and being used.

A quantitative research design method was used as there is existence of objective reality out there and a numerical measurement is done, Statistical Package for Social Sciences (SPSS) was used to code and analyze the collected responses. And descriptive research approach was applied, since a descriptive research includes surveys and fact-finding enquires of different kinds to describe systematically a situation, a problem, a group or individual as it is. And graphs, tables, frequency distribution and percentages were used.

3.2 TYPES AND SOURCES OF DATA

To meet the objective of the study, the researcher collected primary data from fifteen branches of the banks clerical employees through a standard questionnaire. Secondary data have been also used to strengthen the research.

To strengthen the study secondary information has been collected from books, journals, published/unpublished materials of the organization.

3.3 SAMPLING DESIGN

In order to address the objective of this study the researcher collected data from 15 branches of United Bank clerical employees through a structured questioner, which is used as primary source, the data is collected by using none probabilistic convenient sampling method. More over

the researcher uses secondary information which is collected from books, journals and published/unpublished materials of the organization.

The sample size for the research was 170, which is calculated using a Slovin's formula. As information indicates from the Human resource department of the Bank, the total number of employees in 15 branches of the Bank were, about 300.

$$n = \underline{N}$$

$$1+N (e2)$$

Where n=Sample size,

N=Population size,

(e2)= The standard error with 95% confidence level

n=300/1+300(0.05)2

n=170

3.4 DATA COLLECTION METHOD

To meet the objective of the study, following a latter with subject "cooperation" from Manager Human Resource Management Department of the Bank addressing to 15 branches with a direct copy to the researcher, at the beginning 170 well prepared standard structured questionnaires that are taken from Dagmawit (2013) and Binyam (2015) were distributed to clerical employees of fifteen branches of the Bank. The first part includes demographics of respondents namely: sex, Age, Academic qualification, and Years of experience. And the second part which is main part of the questionnaire includes 30 questions that were categorized in eight parts namely: Setting performance expectation/ goal, Rater knowledge, Appraisal Content, Feedback, Accuracy and Fairness of Rating, Explaining Rating Decision, Appeal Procedure and Purpose of Performance Appraisal. And out of the total questionnaires distributed, 158 (93%) questionnaires were collected back and being used.

And to strengthen the study secondary information also collected from books, journals, published/unpublished materials of the organization.

3.5. DATA ANALYSIS METHOD

The data collected from respondents of fifteen branches of the bank through questionnaire are analyzed and interpreted in order to come up with essential findings. Statistical Package for Social Sciences (SPSS) was used to code and analyze the collected responses. A Descriptive statistical technique was also adopted for analysis of data collected through questionnaire. And in so doing, graphs, tables, frequency distribution and percentages were used as these clearly presents the level of effective elements of performance appraisal and ineffective elements of performance appraisal in United Bank S.C. and level of awareness of employees of the bank on the performance appraisal system.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

At the beginning 170 questionnaires were distributed to clerical employees of fifteen branches of the Bank and out of this 158 (93%) questionnaires were collected back which is believed to be enough for the study purpose and being used.

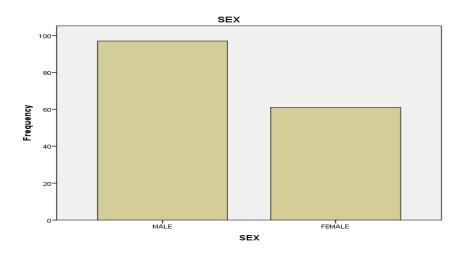
This chapter is presented in two parts. The first part is the demographic profile of respondents. This part is interpreted and presented by the researcher using frequency, percentage and graph. In the second section of this chapter the researcher presents the findings that is analyzed and generated by SPSS. And the researcher interpretation is presented using frequency, percentage and table. In this section questions presented in Likert scale (a method taken from matrix rating) as strongly agree and agree are considered as only agree, and strongly disagree and disagree considered as only disagree for convenience purpose

4.1. DEMOGRAPHICS OF THE RESPONDENTS

In here Demographics of respondents namely: sex, Age, Academic qualification, and Years of experience are presented and interpreted.

4.1.1 Respondents in respect to sex

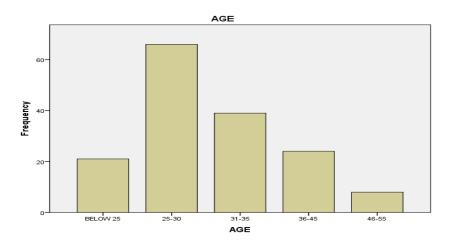
When it is observed the overall respondents by comparing them regarding to frequency of their sex, the largest percentage has taken by males having 61% which equals 97 in number, while the rest 61 were females taking a share of 38% of the total respondents. Graph 4.1 below shows this.



Graph 4.1 Sex Distribution of respondents

4.1.2 Respondents in respect to Age group

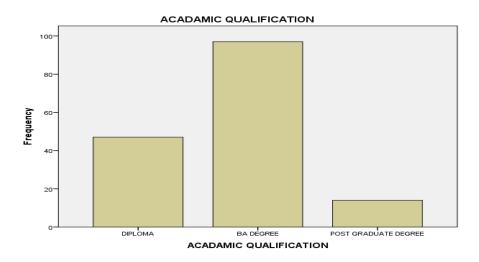
Coming to a look at respondents in respect to age group, as it can be seen in graph 4.2 below, the largest age group was 25-30 (n=66) which is 42% of the total respondents and followed by age group 31-35 (n=39) being the second largest with 25%, the third age group 36-45 (n=24) takes 15% and at last 13% of the total respondents were age group below 25 (n=66). and the implication in here is that significant number of the response has been given by young employees.



Graph 4.2 Age distribution of respondents

4.1.3 Respondents in respect to Academic qualification

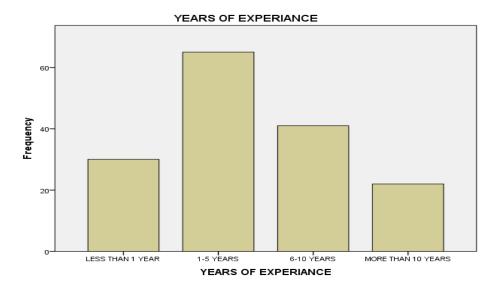
Regarding to observation respondents in respect to their academic qualification those with BA Degree taken the largest percentage having 61% (n=97). Where Diploma and Post graduate respondents have taken the second and third place with 30% (n=47) and 9% (n=14) respectively. the implication in here is that significant number of response has been given by medium level personals. Graph 4.3 below shows this.



Graph 4.3 Academic Qualification Distribution of respondents

4.1.4 Respondents in respect to Years of Experience

With regard to respondents appearance according to their years of experience looking at graph 4.4, those with 1-5 years of experience have taken the largest figure (n=65) which is 41% of the total respondents. The second largest figure is (n=41) having 26% share belongs to for those with 6-10 years of experience. And the third and the fourth place respondents were those with less than one year experience and more than ten years of experience having 19% (n=30) and 14% (n=22) respectively. in here the implication is that significant number of response has been given by those employees with years of experience less than ten years.



Graph 4.4 Years of experience distribution of respondents

4.2 Response of Respondents on Employee performance appraisal practice

In this section the responses of respondents on employee performance appraisal practice of the Bank are presented, analyzed and interpreted. This section includes responses for 30 questions that were categorized in eight parts namely:

- Setting performance expectation/ goal,
- Rater knowledge,
- Appraisal Content,
- Feedback,
- Accuracy and Fairness of Rating,
- Explaining Rating Decision,
- Appeal Procedure and
- Purpose of Performance Appraisal.

These categories of questions are adopted from Dagmawit (2013) and Binyam (2015).

4.2.1 Setting performance expectation/goal

In this section the respondents provided with four questions related to setting performance expectation which empowered the researcher to analyze and interpret respondents answer from different angle.

Table 4.1 Items that measure respondents perception towards performance expectation/goal

RESPONSE	STRONGLY DISAGREE		DISAGREE		NEUTRAL		AGREE			NGLY REE
REST STOP	Count	%	Count	%	Count	%	Count	%	Count	%
PAP Requires That Performance Expectation Be Set At The Start Of A Rating Period	72	45.0	53	34	15	10	11	7	7	4
Rater Clearly Explains He Or She Expects	78	49	43	27	6	4	18	12	13	8
Rater Regularly Explains What He Or She Expects	89	56	50	32	12	8	2	1	5	3
The PAP Allows Employees To Help Set The Performance Standards That Supervisor Will Use To Rate Performance	64	40	38	25	32	20	16	10	8	5

As it can be observed from Table 4.1 above, the first question in this category is to see whether performance appraisal process requires that performance expectation be set for employees at the start of a rating period or not. To this end 79% (n=125) of respondents responded as they disagree, only 17% (n=18) of respondents were responded as they agree, while the rest 10% (n=15) being neutral. In his second question the researcher has tried to see employees replay, whether their rater clearly explains what he or she expects from them. In this regard 76% (n=121) of respondents were disagreed and 20% (n=31) of respondents were agreed, while the rest 4% (n=6) being neutral. Looking at the overall response to these two consecutive questions, majority of the respondents replied negatively. And the implication in here is that, there is no much practice of setting performance expectation/goal at the beginning of a rating period.

Regarding to the third question that respondents were requested, if they are getting regular explanation by the rater, that what he or she expects from them. In here 88% (n=136) of the respondents were disagreed and 8% (n=12) were being neutral, while the rest 4% (n=7) agreed. The forth question in this category where the researcher interested to know about employees perception if PAP allows them to set the Performance standards that the rater will use to rate performance. In regard to this 65% (n=102) respondents were disagreed, 20% (n=32)

respondents were neither disagree nor agree, while the rest 15% (n=24) responded as they agreed. Likewise majority of respondents replied negatively for both third and fourth questions. The implications of the two responses in here are that, raters do not give regular explanation on what he or she expects from employees and that the PAP do not allow employees to set the Performance standards that the rater will use to rate performance.

4.2.2 Rater knowledge

According to the student researcher view it is mandatory that existence of a well-equipped rater in an organization will bring a positive effect for the success of the organization goal and employee's goal. As it is presented in table 4.2 below, in this second category four important questions were provided to respondents to see rater's knowledge in the bank.

Table 4.2 Items that measure respondents perception towards rater knowledge

	STRONGLY DISAGREE		DISAC	DISAGREE		NEUTRAL		AGREE		NGLY LEE
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
My Organization Makes Sure That I am Assigned a Rater Who is Qualified to Evaluate my Work	52	33	43	27	8	5	38	24	17	11
My Organization Ensures That I am Assigned a Rater Who Knows What my Job Descriptions and Detail Technical Know How of My Assignment	61	39	53	34	18	11	16	10	10	6
My Organization Makes Sure That My Rater Understands The Requirement And Difficulties of My Work	49	31	65	41	14	9	22	14	8	5
My Organization Makes Sure That My Rater Understands the Pap Rating Procedures and Rating Format	71	45	55	35	7	4	19	12	6	4
Appraisers Lack Training on How to Appraise	81	51	62	39	2	1	9	6	4	3

The first question was to identify respondent's perception if the organization is making sure that the rater is qualified to evaluate their work or not. In this regard 60% (n=95) of respondents disagreed, 35% (n=55) of respondents agreed, and the rest 5% (n=8) neither disagree nor agree. The second question provided to the respondents was to note if the bank makes sure that raters know job descriptions and detail technical assignments of the employee. Again majority of respondents were in disagreement category taking 73% (n=114), and 16% (n=26) agreed, while the rest 11% (n=18) were neutral. And from this fact it is observed that majority of the respondents replied negatively for two consecutive questions. And the implications in here are that, the Bank is not making sure that whether the rater is qualified or not to evaluate employees work, and the Bank is not also making sure that whether raters know job descriptions and detail technical assignments of the employee or not.

Respondents answer to the third question whether the Bank ensures that rater's understanding about the requirements and difficulties of the employee work, shows 72% (n=114) disagreement, 19% (n=30) agreement, while the rest 9% (n=14) were neutral to the question. In the fourth question respondents were asked whether their organization makes sure that rater's understanding on the PAP procedure and rating format; and the result shows 80% (n=126) disagreement, 16% (n=25) agreement, and the rest 4% (n=7) neither agreed nor disagreed. The fifth question was whether appraisers lack training on how to appraise or not. The response to this question displays that 90% (n=143) disagreed, 9% (n=13) agreed and only 1% (n=2) being neutral. From the above answers for the three consecutive questions it can be seen that majority respondent's replied negatively. And the implications in here are that, the Bank don't make sure that whether there is rater's understanding about the requirements and difficulties of the employee work or not, the Bank don't make sure that whether there is rater's understanding on the PAP procedure and rating format or not, and appraisers lack training on how to appraise.

4.2.3 Appraisal Content

According to the researcher knowledge the content of the appraisal form that uses for appraising employees must ensure that all the necessary criteria which are related to the duties and responsibilities of the appraise are included. And in this category respondents were requested to give their perception on four related questions.

Table 4.3 Items that measure respondents perception towards appraisal content

RESPONSE	STRONGLY DISAGREE		DISAC	DISAGREE		NEUTRAL		AGREE		NGLY REE
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
The Performance Criteria are Objective	24	15	22	14	28	18	48	30	36	23
The Expectations Set on the Form Reflect the Most Important Factors to Appraise Employee Performance	12	7	31	20	11	7	58	37	46	29
The Criteria Distinguish Effective from Ineffective Performers	7	4	16	10	14	9	46	29	75	48
The Criteria Are Customized Based on the Characteristics of My Job	20	13	21	13	8	5	57	36	52	33

Looking at table 4.3 above for the first question respondents perception on objectivity of criteria in the appraisal form 53% (n=84) agreed, and 29% (n=46) disagreed, while the rest taking 18% (n=28) of the total being neutral. For the second question, where respondents were requested to give their response if expectations set on the form reflect the most important factors to appraise employee performance or not, the result shows that 66% (n=104) of respondents agreed, and 27% (43) of respondents disagreed, while the rest 7% (n=7) neither agreed nor disagreed. From these two consecutive answers, it is observed that majority of the respondents replied positively. And the implications in here are that, there is objectivity of criteria in the appraisal form and the expectations set on the form reflects the most important factors to appraise employee performance.

The third important question was whether the criteria in the appraisal form distinguish effective from ineffective performers. The response to this question shows that 77% (n=121) of respondents agreed, and 14% (n=23) disagreed. Only 9% (n=14) were found to be neutral to the issue. The last essential question inquires if criteria in the performance appraisal form are customized based on characteristics of the employee job. To this end the result shows 69%

(n=109) of respondents were agreed, 26% (n=41) of disagreed, and the rest having 5% (n=8) of the total found to be neutral. From these two consecutive results it can be noted that majority of respondents replied positively. And the implications in here are that, the criteria in the appraisal form distinguishes effective from ineffective performers and criteria in the performance appraisal form are customized based on characteristics of the employee job.

4.2.4 Feedback

In line with the researcher's expectation, giving actual feedback on the performance progress of employees towards the goal of the organization at large, contributes a great influence on the success of both the organization and the employee.

Table 4.4 Items that measure respondents perception towards feedback

		STRONGLY DISAGREE NEUTRAL DISAGREE		AGREE		STRONGL AGREE				
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
My Rater Gives Me Feedback on Status of My Performance on My Job Regularly	61	39.0	56	35	10	6	20	13	11	7

With this regard respondents were provided with only one question to get their perception if they are getting regular feedback from raters on status of their performance. As it can be observed in Table 4.4 above, 74% (n=117) of respondents found to be disagreed, and 20% (n=31) of respondents found to be agreed, while the rest 6% (n=10) of respondents were neutral. From this result it is observed that respondents replied negatively. The implication in here is that, employees are not getting regular feedback from raters on status of their performance.

4.2.5 Accuracy and Fairness of Rating

In this section the researcher was interested to look at the performance appraisal practice of the bank concerning its accuracy and fairness of rating. And in order to see the issue well respondents were provided with three associated questions.

Table 4.5 Items that measure respondents perception towards accuracy and fairness of rating

	STRONGLY DISAGREE		DISAGREE		NEUTRAL		AGREE		STRON AGREE	
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
My Performance Rating is Based on How Well I Do My Work	59	37	48	30	3	2	25	16	23	15
My Performance Rating Reflects How Much Work I Do	68	43	55	35	8	5	17	11	10	6
My Supervisor Keeps A File On My Activities During the Appraisal Period	68	43	54	34	9	6	14	9	13	8

In this section the first question distributed to respondents was to give their perception if the performance rating is based on how well they do their work or not, in here the result shows that 67% (n=107) of respondents disagreed and 31% (n=48) of respondents agreed, while the rest about 2% (n=3) of them neither agreed nor disagreed. The second question in this category was if the performance rating reflects how much work they do. As response shows, 78% (n=123) of respondents disagreed and 17% (n=27) of respondents agreed, while the rest 5% (n=8) were neutral. And the result for the last important question where the researcher tried to get respondents opinion if appraiser keeps file on activities of appraise during appraisal period or not found to be 77% (n=132) of respondents in disagreement and 17% (n=27) of respondents in

agreement, while the rest neutral having 6% (n=9). Having the above three responses in mind it is observed that respondents replay was negative. The implications in here are that, the performance rating is not based on how well employees do their work, the performance rating doesn't reflect how much work employees do and appraisers do not keep file on activities of employees during appraisal period.

4.2.6 Explaining rating decision

As it is well stated by Goitom (2012), "performance appraisal is the process of determining and communicating to an employee how he/she is performing the job", there should be a worthy

explanation from the rater side that how the performance process is done and there must be also a room for the appraise to request any related issues.

Table 4.6 Items that measure respondents perception towards explaining rating decision

	STROM DISAC		DISAG	REE	NEUT	TRAL	AGR	AGREE		GLY EE
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
My Rater Helps Me to Understand the Process Used to Evaluate and Rate My Performance	64	41	51	32	12	8	16	10	15	9
My Rater takes the Time to My Rating Result	55	35	44	28	6	4	18	11	35	22
My Rater Lets Me Ask Him or Her Questions About My Performance Rating	62	39	47	30	1	0.6	28	18	20	12. 4
My Rater Helps Me to Understand What I Need to Do Improve My Performance	70	44	63	40	5	3	12	8	8	5

Keeping the above statement in mind, the researcher provided respondents with four related questions (Table 4.6 above presents the result). The first question in this category was requesting respondents whether there is assistance of raters in understanding the process used to evaluate and rate performance or not, and the result shows 73% (n=115) of respondents were disagreed, and 19% (n=31) of respondents were agreed, while the rest 8% (n=12) of them remain undecided. Coming to the second question in this group respondents were requested to give their perception if raters are giving time to rating result or not, and to this regard it is observed that 63% (n=99) of respondents were disagreed, and 33% (n=53) of respondents were agreed, while the rest only 4% (n=6) of them being neutral. From this result it is observed that respondents replay for the two consecutive questions was negative. The implications in here are that, there is no assistance of raters to employees in understanding the process used to evaluate and rate performance and raters do not giving time to rating result.

The researcher also has tried to see respondents perception on his third question in respect to if there is any room for appraise to raise question about the performance rating result, and respondents result regarding indicates 69% (n=109) of them were disagreed, and 30% (n=48) of

them were agreed, while only one respondent was neutral to this issue. In this group in his last important question the student researcher was in need of respondents perception if there is appraisers assistance in helping the appraise to understand what to do, in order to improve his or her performance, in here 84% (n=133) of responses found to be disagreed, and 13% (n=20) of responses found to be agreed, while the rest 3% (n=5) of responses found to be neutral. From these two consecutive replays it is observed that respondents answered negatively. And the implications in here are that, raters do not try to let employees raise question about the performance rating result and there is no assistance from the evaluators' side in helping employees to understand what to do, in order to improve his or her performance.

4.2.7 Appeal Procedure

In this group respondents were provided with four related questions to the subject matter of appeal procedure. Table 4.7 demonstrates this.

Table 4.7 Items that measure respondents perception towards appeal procedure

	STRON DISAC		DISAGREE NEUTRAL		AGREE			NGLY REE		
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
I Have Procedure on How to Appeal a Performance Rating That I Think is Biased or Inaccurate	20	13	26	17	4	3	51	31	57	36
I Can Challenge a Performance rating if i think it is unfair	29	18	33	21	14	9	45	29	37	23
My Performance Rating can be changed if I van show that is incorrect or Unfair	22	14	28	18	7	4	53	34	48	30
I am comfortable in communicating my feelings of disagreement about my rating to my Supervisor	24	15	32	20	5	3	46	29	51	33

The first question in this section was to see respondents perception if there is a procedure set in the bank on how to appeal on a performance result that the appraise didn't accept, or not, respective to this the result identified that 30% (n=46) of respondents were disagreed, and 67% (n=108) of respondents were agreed, while the rest only 3% (n=4) of them being neutral. The second question in this group was where respondents requested to give their perception if there is a possibility of challenging their appraiser on the performance rating result that they think is

unfair. And to this end the result shows 39% (n=62) of respondents were disagreed, and 52% (n=82) respondents were agreed, while the rest 9% (n=14) were found to be neither agreed nor disagreed. From the result of the above two consecutive questions it is observed that respondents responded positively. The implications in here are that, there is a procedure in the performance system on how to appeal if the employee didn't accept the appraisal result, there is a possibility of challenging their appraiser to employees on the performance rating result that they think is unfair.

Respondents were requested to place their perception on change of their performance result if they can show that it is incorrect or unfair, in third question of this section. And the result shows agreement of 64% (n=101) of respondents, and disagreement of 32% (n=50) of respondents, while the rest being neither agree nor disagree having 4% (n=7) of the total respondents. In this group the last question to respondents was to identify their perception if they are comfortable in communicating their feelings of disagreement about the performance result to the appraiser or not, with this regard the result shows as 62% (n=97) of respondents were agreed and 35% (n=56) of respondents were disagreed, while the rest having 3% (n=5) of respondents being neutral. The result for these two consecutive question indicated that respondents replied positively. The implications in here are that, there is a possibility of change on performance result if employees can show that it is incorrect or unfair and employees are comfortable in communicating their feelings of disagreement about the performance result to the appraiser.

4.2.8 Purpose of PA

In this category of the survey instrument respondents were provided with five consecutive questions to see their perception regarding the purpose of performance appraisal in the United Bank.

Table 4.8 Items that measure respondents perception towards Purpose of PA

	STROM DISAG		DISAGREE		NEUTRAL		AGF	REE	STRONGLY AGREE	
RESPONSE	Count	%	Count	%	Count	%	Count	%	Count	%
The PA Result is Used In Providing Training and Development For Employees Who Need Improvement	65	41	58	37	2	1	19	12	14	9
Outstanding Achievers are Rewarded With Salary Raise / Bonus Rewards or Promotion	18	11	24	15	4	3	58	37	54	34
UB Uses The PA Evaluation Result to Enhance Employees Performance By Providing Feedbacks to Employees	74	48	56	34	1	1	14	9	13	8
UBs Pa System Is Supporting The Over All Competitiveness of the Organization	68	43	59	37	3	2	18	12	8	10
I Am Satisfied With PA System of the Bank	64	40	52	33	6	4	21	13	15	10

The first question requested in this section was if the PA result is used in providing training and development for employees who need improvement or not, and the result shows 78% (n=123) of respondents disagreed and 21% (n=33) of respondents agreed, while only 1% (n=2) of them neither agreed nor disagreed. The second question was if outstanding achievers are rewarded with salary raise / bonus rewards or promotion or not, to this regard respondents replay found to be 71% (n=112) agreed and 26% (n=42) disagreed, while the rest with 3% (n=4) proportion were neutral. And the implications in here are that, PA result is not used in providing training and development for employees who need improvement and outstanding achievers are rewarded with salary raise / bonus rewards or promotion.

Respondents were requested to forward their opinion if the Bank uses the PA evaluation result to enhance employee's performance by providing feedback to employees or not, in the third question of this category. And the result shows 82% (n=130) of respondents disagreed and 17%

(n=27) of respondents agreed while the rest about 1% (n=1) respondents were neutral. in the fourth question of this section respondents were provided with a question requesting whether the Bank's PA system is supporting the overall competitiveness of the organization or not, and the result indicates that 80% (n=127) of respondents disagreement and 18% (n=28) of respondents agreement, while the rest with only 2% (n=3) of respondents neutral. The implications in here are that, the Bank do not use the PA evaluation result to enhance employee's performance by providing feedback to employees and PA system is not supporting the overall competitiveness of the Bank.

The last important question in this category was requesting perception of respondents whether they are satisfied with the overall performance appraisal system of the Bank or not, and to this respect the result shows 73% (n=116) of respondents disagreed and 23% (n=36) of respondents agreed, while the rest taking place with only 4% (n=6) of respondents were neutral. The implication from the above three consecutive answers is that respondents' perception was negative. And the implication in here is that, employees are not satisfied with the overall performance appraisal system of the Bank

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents, the summary of findings, conclusions derived based on the findings and recommendations to address the gap identified by the study.

5.1 SUMMARY OF FINDINGS

The study attempted to assesses employee performance appraisal practice of the United Bank S.C. and the study employed 170 questionnaires as a field instrument and it was categorized in eight sections namely;

- setting performance expectation/ goal,
- Rater knowledge,
- Appraisal Content,
- Feedback,
- Accuracy and Fairness of Rating,
- Explaining Rating Decision,
- Appeal Procedure, and
- Purpose of Performance Appraisal.

Out of the total questionnaires distributed to respondents, 158 of them were collected back and analyzed further using SPSS and presented by descriptive method. And based on the discussion, data presentation and interpretation in the previous chapter the following summaries are drawn.

- a) In regard to setting performance expectation/goal it was found out that;
 - Most respondents taking 79% of the total response perceive that there is no practice
 of setting performance expectation at the start of a rating period.
 - Majority of respondents taking 76% of the total response perceive that raters do not clearly explain what he or she expects the employee performance to be and
 - Most of respondents taking 88% of the total response perceive that raters do not regularly explain what he or she expects the employee performance to be.

- That there is majority of respondents having 65% of the total response disagreement with respect to contribution of employees in setting performance standards in the PAP.
- b) Regarding to Rater knowledge it was identified that:
 - Majority of respondents taking 60% of the total response greed that their organization is not making sure that employees are assigned to a rater who is qualified to evaluate their work.
 - Most of respondents having 73% of the total response agreed that their organization is not making sure that employees are assigned to a rater who knows their job descriptions and detail technical aspects, and different requirements and related difficulties.
 - Respondents were highly agreed taking 80% of the total response that the Bank do
 not make sure that appraisers understands the PAP rating procedure and in the
 response high agreement also observed in that Appraisers lacks training on how to
 appraise.
- c) With regard to Appraisal content, it was observed that, majority of respondents taking 53% of the total response agreed in all of the factors in this category that the performance criteria are objective, the expectation set on the form reflect the most important factors to appraise performance, the criteria distinguish effective from ineffective performers and the criteria are customized based o characteristics of job.
- d) It was learned that majority of respondents having 74% of the total response stated that their raters do not give them feedback on status of their performance regularly.
- e) It was found out that most respondents having 77% of the total response agreed as there is no practice of keeping file on activities of appraises during the appraisal period. Likewise majority of respondents agreed that the rating doesn't reflect how much work they do and it is not based on how well they do their work.
- f) It was discovered that majority of respondents having 73% of the total response agreed as there is no assistance from the raters side in explaining rating decision to the employee.

- g) Majority of respondents taking 67% of the total response agreed, that they can appeal when they perceive their performance rating is biased or inaccurate. Likewise they agreed that they can challenge and the result may get change as they are comfortable in communicating feelings of disagreement.
- h) With regard to the responses on the purpose of performance appraisal:
 - It was indicated that majority of respondents having 78% of the total response disagreed in that PA result is used in providing training and development for employees who need improvement.
 - It was learned that majority of respondents taking 71% of the total response greed that outstanding performers are awarded with salary raise/bones rewards or promotion.
 - It was found out that majority of respondents taking 73% of the total response were not satisfied with the performance appraisal system of the Bank and they are not also in agreement with the statement that that UB's performance appraisal system supports the overall competitiveness of the Bank.

5.2 CONCLUSION

After careful analysis of the employee performance appraisal practice of United Bank S.C. the following conclusions are derived.

The process of performance evaluation begins with the establishment of performance standards, followed by communicating the standards to the employees. However employees of the bank perceive that there is no much practice of setting performance expectation/goal at the beginning of a rating period.

Even though, in order to improve an organization performance appraisal system; supervisors should be informed that this is part of their major duty followed by a systematic training on the issue given to them and they themselves would be evaluated on how seriously they have taken this exercise. Employees of the Bank perception indicated that Evaluators lack knowledge on how to appraise and there is no close follow up from the Bank's side how it is going on.

The performance appraisal content of an organization should be carefully prepared in order to address the appraisal objective. To implement this, a great attention must be there for the performance criteria selected and the performance ratings used. Regarding this perception of employees specified that the appraisal content has no problem in respect to its objectivity. The expectation set on the UB's performance appraisal form also reflects the most important factors to appraise employee performance. And the criteria on the appraisal form also customized based on characteristics of job, distinguishing effective from ineffective performers.

It is true that any organization should have employee performance appraisal system which can create a possibility of regular and frequent interaction between a supervisor and his/her subordinate, and this will enable the organization to motivate, encourage, build, train, reinforce and modify behavior of employees. In other words, it can be considered as a developmental process since it has a room to discuss about past performance of the employee and to help the employee to improve and become more effective in the future. However, employees' perception towards this issue is found to be highly negative as there is no practice of regular feedback from the rater side on the status of their performance.

Accurate appraisals are crucial for the evaluation of recruitment, selection, and training procedures that lead to improved performance. However, contrary to this reality, respondent's perception on the performance appraisal system of the bank with regard to Accuracy and fairness of rating and Explaining rating decision to employees is found to be highly negative, as there is no practice of accuracy and assistance from the rater's side in keeping file on performance of employees and taking time to rating result in explaining rating decision to the employee.

According to respondents' perception, employees have appeal procedure if they believe that their evaluation is biased or inaccurate.

It is obvious that implementation of an effective appraisal system benefits both the organization and the employees. It helps the organization to meet its vision, objective, and goals and employees also benefit from it in carrying out their present duties and responsibilities smoothly and working for their carrier development based on the feedback they received from managers As per perception of respondents, the purpose of performance appraisal of the Bank is found to be to award outstanding achievers with salary raise, bonus rewards or promotion. However the purpose is not there to provide training and development for employees, who need improvement, the purpose is not there also to enhance employee's performance by providing feedback to employees. Moreover, respondents stated that they are not satisfied with the performance appraisal system of the Bank.

5.3 RECOMMENDATION

In connection with the summary of findings and conclusion drawn above, some of the findings of this assessment are encouraging. However the following recommendations are provided to address the gap identified by the study.

- a) The Bank is recommended to work hard in communicating performance expectation/goal to employees at the beginning of the evaluation period; it has to communicate the performance standards to employees clearly and regularly respective to the performance expected from them. In addition to this, the PAP of the Bank has to enable employees in each level to participate in setting performance standards at the beginning of the period.
- b) The Bank is advised to give great attention to Raters' training to boost their ability, as he or she must be familiar with basic appraisal techniques, understand and avoid problems that can biased an appraisal, conduct the appraisal fairly, And UB is also recommended to make sure this regularly.
- c) In order to increase employee motivation by encouraging the strong areas and modifying the weak ones through the necessary training, to evaluate working conditions if there is any to be raised during discussion and to come up with achievement of the Bank's goal by having a great employee productivity, the Bank is recommended to implement timely and regular feedback on performance status of employees, in its existing performance appraisal system.
- d) UB is recommended to make sure if there is the practice of having file in every unit on what employees have done during the appraisal period. And the researcher believes this will help appraisers to make accurate evaluation and explain the rating decision clearly for the period, to employees.
- e) In addition to using the purpose of performance appraisal for salary raise/ bonus rewards, the Bank is highly recommended to include in its existing PA purpose; to provide training and development for employees who have performed below the standard to help them in caring out job related duties and responsibilities and to boost up their future performance.

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APPENDIX

A. Questionnaire

St. Mary's University

School of Graduate Studies

MBA Program

The purpose of this questionnaire is to collect data from clerical employees of united Bank S.C. for conducting Masters of Business administration (MBA) thesis on the title "Assessment of employee Performance Appraisal in the case of United Bank S.C.". Please be Objective while filling the questionnaire. The information you give is used only for academic purpose and will be kept confidential.

General instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (X) in the appropriate box.

Thank you, for your cooperation and timely response in advance.

Thank you,

Part I. Demographic Information

1. Sex	Male	Female [
2. Age Below 25 46-55		25-30 Above 55	36-45
3. Academic qualificatioDiplomaBA Degree	n	Post graduate	degree
4. Years of experience Less than 1 year 6-10 Years		1-5 Year More than 10 Y	ears
Part II.			
Please indicate the level of	of agreement on	the statements be	elow.
Abbreviations used:			
UB - United Bank			
PA -Performance Appraisal			
PAP -Performance Appraisal	l process		

Variable Descriptions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Setting performance expectation/goal					
1. The performance appraisal process requires that performance expectations be set for me at the start of a rating period					
2. My rater clearly explains to me what he or she expects for my performance					
3. My rater regularly explains to me what he or she expects of my performance					
4. The PAP allows me to help set the performance standards that my supervisor will use to rate my performance					
Rater Knowledge					
5. My organization makes sure that I am assigned a rater who is qualified to evaluate my work.					
6. My organization ensures that I am assigned a rater who knows what my job descriptions and detail technical knowhow of my assignment.					
7. My organization makes sure that my rater understands the requirement and difficulties of my work.					
8. My organization makes sure that my rater understands the PAP rating procedures and rating format.					
9. Appraisers lacks training on how to appraise					
Appraisal content					
10. The performance criteria are objective					
11. The expectations set on the form reflect the most important factors to appraise employee performance					
12. The criteria distinguish effective from ineffective performers					
13. Criteria are customized based on the characteristics of my Job					
Feed back					
14. My rater gives me feedback on status of my performance on my job regularly					

Accuracy and fairness of rating		
15. My performance rating is based on how well I do my work		
16. My performance rating reflects how much work I do		
17. My supervisor keeps a file on my activities during the appraisal period		
Explaining rating decision		
18. My rater helps me to understand the process used to evaluate and rate my performance		
19. My rater takes the time to my rating result		
20. My rater lets me ask him or her questions about my performance rating		
21. My rater helps me understand what I need to do improve my performance		
Appeal procedure		
22. I have procedure on how to appeal a performance rating that I think is biased or		
inaccurate.		
23. I can challenge a performance rating if I think it is unfair.		
24. My performance rating can be changed if I can show that is incorrect or unfair.		
25. I am comfortable in communicating my feelings of disagreement about my rating to my supervisor.		
Purpose of PA		
26. The PA result is used in providing training and development for employees who need improvement.		
27. Outstanding achievers are awarded with salary raise/bones rewards or promotion.		
28. UB uses the PA evaluation result to enhance employee's performance by providing feedbacks to employees		
29. UBs PA system is supporting the overall competitiveness of the organization.		
30. I am satisfied with the PA system of the Bank.		

B. United Bank's Performance Appraisal Form



ሕብረት ባንክ አ.ማ.

በጽህፌት *ነክ ሥራ* ለተሰማሩ *ሥራ*ተኞች የሚሞላ የሥራ አðíì**ም መመ²ኛ ቅ**ê

¾ÓምÑማ Ѳሩ፡ እ.ኤ.አ. እስከ______

ክፍል ሁለት፡- የምዘና መመሪያዎች፤

1. <u>ስመዛኝ</u>

- ሰራተኛው በተመዘነበት ጊዜያት ባከናወናቸው ሥራዎች ላይ በ• ዩ ጠንካራ ወይም ደካማ ጎን ላይ በመመርኮዝ የሥራ አፈጻጸም ምዘናው ይከናወናል፡፡
- በአንድ አ*ጋ*ጣሚ የ• የ የአሰራር ክንውንን መሠረት በማድረግ ተመዛኙን አ*ጋ*ኖ ወይም ዝቅ አድር*ጉ* መመዘን አግባብ አይሆንም፡
- ለሁሉም ተመዛኞች ተመሳሳይ ምዘና መስጠት ሳò " በሥሩ ያሉ ስራተኞችን የሥራ አፈጻጸም /ውጤት አለመገንዘቡን ከማመሳከቱም በሳይ ትጉህ ሠራተኞችን መጉዳትና ኃላፊነትን አለመወጣት ነው::
- የምዘናውን ፎርም ተመዛች አይቶ መፈረሙን ጣረጋገጥ ያስፈልጋል፡፡ አስፈላጊም ከሆነ ከተመዛች Òር በመወያየት ሰወደፊት ስራውን ጣሻሻል በሚችልበት ሁኔ• ላÃ ውይይት ጣድረግ ይጠበቃል፡፡
- • ያንዳንዱ የምዘና ነጥብ ራሱን ችሎ መከናወን አለበት።

2. ስተመዛኝ

- በተሰጡት የምዘና ነጥቦች ላይ ተመዛኙ ቢስማማም ባይስማማም በባንኩ ፖሊሲ መሠረት መመዘኛ ቅ<mark>ፅ</mark> ላይ መፈረም አለበት።
- ተመ³ች ስለምዘናው ያለውን አስተያየት መመዘኛ" · ቅê ላይ ማስፈር ይችላል።
- 3. <u>¾ምዘና ነጥብ አሰጣጥ</u>

ስ• ያንዳንዱ መመዘኛ ክፍተኛ ነጥብ 5.00 ሲሆን ነጥብ የሚሰጠው *እያንዳንዱን <u>¾</u>መመ² ኛ ነጥብ በተናጠ*ል በመመልክት ከዚህ በታች በተ*ገ*ሰጸው መሠረት ነው።

- ከ4.51 ስከ 5.00 ሊሰጥ የሚችለው በእያንዳንዱ የግምገማ መስፈርት ተመዛኙ እጅግ ከፍተኛ አፈጻጸም በማሳየት ከፍተኛ የሥራ ውጤት ሲያሳይ ነው። ወደ 5.00 የተጠጋ ነጥብ የሚያገኝ ተመዛኝ በክፍሎ ካሉት ተመዛኞች በተሰየ ሁኔታ የሳቀ የሥራ አፈጻጸም በማሳየት በምሳሴነት የሚጠቀሱ ሥራዎችን ሲያክናውን ነው።
- 3.51 ስከ 4.50 ሊሰጥ የሚችለው ተመዛኙ አማካይ ሊባል ከሚችል የሥራ ውጤት በላይ አስመዝግቦ ነገር ግን በምሳሌነት ሊጠቀስ የሚችል ጎልቶ የሚወጣ የተለየና ክሌሎች አንጻር የሳቀ የሥራ ውጤት ሳይ ያልደረስ ሲሆን ነው።
- 2.51 ስከ 3.50 ሊሰጥ የሚችስው ተመዛኙ በአጠቃላይ አማካይ አፈጻጸም ሲያሳይ ነው።
- 1.50 ስከ 2.50 ሊሰጥ የሚችለው ከሚጠበቀው ውጤት አንጻር ትንሽ አፈጻጸም ያሳየ ሆኖ አማካይ ሊባል ከሚችል ውጤት ያነሰ ሲሆን ነው።
- ከ1.50 በ• ች ሲሰጥ የሚችለው በግምገማ መሥፈርቱ ሳይ ምንም ተግባር ያልፈጸመና አስተዋጽኦ ያሳደረገ ሆኖ ሲገኝ ነው።
- የተጣራ ውጤት ጠቅሳሳ ድምር ለክብደት ማባዣ ነጥብ ድምር ሲካፌል የተመዛኙ ሠራተኛ አጠቃሳይ ውጤት ይሆናል።

<u>ክፍል ሶስት</u>፡- የአፈጻጸም ብቃት

ተ.ቁ.	የግምገጣ መስፈርት	ሥራተኛ" - ¾ተሰÖ" - ነጥብ /ከ5/	የነጥብ ክብደት <i>ማ</i> ባ¹	¾ተ×
1	የሥራ ውጤት መጠን			
	 ሥራውን በታቀደለት የጊዜ ገደብ በፍጥነትና በቅልጥፍና ማጠናቀቅ ክሴሎች ሠራተኞች አንፃር ሲ• Ã ሠራተኛ ~ ያከናወነው የሥራ መጠን 			
2	የሥራ ጥራትና ትክክለኛነት			
	• የተሰጠውን ሥራ ያለ ስህተት በትክክል የማከናወን ችሎ•			
	• ለሥራው ያለው ጥንቃቄና በታዘዘው መሠረት መዕነም			
3	የድርጅቱን ንብረቶችና መሳሪያ አጠቃቀም			
	 የስራ መሳሪያዎችን በጥንቃቄ መያዝና የመከሳከያ ደንቦችን መጠበቅ የድርጅቱን ንብረቶች በጥንቃቄና በአግባቡ 			
4	መÖቀም የሥራ ፍላንጉት			
·	 ለሥራው ያለው ፍላጎት ለሥራው ያለው ክብርና ቀና አመለካከት በራስ ተነሳሽነት ሥራን የማከናወን ብቃትና የሀለፌነት ስሜት/የአለቃን ግፊት አለመጠበቅ በስራ ላይ አመርቂ ውጤት ለማስመዝገብ ያለው ተነሳሽነት ከሥራ •ላፊ የሚሰጡ የሥራ ትዕዛዞችን በፌቃደኝነት መቀበል/ማከናወን 			
5	ለሥራውና ለድርጅቱ ያለው ተቆርቋሪነት ለሥራውም ሆነ ለድርጅቱ ያለው ተቆርቋሪነት በሌሎች ዘንድ ስለድርጅቱ ጥሩ አመለካከት (Image) ለመፍጠር የሚያደርገው ጥረት የድርጅቱን ምስጢር መጠበቅ/አሳልፎ አለመስጠት የድርጅቱን ዕድገትና ህልውና ሊነኩ የሚችሉ ሁኔታዎችን መጋፈጥ፣ በቸልተኝነት አለማለፍ ወይም ለሚመለከተው በጊዜ ማሳወቅ			

ተ.ቁ.	የማምገማ መስፌርት	ሥራተኛ" ፣ ¾ተሰÖ" ፣ ነጥብ /ከ5/	የ ነጥብ ክብ ደት ማባ¹	¾ተ×
	• የድርጅቱ አንድ አካል እንደሆነ ማሰብ			
6	የሥራ ሰዓት ማክበር			
	 የመግቢያና መውጫ ሰዓት ማክበርና ሁልጊዜ በሥራ ላÃ መÑነት የሥራ ሰዓትን ለድርጅቱ ሥራ ብቻ ማዋል ለድርጅቱ ጥቅም ሲባል ከሥራ ሰዓት ውሀ ለመሠራት ያለው ፈቃደኝነት 			
7	የሥራ ዕውቀት/ችሎ			
	 የአሠራር ደንቦችና የሚሰራባቸውን መሳሪያዎች በአጠቃላይ ሥራውን ጠንቅቆ ማወቅ ያለውን የሥራ ዕውቀት በተግባር ላይ የማዋል ችሎ• 			
8	በሥራው ላይ የሚጣልበት እምነት			
	 በሥራው ላይ ያለው አስተማማኝነት ሥራውን ያለምንም ቁጥጥር ለማከናወን ያለው			
9	ለሥራ ያለው አመለካከትና ታዛዥነት			
	 ለሥራ አለቃው ያለው አመለካከትና ታዛኘናነት ለሥራ ባልደረቦችና ለድርጅቱ እንግዶች ያለው ቀና አመለካከትና አቀባበል ገንቢ ሃሳቦችንና የተሻሻለ የአሠራር ዘዴ ለውተን ለመቀበል ያለው ፈቃዶኝነትና ትብብር 			
10	በሥራ ላይ የሚያሳየው ትብብር			
	 ከግል ሥራ ውጪ በቡድን የሚሰሩ ሥራዎች ሳይ የሚያሳው ትብብር Öቃሚ መረጃዎችንና የአሰራር ሥልቶችን ለሥራ ባልደረቦቹ ለማካፈል የሚያደርገው ትብብር 			
11	ደንበኛ አቀባበል/ለደንበኞች <i>ያለው አመ</i> ላከከት			
	 ለድርጅቱ ደንበኞችም ሆነ ባለጉዳዮች ያለው ቀና አመለካከትና አቀባበል የድርጅቱን ደንበኞች ማክበር ለደንበኞች የተቀላጠፈ አገልግሎት የመስጠት ብቃት ከደንበኞች ጋር ፈጥኖ የመግባባት ችሎታ 			
12	የጤንነት ሁኔ•			
	• ሕመምን ምክንያት በማድረግ አዘወትሮ ከሥራ መቅረትና የሕመም ፌቃድ በተደ <i>ጋጋ</i> ሚ የማቅረብ ሁኔታ•			
	É۳C		100	
	አ <i>ማ</i> ካይ <i>ነ</i> ጥብ			

1. ለያንዳንዱ የምዘና ነጥብ ከ4.50 በላይ ወይም ከ1.50 በታች የተሰጠ ከሆነ ማብራሪያ ይሰጥ

<u>ምክንያት</u>