ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESMENT OF EMPLOYEES PERCEPTION ON THE PROBLEMS AND

PRACTICES OF EMPLOYEES PERFORMANCE EVALUATION: THE

CASE OF WEGAGEN BANK

BY: ABIY RAYA

JUNE,2019

ADDIS ABABA, ETHIOPIA

i

ASSESMENT OF EMPLOYEES PERCEPTION ON THE PROBLEMS AND PRACTICES OF EMPLOYEES PERFORMANCE EVALUATION: THE CASE OF WEGAGEN BANK

BY

ABIY RAYA WORDOFA

Advisor : ABRARAW CHANE (DR)

A THESIS SUBMITTED TO ST MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES, AS PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS OF BUSINESS ADMINISTRATION (MBA)

JUNE,2019

ST.MARY'S UNIVERSITY

ADDIS ABABA, ETHIOPIA

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESMENT OF EMPLOYEES PERCEPTION ON THE PROBLEMS AND PRACTICES OF EMPLOYEES PERFORMANCE EVALUATION: THE CASE OF WEGAGEN BANK

APPROVED BY BOARD OF EXAMINERS

_____   _____

Dean, St. Marry University sgs   Signature& Date

_____   _____

Advisor   Signature & Date

_____   _____

External Examiner   Signature & Date

_____   _____

Internal Examiner   Signature & Date

Table of Contents page

Acknowledgments

First and foremost, thanks to God for giving the courage and devotion to start and complete this thesis. I would like to express my heartfelt gratitude to my advisor, DR. Abraraw Chane for his time, professional guidance, constructive feedbacks and fast response for the draft manuscript.

I'm deeply indebted to my families, for their moral and material support. My special appreciation also goes to wegagen bank workers and management staffs in filling the questionnaires and providing necessary information for the study with sacrificing their precious time. Last but not least, my special appreciation goes to my all close friends who gave me there genuine advice and support encouraged me to succeed in my academic progress.

List of Abbreviations/Acronyms

PAS : Performance Appraisal System

PA : Performance Appraisal

PM : Performance Management

PMS : Performance Management System

SPSS: Software Package for Social Science

WB : Wegagen Bank

List of Tables   Page

Abstract

This study is about the assessment of the perception of employees on the problems and practices of performance evaluation in Wegagen Bank. It has the objective to assess the perception of employee towards the problems and practices of performance evaluation. It is a survey research and the target population of the study was professional employees of the company. A sample size of 226 out of 520 employees was taken using Yemanes formula and also on the basis of data collected through questionnaires the researcher tried to unearth some of the real problems of appraisals in that particular organization.. The data collected were analyzed using SPSS software and presented with descriptive statistics like frequencies and percentages. Based on the data obtained from the respondents, the study identified the lack clarity of performance evaluation criteria and the subjectivity involved in the evaluation process which resulted in role ambiguity and frustration among the employees as major findings. Moreover, the researcher also discovered that raters usually do not continually record or document the performance of employees over the evaluation period. In this regard, it was identified that raters evaluate the performance of employees on the basis of recent behaviors. So on the Bases of the findings of the study, I have forwarded some recommendations therefore if they are used by the bank will give them an insight as to the practice and its associated problems of performance appraisal in the organization.

Keywords: performance, performance evaluation, wegagen bank

Declaration

I, Abiy Raya declare that this work entitled "Assessment of employee's perception on the problems and practice of performance evaluation under Wegagen bank", is the outcome of my own effort and study and also all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my research advisor. This study has not been submitted for any degree in this University or any other University. I offered it for the partial fulfillment of the degree of MA in Business Administration [MBA].

By: Abiy Raya

Signature---

Date---

Advisor: Dr.

Signature---

Date---

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization. Based on Archer and North's Association (1998), performance appraisal may be defined as a structured formal interaction between subordinates and supervisor that usually takes the form of a periodic interview annual or semi-annual in which the work performance of the subordinates examined and discussed, with a view to identify weaknesses and strengths as well as opportunities for improvement and skill developments.

According to Mathis and Jackson (1997) today most organizations but not all, appraisal results are used either directly or indirectly in order to help determine reward outcomes. That is the appraisal results were used to identify the better performing employees who should get the majority of available merits based increases, bonuses and promotions. By the same token, appraisal results are also used to identify the poorer performers who may require some form of counseling or in extreme cases demotion, dismissal or decrease in pay. Longenecker and Fink (1999) cited several reasons that formal performance evaluations are to stay in organizations. According to them formal evaluations are required to justify a wide range of human resource decisions such as pay raises, promotions, demotions, terminations, etc. It is also required to determine employees training need. The authors cited a study on high performance organizations that the practice of performance appraisal was cited as one of the top 10 vehicles for creating competitive advantage. Moreover, performance measurement allows the organization to tell the employee something about their rates of growth, their competencies and their potentials. However regardless of its panacea, ineffective appraisal system can bring many problems including low morale, decreased employee productivity, a decreasing of an employee's enthusiasm and support for the organization (Rafikul Islam and Shuib bin MohdRasad, 2005). As employees are the most valuable asset of the organization that can make things happen, the

practice of performance evaluation is an inherent and inseparable part of the organizations' life. Employee performance evaluation has been practiced by numerous organizations since centuries. It is one of the most important requirements for successful business and Human Resource policy of the organization. Conducting performance evaluation helps organizations to reward and promote effective performers and identify ineffective performers to developmental programs or other personnel actions that are essential to the effectiveness of Human Resource Management. Evaluating employee performance is a difficult task because the job demands the immediate supervisors to understand the nature of the job and the sources of information that needs to be collected in a systematic way and it is provided as a feedback and integrated into organization's performance management process for use in making compensation, job placement, training decisions and assignments. The usefulness of performance evaluation as a managerial decision tool depends partly on whether or not the performance appraisal system is able to provide accurate data on employee performance and hence rating accuracy is a critical aspect of the appraisal process. A difficulty of getting accurate appraisals of employee job behavior is most often attributed to: faults in rating format used, deficiencies in appraisal content, rater resistance to judge others and the implications of the specific purpose of appraisal for the rater and the ratee (Thomas Decotiis& Andre Petit, 1978). Therefore, the problems of performance evaluation arise when the results of the evaluation fail to reflect the actual performance of the employees, which in turn leads to wrong administrative decisions that can highly affect the life of the employees. Therefore the purpose of this study is to assess the practices and the real problems of employee's performance evaluation that exists in Wegagen Bank.

1.2 Statement of the Problem

Every organization needs an efficient means of managing performance appraisal. Most organizations consider the importance of performance appraisal as a tool and instrument to evaluate their employees' perception towards work performance and their contribution to the organization as a whole. The goal of the entire process of performance evaluation is to improve the way a team or organization functions and to achieve higher levels of customer satisfaction. The management can effectively manage the team and conduct productive resource allocation after evaluating the goals and preset standards of performance. Regular performance evaluation can help determine the scope of growth in an employee's career and the level of motivation with which he/she contributes towards the success of an organization. A manager should evaluate his/her team member regularly and not just once a year. This way, the team can avert new and unexpected problems with constant work being done to improve competence and efficiency.

An organization's management can conduct frequent employee training and skill development sessions on the basis of the development areas recognized after a performance evaluation session. Providing a basis for individual remuneration, performance assessment and improvement, identifying training needs and assessing suitability for promotion are some of the objectives of performance evaluation. Moreover performance evaluation serves many purposes including letting employees to know their weaknesses and strengths, motivating employees to do more, facilitating butter working relationships between employees, help in identifying areas of improvement and support management in decision making about benefit packages. Performance evaluations are also one of the most important communication tools an organization can use in identification of training needs for filling of knowledge gaps in their positions too. Performance evaluations benefit both employee and employer.

On the other hand performance evaluation faces so many problems like the subjective nature of the evaluation criteria, the irrelevance of the criteria used to evaluate the performance of the workers, the subjectivity, favoritism and bias of the raters, focusing on negative events during the evaluation season, lack of skills and knowledge of the raters and lack of continuous documentation or influenced by recent events and inability to provide feedback as to the results of the performance evaluation are some of them. These problems are inherent in most organization where there is a formally designed performance evaluation exists and if this

3

problems regarding performance evaluation not solved by organizations it will result in biased appraisals, loss of employees confidence, declining of employees work moral, managers frustration and it could rise a company turn over. So organizations employees performance evaluation practice should have clear objective, able to collect a valid and reliable data, should have a performance criteria that is well defined and communicated. Grounding personal observation of the researcher Wegagen Bank has performance evaluation problems specifically like subjectivity, favoritism and bias of the raters and also focusing on negative events during the evaluation season too. Based on the data collected from the employees of Wegagen Bank whose performance were evaluated for the last two years, it is tried to analyze the extent to which the above mentioned problems exist in the Bank.

1.3 Research Questions

This research will try to address the following four research questions:

i. What are the major reasons for conducting performance evaluation in Wegagen Bank (WB)?

ii. What are the real problems facing Wegagen Bank with regard to the performance evaluation practices?

iii. To what extent do employees receive feedbacks on the result of performance evaluation in Wegagen Bank?

iv. What is the perception of employees towards the practices of employee's performance evaluation?

1.4   Objectives of the Study

1.4.1 General Objective

The general objective of the study is to assess the employees' perception on the problems and practices of performance evaluation under Wegagen Bank.

1.4.2 Specific Objective

- To assess the perception of employees towards the purposes of performance evaluation in Wegagen Bank (WB).
- To describe the employees' perception of what contributes to unfair performance evaluation in Wegagen Bank.
- To explain what the perception of employees is towards the feedback process in performance evaluation as to come up with a better performance evaluation system.
- To assess the problems observed on performance evaluation practices in Wegagen Bank.

1.5 Significance of the Study

The results of this study have the following significance. Mainly, based on the findings of the study the report draws some conclusions and identifies the problems of performance evaluation and gives signal to the Human Resource Management of the bank to take remedial action to minimize the subjectivity and biases of evaluation in prospecting employees for salary increment and promotion. In addition to this it is a way of contribution to the current knowledge in the practice of performance evaluation in an enterprise working in Ethiopia and invites for further research to bring behavioral change in the areas of performance evaluation both in the mind of the raters, ratees and those parties responsible in the design of the instruments of performance evaluation forms that are used to judge the performance of employees. And finally, it provides the researcher the opportunity to gain deep knowledge about performance evaluation problems and practices.

1.6 Scope of the Study

The study is limited to the data that is obtained from the ratees and raters using questionnaire in Wegagen Bank (WB) focusing on the last two years of employee's evaluation process. Questionnaires are only used because they have advantages over some other types of surveys because they are cheap, do not require much effort from the researcher as verbal or telephone surveys and often have standardized answers that make it simple to compile the questions. Moreover, questionnaires give respondent a sufficient amount of time to consider answers before responding. Regardless of the different characteristics of performance evaluations and its various uses for undertaking different administrative decisions, the research were limited to the assessment of employees' perception on the problems and practices of performance evaluation in 25 selected branches of the bank that are found in Addis Ababa under West District. Moreover the study use managers and clerical workers as a participant of the study and did not participate the non-clerical workers.

1.7 Definition of Terms

Performance– is the action or process of performing a task or function (Tracey, 1998).

Performance Appraisal – is the systematic evaluation of the performance of employees and understands the abilities of a person for future growth and development (Stone 2010)

1.8 Organization of the Study

The research consists of five chapters. Chapter one the introductory part contains background of the study, statement of the problem, research questions, research objectives, significance of the study, scope of the study , definition of terms and Organization of the study.

Chapter two provides a literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four describe the result and discussion containing the introductory, details of the respondent profile, result presentations, description and analyses of data collected via proposed instruments, Finally, chapter five contains summary, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

Performance means "a basic instructional method in which the trainee is required to perform under controlled conditions, the operation, skills or movement being taught" (Tracey, 1998).

Performance appraisal is defined as evaluating employees how well do their jobs according to performance standards (Dessler, 2000).Performance appraisal is an extensively used formal assessment in many organizations to determine employees' performance in relation to the achievement of organizational goals and to settle on ways for future improvements. A performance appraisal system embodies the tools and procedures/guidelines used by trained assessors in conducting the assessment of employees (Fletcher, 2001). According to Muo (2007), performance appraisal entails the systematic, organized and formalized process of evaluating individual employee's job related strengths and weaknesses with a view to providing feedback on which performance adjustment can be made. Thus, performance appraisal has both evaluative and developmental objectives. This chapter try to cover literatures reviewed points on the historical overview of performance appraisal, Definition of performance appraisal, benefits and problems of performance appraisal and finally about factors influencing the effectiveness of performance evaluation.

2.1.1 Historical Overview of Performance Appraisal

Performance appraisal of employees has existed for centuries. In the 3rd century A.D., emperors of Wei Dynasty in China employed an imperial rater to rate the performance of official family members. Further, that in 1648 it was reported that the Dublin (Ireland) Evening Post evaluated legislators by using a rating scale based upon personal qualities (Hackett, 1928).

In the early 1800s, Robert Owen of Scotland hang different colors of wood blocks with each color denoting different grade of behavior in his cotton mill (white for excellent, yellow for good, blue for indifferent and black for bad).He was especially impressed with the way colored blocks improved worker behavior (French, 1987). Also, In 1800s the New York City Civil Service in USA introduced a formal appraisal program shortly before First World War.

However, formal appraisal of employee's performance is believed to have been started for the first time during the First World War, when at the instance of Walter Dill Scatt, the US Army:

adopted the "Man-to-man" rating system for evaluating military personnel (Oberg, 1972). Since then the performance appraisal process is one of the main human resource activities in many government and private organizations which are found throughout the world.

2.1.2 Definition of Performance Appraisal

Performance Appraisal is defined by different scholars of human resource management in different time. Therefore, some theories of those scholars have been discussed as follows. Performance appraisal has been synonymous with performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personnel review, staff assessment, service rating, etc.

According to Aswathappa A (2002) Performance appraisal is "*the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development*". More comprehensively, it is a formal structured system of measuring and evaluating an employee's 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, organizations and society all benefit. From this definition one can see that the objective of performance evaluation is not only designed to check past performance(i.e. controlling) but also predicts the promotion potential of the candidate in the future(i.e. Development and coaching). Furthermore, the system is structured to measure and evaluate employee's job related behaviors and outcomes and this is an answer to the question "*what to measure*".

According to Longenecker, (1997) *performance appraisal is two rather simple words that often arouse a raft of strong reactions, emotions, and opinions when brought together in the organizational context of a formal appraisal procedure*. Most organizations throughout the world regardless of whether they are large or small, public or private, service or manufacturing, use performance appraisal with varying degrees of success as a tool to achieve a variety of human resource management objectives. From this one can understand that performance appraisal can be used by different organizations throughout the world for achieving several human resource objectives. Performance appraisal is the systematic evaluation of a particular function on the basis of prescribed performance indicators and highlighting the areas for further development and growth of an individual employee (Armstrong 2009; Stone 2010). Dessler

(2008) states that it is any procedure that involves setting work standards, assessing employee`s actual performance relative to standards set, providing feedback with the aim of motivating, eliminating performance deficits and reinforcing exceptional performance.

From this one can understand that in order to conduct a well-organized performance appraisal there are certain steps that have to be followed. It is a crucial activity of the personnel function and management of the human resources and has roots in three well substantiated psychological principles:-people work, learn and achieve more when they are given adequate feedback as to how they are performing (the feedback being either negative or positive thus reinforcing expected behavior and performance), having clear attainable goals which should be measurable and quantifiable and involvement in the setting of tasks.

Yong (1996) defines performance appraisal as "an evaluation and grading exercise undertaken by an organization to all its employees either periodically or annually, on the outcomes of performance based on the job content, job requirement and personal behavior in the position that are already seated".

The definition implies that the performance evaluation process involves observing and evaluating staff members' performance in the workplace in relation to pre-set standards. Employee performance appraisal has two forms – formal (systematic) and informal (non-systematic) appraisal. Informal appraisal means continuous evaluation of an employee by her/his superior during the work process (Dědina&Cejthamr, 2005).

Formal employee appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Giangreco et al, 2012).

Career planning identifies paths and activities for individual employees as they develop within the organization. Assessing how well employees are doing their jobs is the focus of performance appraisal (Mathis and Jackson 1997, pp17-18). Furthermore, (Gomez-Mejia et.al. pp225), stated that "performance appraisal as the process of identification, measurement and management of human performance in organization." Therefore, to make these effective organizations should develop a system that serve as a tool to performance appraisal process.

2.1.3 Performance Appraisal Process

According to David A. Decenzo&Stephen P. Robbins(2005), performance appraisal has six stages which begins with establishment of performance standards in accordance with the organizations strategic goals. These should evolve out of the company's strategic direction-and more specifically, the job analysis and the job description. These performance standards also be clear and objective enough to be understood and measured. Too often, these standards are articulated in ambiguous phrases that tells us little, such as a full day's work or a good job. What is a full day's work or a good job? The expectations a supervisor has in terms of work performance by his/her employees must be clear enough in his/her mind so that he/she will be able to communicate these expectations to his/her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards.

Once performance standards are established, next it is necessary to communicate these standards; it should not be part of the employee's job to guess what is expected of them. Too many jobs have vague performance standards and the problem is compounded when these standards are in isolation and do not involve the employee. It is important to note that communication is a two street process, were as transference of information from the supervisor to the employee regarding expectations is not communication. The third step in the appraisal process is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it and we should be concerned with how we measure and what we measure too.

Four common sources of information are frequently used by managers regarding how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each of them has strengths and weaknesses; however a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure, since the selection of the wrong criteria can result in serious dysfunctional consequences. And what we measure determines, to a great extent what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually see in the first steps of the appraisal process.

The fourth step in the appraisal process is the comparison of actual performance with standards. The point of this step is to note deviations between standards and actual performance so that we can proceed to the fifth step in the process which is the discussion of the appraisal with the employees. The sixth step in the appraisal is the identification of corrective action where necessary. Corrective action can be of two types; one is immediate and deals predominantly with symptoms and the other is basic and deals into causes. Immediate corrective action is often described as "putting out fires" where basic corrective action gets to the source of deviation and seems to adjust the differences permanently.

Immediate action corrects something right now and gets things back on track. Basic corrective action asks how and why performance deviated. In some instances appraisers may rationalize that they don't have the time to take basic corrective action and therefore must be content to "perpetually put on fires". Good *supervisors* recognize that taking a little time to analyze the problem today may save more time tomorrow when the problem may get bigger.

2.1.4 Approaches to Performance Appraisal

Numerous techniques for measuring performance have been developed over the years. According to Gomez-Mejia (2001), techniques measuring performance of employees involve wide array of appraisal formats from which to choose. Here we discuss the formats that are most common legally defensible. These formats can be classified in two ways: (1) the type of judgment that is required (relative or absolute), and (2) the focus of the measure (trait, behavior or outcome). PA roots in the early 20th century and its existence consists of different approaches in its history. The three approaches that deal with PA are presented below. (Henenman and et.al.)

The traditional trait rating scale approach: involves rating an individual's personal traits or characteristics. Commonly assessed traits are: initiation, decisiveness and dependability. Although the trait approach is widely used by managers, it is generally considered by experts to be the weakest. It contains different method during application.

Behaviorally anchored rating scale approach: is done on job –by-job basis it contains different method during application. The steps in developing a behavioral anchored rating scale are both time consuming and rigorous.

Management by objectives approach: focuses on the product of ones efforts it is the most common format for the results approach. Also, it contains different methods during application. (Henenman et al. 1996)

2.1.4.1 Purpose of performance appraisal system

According to Gomez-Mejia (2001), organizations usually conduct appraisals for administrative and/or developmental purposes. Performance appraisals are used administratively whenever they are the basis for a decision about the employees work conditions including promotions, termination and rewards.

Development use of appraisal which is geared toward improving employees performance which maximize their job skills, including counseling employees on effective work behaviors and sending for training. Moreover, Mathis and Jackson (1997) state the administrative aspect of performance appraisal as follows: performance appraisal system is often link between the reward employees hope to receive and their productivity. Decisions on promotions, termination or layoff and transfer assignments are some of the administrative use of performance appraisal that are very important to employees. When organizations terminate, promote or pay employees differently, PAs are necessary as they are crucial defense if employees sue over such decisions.

Employee feedback and development: is also another purpose of performance appraisal whereby employees know where they stand relative to performance objectives and organizations expectations. As Mathis and Jackson(1997), also stated that performance appraisal can be primary source of information and feedback for employees, which is the key for their future development. When supervisors identify weak potentials and training needs of employees about their progress, they discuss on what skills needed to develop and work out development plans. Here the main purpose of development feedback is to change or reinforce behavior rather than to compare individual as in the case of administrative users of performance appraisal.

Armstrong (2009) also stated employee's feedback and development functions as a continuous and evolutionary process in which performance improves overtime. It provides the basis for regular and frequent dialogue between mangers and individuals about performance development needs based on feedback and self-assessment. It is mainly concerned with individual performance but it can be applied to teams. The emphasis is development, although performance

management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth.

2.1.4.2 Effectiveness of PAS

According to Amy Delpo 2005), there are some specific qualities that all effective performance evaluation systems share. From them the following are discussed below.

A) A Fair and Communicative Environment

The most effective performance appraisal systems place concern for the employee at their core. The reality is that you cannot control your employee behavior but you can control how they perform their jobs. Research has shown that majority of employees want to perform well and the key is to provide them with the right environment in which to do so. Such an environment includes support, communication, collaboration and fair treatment- the very qualities created by effective performance appraisal systems.

B) Respect for the Employee

Respecting employees is the foundation for any effective performance evaluation system. Employees who feel respected are more likely to buy into the appraisal system- to participate fully and sincerely in setting goals and to strive hard to perform to the standards you set. On the other hand, employees who do not feel respected will show that same lack of respect for you and your efforts to improve their performance.

C) Focus on the Future

If properly worked out a performance appraisal process is designed to improve employee performance, then a manager should emphasize what the employee can do in going forward, not how the employee did in the past. The past can inform your ideas about the future, but it should not be the sole focus of the appraisal process. This means that one should spend the majority of the appraisal meeting on identifying goals for the next year and talking about how the employee can achieve them. It also means that your feedback throughout the year should not punish or shame employees for bad performance, but help employees see where their performance is slipping and strategize with them on how to improve.

This doesn't mean that looking to the past performance has no place in the process indeed at each evaluation and discusses how the employee met the goals set at the previous evaluation.

But you should look to the past with goal of learning from it, so that the look backward is developmental and helpful to the employee rather than punitive.

D) Employee participation

Another element common to successful performance evaluation systems is employee participation. Employees must play a key role, participating in everything from writing job descriptions, to identifying their own goals and standards, to assessing how well they have performed.

You can increase employee's job satisfaction and enhance their trust in the appraisal system by bringing them into the loop and giving them power and responsibility for directing and assessing their own performance. This satisfaction and trust leads employees to accept the company's appraisal process and make a commitment to their own development. In addition, you need the information that your employees can bring to the table. Your employees are often in the best position to answer the questions posed during the appraisal process; at the very least they can provide some crucial insights. These questions include:

How can they help the company achieve its goals?

How much can be expected from someone in a given job?

Are there any organizational obstructions to their performance?

Is there anything you can provide to help them perform better?

How well they have achieved their own goals?

Research has shown that when employees are involved in goal setting, the goals they set are higher and more demanding than goals that managers set alone. Employees will push the envelope, often demanding more of themselves than you might demand of them.

Employee participation promotes team work. It gives the two of you the sense of working together rather than being opposite sides of the fence. It also reduces the chances that you will miss out on important or insights you could share with each other.

E) Ongoing Feedback

Giving employee's feedback-both positive and negative as circumstances warrant is another important feature of an effective performance evaluation system. If you tell employees what you think of their performance only once a year, you have wasted a lot of opportunities throughout the year to encourage good performance and to help employees who are struggling get back on track.

Feedback also helps employees to adjust as circumstances change throughout the year. The importance of certain goals may shift, obstacles may appear, employees may lose motivation or focus on this case your feedback will tell employees what is still important, what is no longer important and what they can do to achieve their goals in the face of these changes.

Studies show that without feedback, a performance appraisal system alone will not improve employee performance. Positive feedback often particularly appreciation is important, providing positive feedback whenever appropriate gives employees a sense of accomplishment and appreciation while highlighting standards for how they should continue to perform.

F) Document

Ongoing and accurate documentation is the crux of a good performance appraisal system. Documentation spanning the entire appraisal period ensures that your review will be fair and accurate and gives you rock –solid support in case of a lawsuit. Without good documentation of an employee's performance throughout the year, all you will have are memories and unconscious feelings neither of which is reliable or legally safe. In addition, good documentation provides continuity weather the employee change departments or managers, if the old manager properly documented the employee's performance the new manager can take over easily than in the case if no record existed before.

2.1.4.3 Time to Conduct Performance Appraisal

In any administration activity of an organization, PA has its own time to be conducted. Everyone in the organization has his/her own time to conduct PA depending on their own philosophy of time period (Mullins 1996 pp. 501): With the majority of schemes, staff receives an annual appraisal and for many organizations this may be sufficient. Also more frequent appraisals may be appropriate for new members of staff, those recently promoted or appointed to a new position or for those whose past performance has not been up to the required standard. Mathis and Jackson (1997 pp 345-346) broadly explained this point as follows:

First an informal appraisal is conducted whenever the supervisor feels it is necessary. The day today working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by on the-sport examination of a particular piece of work. Informal appraisal is especially appropriate when time is an issue. The longer feedback is delayed the less likely it is motivating behavior change. Frequent information feedback of employee can also avoid surprises later when the formal evaluation is communicated.

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

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

2.1.4.4 Responsible Body to Conduct PA

Who should evaluate an employee's performance? The obvious answer would seem to be his/her immediate boss. By tradition, a manger's authority typically has included appraising sub ordinates performance. The logic behind this tradition seems to be that since managers are responsible for their employee's performance, it only makes sense that these managers do the

evaluating of their performance. But that logic may be flawed, others may actually be able to do the job better (Mahapatro, 2010) Basically, employee's performance can be evaluated by:

Immediate superior

Peers

Self-evaluation

Immediate subordinates

360 degree evaluations

Immediate superior

As we implied, about 95% of all performance evaluations at the lower and middle levels of the organizations are conducted by the employee's immediate boss. Yet a number of organizations are recognizing the drawbacks of using this source of evaluation. For instance, many bosses feel unqualified to evaluate the unique contributions of each of their employees. Additionally, with many of today's organizations using self- managed teams and other organizing devices that distance bosses from their employees, an employee's immediate superior may not be a reliable judge of that employee's performance.

Peers

Peer evaluations are one of the most reliable sources of appraisal data why? First, peers are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters result in a number of independent judgments. A boss can offer a single but peers can provide multiple appraisals. And the average of several ratings is often more reliable than a single evaluation. On the down side, peer evaluations can suffer from co-workers unwillingness to evaluate one another and from biases based on friendship or animosity.

Self-evaluation

Having employees evaluate their own performance is consistent with values such as self-management and empowerment. Self-evaluation get high marks from employees themselves they tend to decline employee's defensiveness about the appraisal process and they make excellent

vehicles for stimulating job performance discussions between employees and their superiors. However, as you might guess, they suffer from over inflated assessment and self-serving bias. Moreover self-evaluations are often low in agreement with superiors ratings. Because of these serious drawbacks self-evaluations are probably better suited to developmental uses than evaluative purposes.

Immediate subordinates

Immediate subordinates evaluations can provide accurate and detailed information about a manager's behavior because the evaluators typically have frequent contact with the evaluate. The obvious problem with this form of rating is fear of reprisal from bosses given unfavorable evaluations.

360 degree evaluations

The latest approach to performance evaluation is the use of 360 degree evaluations. It provides for performance feedback from the full circle of daily contacts that an employee might have ranging from mailroom personnel to customers to bosses to peers.

Performance data in 360 degree feedback process can be generated for individuals from the person to whom they report, their direct reports, their peers (who could be team members and/or colleagues in other parts of the organization) and their external and internal customers (MichaesArmstrong,2006)

2.1.4.5 Performance Appraisal Criteria

According to Armstrong (2009), the criteria for reviewing performance should be a balance between achievements in relation to objectives the level of knowledge and skills possessed and applied (competences or technical competencies) behavior in the job as it affects performance (competencies); the degree to which behavior upholds the core values of the organization; day to-day effectiveness.

As Mathis and Jackson (1997) stressed, performance criteria are standards commonly used for testing or measuring performances. Criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based.

Trait based criterion: identifies a subjective character trait such as pleasant personality, initiative or creativity and has little to do with the specific job. Such traits tend to be ambiguous and courts have held

that evaluation based on traits such as "adaptability and general demeanor" are two vague to use as the basis for performance-based HR-decisions.

Behavior-based criterion: focus on specific behaviors that lead to job success.

Results-based criterion: look at what the employee has done or accomplished. For some jobs where measurement is easy and appropriate, a results-based approach works very well.

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

2.1.5 Benefits of Performance Appraisal

According to Lloyd 2014, if performance appraisal systems are well-designed and well-executed, they have strong motivational impact on the staffs, indicating that effective appraisal systems have the power to motivate staff to perform better. It also provides the basis for making selection decisions, determining salary increases and providing a vehicle for feedback between the supervisor and employees and can be used a powerful tool for managerial control.(Linda S.Pettijhon, et al., 2001; John Edmonstone, 1996).

According to (Michael Beer, 1987) performance appraisal datas are important to make decisions and to justify them for their objectivity, equity and fairness. The personnel department also requires data on employee performance and potential to determine how many employees will be available to fill future openings assuming a certain turnover, retirement and growth rate and also it help the line managers decide who will be promoted .Centrally maintained records are the means by which the corporation attempts to remove favoritism, subjectivity and politics from personnel decisions. Evaluation is also needed to improve the performance and potential of employees. In order to add some examples of the benefits, as Lloyd and other HR practitioners observe that through effective appraisals, top performers can tell that they are valued well and effective communication is encouraged between managers and employees. Employees are made aware of how their performance compare with organization's standards and areas where they

need training or skills deficiencies are identified and addressed appropriately employees' future career development are directed and uniform standards for evaluating employees are established.

2.1.6 Problems in the Performance Evaluation Process

As opposed to the above mentioned benefits performance appraisals have also problems which can be a headache for most organizations in current competitive market. (Michel Beer, 1987) and other scholars have suggested the possible sources of performance appraisal problems. Accordingly, there are three major sources of problems that can be observed under performance evaluation.

2.1.6.1 System Design and Operating Problems

According to Michael Beer (1987) many of the problems in performance appraisal arises from the appraisal system itself such as the objectives it is intended to serve, the administrative system in which it is embedded, the forms and procedures that make up the system. The performance system can also be blamed if the criteria's for evaluation are poor, the technique used is cumbersome or the system is more form than substance. If the criteria used focus solely on activities rather than output (results) or on personality traits rather than performance, the evaluation may not be well accepted (Junlin Pan and Guoqing Li, 2006; Michel Beer, 1987;Ivancevich, 2004; Cynthia Lee, 1985). As Henderson (1984) cited in Deborah F.B and Brain H. Kleiner (1997), performance appraisal system are not generic or easily passed from one company to another; their design and administration must be tailor- made to match employees and organizational characteristics and also qualities.

In the study made by Clinton O.Longenecker(1977) on 120 seasoned mangers drawn from five different large US organizations entitled "why managerial performance appraisal are ineffective", the majority(83%) of the respondents argued that managerial performance appraisal is fail because of (among the many reasons cited) unclear performance criteria or ineffective rating instrument used. This mostly emanates from ambiguity on the job descriptions, goals, traits and/or the behaviors that will be the basis for the evaluation process to fail right from the start.

According to Deborah F.B and Brain H. Kleiner (1997) organizations need to have a systematic framework to ensure that performance appraisal is "fair" and "consistent". In their study of "designing effective performance appraisal system", they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria. They further argued that the system should help to create a motivated and committed workforce.

The system should have a framework to provide appropriate training for supervisors, raters and employees and also there should be a system for frequent review of performance, accurate recordkeeping, a clearly defined measurement system and a multiple rater group to perform the appraisal.

2.1.6.2 Raters problems in Performance Evaluation

Even if the system is well designed, problems can still arise if the raters (usually supervisors and managers) are not cooperative and well trained (Ivancevich, 2004).This is often because they have not been adequately trained or have not participated in the design of the program. Inadequate training of raters can lead to a series of problems in completing performance evaluations, including: problems with standards of evaluation, Halo effect, Leniency or harshness, central tendency error, contrast effects, personal bias or stereotyping (Ivancevich, J.M.,2004; Cascio, F.W., 2003;Aswathappa, K., 2002).

According to Mark Cook (1995), Performance appraisals suffer from four major problems. These are Biases, politicking, impressions management and undeserved reputation. Biases could be consciously or unconsciously because of age, ethnicity, gender, physical appearance, attitudes and fundamental values of the raters and personal like or dislike.

In addition to the aforementioned reasons for inflation, supervisors may also deliberately inflate ratings to minimize potential challenges from subordinates to their own performance ratings. Indeed, subordinates' opposition to their performance ratings is probably quite common because individuals typically overestimate their own performance level (Campbell and Lee, 1988) and thus the opposition is sever and more likely when organizational rewards and punishments are contingent on performance appraisals.

Resistance to low performance ratings is associated with such subordinate reactions as lower work motivation, greater alienation from the work environment, increased conflict with the supervisor and diminished belief in the leadership legitimacy and power of their supervisor (Y.Fried et al., 1999). Thus supervisors may inflate ratings to avoid creating an angry, demoralized, unmotivated and unproductive work unit.

2.1.6.3 Ratees Problems in Performance Evaluation

The problems of performance evaluation can also be attributed to the rates. For instance, their attempt to create unnecessary impression and work area ingratiation is the third and one of the major problems with respect to rates. According to Mark Cook (1995), organizations occasionally exist in which subordinates gain credit for pushing ahead with management plans that are absurdly wrong, in pursuit of aims which are completely pointless, stifling criticism either of purpose or of method with cries of "commitment" and "loyalty".

Undermining performance appraisal and selection methods, this tends to be bad for morale when staff see persons whose true performance is poor but who are good at ingratiating themselves, get merit awards, promotion or other marks of favor. On the other hand defensiveness and resistance to evaluations are also major problems among workers. To many employees, performance appraisal can be a highly threatening experience. This is because employees regard their performance much more positively than did his supervisor. Research showed that, employees may develop defensive mechanisms and resistance in performance ratings to defend against threats to their self-esteem (Michael Beer, 1987; Campbell and Lee, 1988). The defensiveness may take a variety of forms.

Subordinates may try to blame their unsatisfactory performance on others or on uncontrollable events, they may question the appraisal system itself or minimize its importance, they may demean the source of the data, they may apologize and promise to do better in the hope of shortening their exposure to negative feedback or they may agree too readily to the feedback while inwardly denying its validity or accuracy. The defensiveness that results may take the form of open hostility and denials or may be masked passively and surface compliance. Therefore, based on the theoretical understanding gained from the literature, the researcher has tried to

assess the extent to which these and other related problems exist in relation to the performance evaluation practice of Wegagen Bank.

2.1.7 Factors Influencing the Effectiveness of Performance Evaluation

According to Michael Beer (1987) there are three major factors influencing appraisal outcomes. First, the appraisal system may be designed to minimize the negative dynamics causing problems of performance appraisal. In order to solve the problem of defensiveness of rates that resulted as a result of conflict in the goals of performance appraisal, raters should conduct two separate performance appraisal interviews –one focused on evaluation and the other coaching and development the other solution is choosing appropriate performance data. The supervisor often has only marginal control over these matters.

Second, the ongoing relationship between boss and subordinate will have major influence on the appraisal process and outcome. The quality of the appraisal process is dependent on the nature of the day-to-day boss subordinate relationship. In an effective relationship, the supervisor is providing feedback and coaching on an ongoing basis. Thus, the appraisal interview is merely a review of the issues that have already been discussed. On the other hand, if a relationship of mutual trust and supportiveness exists, subordinates are more appropriate to be open in discussing performance problems and less defensive in response to negative feedback.

Third, the interview process itself, the quality of communication between boss and subordinate, can help to minimize problems of performance appraisal. The best techniques for conducting a particular appraisal interview depend on the mix of objectives pursued and the characteristics of the subordinate. Employees differ in their age, experience, sensitivity about the negative feedback, attitude towards the supervisor and desire for the influence and control over their destiny.

2.2 Empirical Review

Wilson et al. (2000) recognizes that the individual who supervise activities should be the most knowledgeable person about the work performance and should be the most important source of information about their achievements and areas for development as well. He suggested that by increasing responsibility for appraisal, greater commitment to the process and motivation could be fostered.

The E-reward survey (2005) highlights a number of conditions for success in performance appraisal, showing that simplification and the use of competencies are among the most common measures applied to improve existing systems. Further conditions for success stem from these, for example, a simplification of systems can be supported by establishing more regular review meetings but to ensure these meetings are valuable and provide a forum for quality discussion managers need to be capable of conducting useful appraisals and be committed to the process. It could be argued this capability and commitment should be driven by the senior leadership .The senior team should also ensure that performance management is aligned with the corporate strategy, so that individuals understand how and what they do contributes to the overall goals of the organization. Following this, they consider the primary tool in performance management systems, namely performance appraisal. The discussion is more contemporary development including the use of 360-degree feedback and forced distribution, before concluding.

Muras et al. (2008) advice around the implementation of performance management is straightforward, keep it as simple as you can, only go for increased complexity and precision where the effort warrants'. They argue that complex performance management systems will often confuse rather than enlighten managers and employees' due to the blend of complex processes, competing IT systems and multiple dashboards' which often don't provide the information that is valuable and therefore makes the measures of performance irrelevant. Neeraja Sharma and Aman Sharma (2009) examined that Employers Perspectives Regarding Performance Appraisal and Reward Philosophy in Insurance Sector in Haryana‖. Bibhuti Bhusan Mahapatro (2010) also state that defining and understanding the performance management process as well as establishing the foundations of performance management are key steps in the foundations for successful performance management.

Sill up et al. (2010) discuss that traditionally appraisals are completed once a year and usually include a mid-year discussion, but they argue research has indicated that this is too infrequent because raters face problems with remembering what employees did over the previous months (Campbell et al., 1970, cited in Sillup et al., 2010). Juran (2004, cited in Sill up et al., 2010) found that organizations with monthly or quarterly performance appraisals outperformed competitors on every financial and productivity measure and got positive feedback from employees about the fairness of the PA system'(p.42).

A study conducted by Andre De Waal (2007) on the applicability of PMS in developing countries a case study Tanzania college of business education highlights that most developing countries concentrate more on introducing and copying tools and systems from the Western world which are not always the best suited to local circumstances and this leads to the question whether Western techniques like performance management are suitable for developing countries or not. The finding of the research revealed that the management team of the college was not satisfied by the PMS which the college adopted because there was lack of awareness and by the fact that the college management had not spend much time talking about performance management.

The research by Zvavahera (2013) entitled ―*an evaluation of the effectiveness of PMS on service delivery in Zimbabwean civil service"* revealed that the performance management system was fraught with challenges due to its complexity and no-adherence to its tenets by the employer. It also indicates that performance related awards; one of the elements of PMS processes had not been affected for long period of time since its implementation due to financial constraints and non-submission of employees" final rating to the concerned body for payment purposes. He has also found that advancement and promotions are not tied to performance. In conclusion, Zvavahera wrote as follows: "*Most respondents indicated that performance appraisal was hurriedly done at the end of each year so as to fulfill the Civil Service Commissions performance requirements."* It was therefore, concluded that the 39 *current PMS was not enhancing the provisions of quality service because employees did not see any merit in its application (Page 6).* In addition, Macheng et al. (2014) have done research on implementation of PMS on schools in Botswana and their result indicates that there are four main factors which have to be done by organization in order for PMS to be implemented successfully.

These are design and implementation, effective communication and feedback, motivation and a clear assessment strategy. Their research concludes that effective communication and timely feedback are the most important success factors of all for a performance management system in an organization.

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

This chapter deals with methodology part of the study whereby research design, population of the study, sampling technique and sample size as well as data Sources and instrumentation, method of data collection, method of data analysis and research ethics are discussed.

3.1 Research Approach

There are two basic approaches to research, the quantitative approach and the qualitative approach. Quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. This approach can be further sub-classified into inferential, experimental and simulation approaches to research. The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of population. This usually means survey research where a sample of population is studied (questioned or observed) to determine its characteristics and it is then inferred that the population has the same characteristics. So, to achieve the objective of this study and answer the research questions, the researcher adopts and used quantitative research approach. This includes the generation of data in quantitative terms which was subjected to rigorous quantitative analysis in the formal way (Kothari 2004).

3.2 Research Design

In education, varieties of research design are applicable. However, in this study, Descriptive research design was used to assess the perception of employees about the problems and practices of performance evaluation. According to Cohen et.al. (1980), research design aim to provide an accurate and valid representation of the factors or variables that pertain or are relevant to the research question. Descriptive research tries to describe or show the major points that are assessed, investigated, interpreted and presented in a given research. Hence, the researcher chose descriptive research design over the others to assess and describe what it looks like the perception of employees of wegagen bank regarding the performance evaluation practice.

3.3. Population, Sample Size and Sampling Techniques

3.3.1. Target Population

According to Hair (2006), target population is said to be a specified group of people or object for which questions can be asked or observations can be made that are used to develop the required data structures and gather the necessary information. For this study, those respondents were Managers, Customer Service Supervisor (CSS), Associate Customer Service Supervisor, Customer Service Officer and Branch Auditor.

In Wegagen Bank there are many branches and they having their own grade depending on their performance. Branches in Addis Ababa are classified in to four district these are East, West, South and North district. Here the researcher purposively select west district due to time and budgetary constraint and twenty five (25) branches are included randomly with a total population of 520 employees. Branches are classified according to their performance as Tier 1, Tier 2 and Tier 3. Tier 1 represent high performing branches, Tier 2 represent medium performing branches and Tier 3 represents low performing branches or sub branches. Some of the Tier 1 branches are Merkato, Meskel Square, Beklobet, Wuhalemat, Abakoran and Some of the Tier 2 branches are Habtegiorgis, Abnet, Arada, teklehaimanot and some of Tier 3 branches are Mexico, Mekanisa, Stadium, Mekanisa Abo and Megenagna can be taken as an example.

3.3.2. Sampling Size and Sampling Technique

The sampling frame is source materials from which the sample is selected. In this research, the participants of the study were professional employees of Wegagen Bank working in Addis Ababa under West District.

WB has a network of 327 branches of which 135 are in Addis Ababa and the remaining 192 are located in other cities and towns of the country. Following aggressive branch opening in the review period, the staff number of the bank has shown growth year after year and reached 4,250 as of June 30, 2018. Out of this 2,160 are working in Addis Ababa city branch. Purposive sampling techniques are used to select employees or respondent. Sample size is determined using yemanes formula and the employees from selected branches had at least one years working experience and have seen the evaluation practice at list twice before. The researcher gets better information from their experience on employee's performance evaluation practices in the bank.

n = N / (1 + N e2)

WHERE n=number of samples

N=Total population

e = error tolerance level, here confidence level is 95% and error tolerance level is 5%

$$n = 520/1+520*0.05\char`^2$$

$$= 226$$

Total numbers of respondent were 226 employees.

So to make the research manageable 25 branches were selected randomly and from those selected branches employees who were suitable for collecting the required data is selected using purposive sampling technique. From the selected 25 branches 15 branch managers, 25 customer service supervisors, 30 associate customer service supervisor, 136 customer service officers and 20 auditors totally 226 were included in the sample size.

3.4. Source of Data and Data Collection Tools

3.4.1. Data Type and Source of Data

Primary source of data were used to undertake the study. According to Biggam (2008), primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data collection is that it is collected with the research's purpose in mind. It implies that the information resulting from this type of source are consistent with the research questions and objectives. Therefore, responses through questionnaire from respondents are used as a primary source of data.

3.4.2 Data Gathering Technique and Instruments

A questionnaire was used to gather the primary data from the employees of Wegagen Bank in Addis Ababa, which was distributed by the researcher to the respondents. For the purpose of this study the Likert-type scale method used to range of responses: strongly disagree, disagree, Neutral, Agree, and strongly agree, with a numeric value of 1-5, respectively.

The usage of this particular scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to answer the research questions. As Neuman (2003) explained, it is a process of asking many people the same questions and examining their answers to those questions. The literature has revealed that the use of scales in measuring how respondents feel is a common practice (Maree, 2008). Cooper and Schindler (2001) state that a Likert scale is most appropriate for measuring attitude. Cameron and Price (2009) concur with Cooper and Schindler (2001) adding that the Likert scale is recommended for use when a respondent is required to reply to a statement via five degrees of agreement or disagreement.

3.5. Data Analysis Technique

Once data is collected, it is necessary to employ statistical techniques to analyze the information, as this study is quantitative in nature data entered and analysis are made using SPSS 20 version. The data analysis is done after collecting all the data from the respondents and analysis of the study is consistent with the objective of the research. Accordingly descriptive (Frequency and Percentage) analysis is used to present the data with regard to the employee's perception in performance evaluation practices and problems of the bank.

3.6. Validity and Reliability

3.6.1 Validity

Hair et al (2010) identify validity as the extent to which a measure accurately represents what it's supposed to. Ensuring validity requires a thorough understanding of what is to be measured and making it as accurate and right as possible.

The validity of results can either be internal or external. The internal validity aspect refers to the analysis of the findings and results obtained. The external validity refers to whether the results and findings can be generalized. Therefore, the results are confined to the organization under study, and that its findings are only to be generalized to the organization understudy.

3.6.2 Reliability

Reliability refers to is whether an instrument can be interpreted consistently across different situations. Reliability differs from validity in that it relates not to what should be measured, but instead how it is measured. Hair et al. (2007) defines reliability as the extents to which a variable or a set of variables is consistent in what it is intended to measure.

The Cronbach's Alpha has been used to measure the internal consistency of the scale in this research for the estimation of the consistency of the individual respond to items within the scale. (Nunnally, 1978) Found that a scale of 0.7 that was widely accepted as consistent and reliable in social science research.

Table 3.1: Durbin-Watson value

Reliability Statistics	
Cronbach's Alpha	N of Items
.776	40

Initially, the overall internal consistency of 40 items was tested and the result showed the high Alpha value (α=0.776). Thus, it concluded that the questionnaire was reliable and consistent, because the Alpha value greater than 0.70.

3.7. Ethical Considerations

The information collected from the respondents through questionnaires in the actual survey is treated with strict confidentiality. To keep anonymity of the questionnaire respondents, they were not asked to write their name. The secondary data used in the research are taken, from published and unpublished sources, at their face value.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRITATION

This chapter presented the results of the data analysis. The study was aimed to assess the perception of employees on the problems and practices of performance evaluation in Wegagen Bank (WB). To reach at the necessary conclusion, the primary data collected were analyzed in relation to research objective and questions set.

In order to meet the purpose, this chapter discussed the general information about the respondents. Descriptive statistics allowed the study to organize and summarize the descriptive data collected. SPSS version 20 software was used to process quantitative data to come up with dependable conclusion and implication. In order to make the collected data suitable for the analysis, all questionnaires were screened for completeness. All returned incomplete questionnaires were considered as errors and ignored from the data. A total of 226 questionnaires were distributed to employees working in 25 branches under West district of WB in AA city area. From the total number of questionnaires distributed to employees, 210 were completed and returned.

4.1 Demographic Characteristics of Respondents

The first part of the questionnaire consists of the demographic information of the participants. This part of the questionnaire requested a limited amount of information related to personal and professional demographic characteristics of respondents. The table below shows the demographic characteristics of the respondents like gender, age, qualification and service year in the organization. The data collected from the respondents was analyzed as follows.

`

Table 4.1.1 **Demographic statistics of the respondents (gender, age, level of education and work experience)**

Demographic characteristics	Description	frequency	percentage
Gender	Male	130	61.91
	Female	80	38.09
Age	Under 25	12	5.72
	25-34 years	118	56.19
	35-44 years	56	26.67
	Above 44 years	24	11.42
Education	Diploma	37	17.62
	Degree	146	69.52
	Masters	27	12.85
Experience	1-4 Years	12	5.70
	5-9Years	87	41.43
	10-19 Years	74	35.23
	Above 20 Years	32	15.23

Source: own questioner

As shown in table 4.1.1, 130(61.91%) of them are male and 80(38.09%) of the respondents are female. This implies that majority of the respondents were male and it shows that the bank has preference in hiring male candidates than female.

When we come to age category 12(5.72%) of employees are between under 25 years, 118 (56.19%) of   respondents are between 25-34 years, 56(26.67%) of respondents are between 35-44 years, 24(11.42%) respondents are are above 44 years. From this it is possible to infer that the workforce composition of the respondents are young and thus may require the organization to design a system by which they can be trained, educated and developed.

Moreover the educational characteristics shows that 37(17.62%) of respondents are diploma graduates, 146(69.52%) of respondents are degree graduates and 27(12.85%) of respondents are masters graduates. This implies that almost above half percent of employees are degree holders.

Finally when we look at the work experience of employees, 12(5.70%) of employees are served between 1-4 years and 87(41.43%) of respondents are served between 5-9 years, 74(35.23%) respondents are served between 10-19 years, 32(15.23%) of respondents are served above 20 years. This implies that majority of the respondents are served between 5-9 years.

4.2. Analyses of Data Pertinent to the Study

This section discusses with the analysis and interpretation of data that obtained from the employees of Wegagen Bank under west district. Based on the responses gathered from the employees of the bank, I have tried to describe the employees' perception on the practices and problems of performance evaluation in wegagen Bank.

Table 4.2.1 The Employees' perception on the Purposes of Performance Evaluation in Wegagen Bank

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	Information generated thorough Performance evaluation in WB is used to give feedback to subordinates so that you know where you stand	Frequency	33	36	43	91	7
		Percentage	15.71	17.14	20.48	43.33	3.33
2.	Information generated through	Frequency	19	22	40	97	32

	Performance evaluation in WB strongly determines pay and promotion decisions	Percentage	9.04	10.47	20.47	46.19	15.24
3.	Information generated through Performance evaluation in WB is used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions	Frequency	35	40	32	80	23
		Percentage	16.66	19.05	15.24	38.09	10.95
4.	Information generated through Performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop future potential	Frequency	80	102	12	12	4
		Percentage	38.09	48.57	5.71	5.71	1.09
5.	Information generated through Performance evaluation is used to motivate subordinates through recognition and support	Frequency	16	32	34	76	52
		Percentage	7.6	15.23	16.19	36.19	24.76
6.	Information generated through performance evaluation in WB is designed to strengthen the relationship between superiors and subordinates	Frequency	2	15	11	80	102
		Percentage	0.95	7.14	5.24	38.09	48.57
7.	Information generated through Performance evaluation in WB is used to diagnose both organizational and individual problems based on performance results	Frequency	16	44	24	95	31
		Percentage	7.62	20.95	11.42	45.23	14.76

As we can observe in the above table 4.2.1 majority of the respondents disagree (43.33%), (23.48%) become neutral, (15.71%) strongly agree, (17.48%) agree on the statement 'Information generated thorough Performance evaluation in WB is used to give feedback to subordinates so that you know where you stand'. So from this it's possible to say that performance evaluation in Wegagen Bank has less contribution in giving feedback to subordinates.

On the next question, the majority of the respondents (46.19%) disagree with the statement 'Information generated through Performance evaluation in WB strongly determines pay and promotion decisions'. About (45.5%) of the respondents agree, (20.4%) neutral, (15.24%) strongly disagree, and (9.04%) of the respondents strongly agree on the statement 'Information generated through Performance evaluation in WB strongly determines pay and promotion decisions'.
From this we can understand that performance evaluation in Wegagen Bank has less contribution in determining pays and promotion decisions.

Moreover to the third question majority of the respondents (38.09%) disagree, (19.05%) agree, (16.66%) strongly agree, (15.24%) neutral and (10.95%) strongly disagree on the statement 'Information generated through Performance evaluation in WB is used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions'. From this one can understand that performance evaluation does not have that much impact in employee's future career in the bank.

When we come to the counsel and coach purposes of performance evaluation, majority of the respondents (48.57%) agree, (38.09%) strongly agree, (5.71%) become neutral and disagree at the same time, and (1.09%) strongly disagree on the statement 'Information generated through Performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop future potential'. So from this we can conclude that performance evaluation in Wegaagen Bank is more focused on developmental points than that of administrative one.

Moreover, to the fifth question majority of the respondents (36.19%) disagree, (24.76%) strongly disagree, (16.19%) become neutral, (15.23%) agree, and (7.6%) of the respondents strongly

agree on the statement 'Information generated through Performance evaluation is used to motivate subordinates through recognition and support'.

From this we can conclude performance evaluation in Wegagen Bank has very less contribution to the work motivation of its employees.

To the sixth question, majority of the respondents (48.57%) strongly disagree, (38.09%) disagree, (5.24%) become neutral, (7.14%) agree, and (0.95%) of the respondents strongly agree on the statement 'Information generated through performance evaluation in WB is designed to strengthen the relationship between superiors and subordinates'. From this it's possible to conclude that in Wegagen Bank Performance evaluation has a very less impact in superiors to subordinates relationship.

Finally, when we come to diagnose both organizational and individual problems purpose of performance evaluation majority of the respondents (45.23%) disagree, (20.95%) agree, (14.76%) strongly disagree, (11.42%) become neutral and (7.62%) of the respondents strongly agree on the statement 'Information generated through Performance evaluation in WB is used to diagnose both organizational and individual problems based on performance results'. From this we can say that information taken from performance evaluation has less impact in problem solving part.

As a general conclusion we can able to say that, the main purpose of performance appraisal as perceived by respondents is used to counsel and coach subordinates so that they will improve their performance and develop future potential.

The Employees' perception of the problems and practices of performance Evaluation in Wegagen Bank

Table 4.2.2 System Related Problems in Performance Evaluation

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	In my opinion, the performance evaluation system in WB is serving its purpose	Frequency	18	36	20	101	35
		Percentage	8.57	17.14	9.5	48.09	16.66
2.	The performance criteria's/instruments are clearly defined and objective	Frequency	19	20	22	97	52
		Percentage	9.04	9.52	10.47	46.19	24.76
3.	The performance evaluation criteria used in the organization is capable of measuring my true performance	Frequency	8	24	12	60	106
		Percentage	3.81	11.44	5.71	28.57	50.47
4.	In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers.	Frequency	16	12	34	96	52
		Percentage	7.61	5.71	16.19	45.71	24.76
5.	I can challenge a performance rating if I think it is unfair	Frequency	16	44	24	95	31
		Percentage	7.62	20.95	11.43	45.23	14.76
6.	In my opinion, the performance evaluation system is fair and objective	Frequency	18	40	22	102	28
		Percentage	8.57	19.04	10.47	48.58	13.34

Source: own questioner

As we can observe in the above table 4.2.2 to the first question majority of the respondents (48.09%) disagree, (17.14%) agree, (16.66%) strongly disagree, (9.5%) become neutral and (8.57%) strongly agree on the statement 'In my opinion, the performance evaluation system in WB is serving its purpose' respectively. From this its possible to say that performance evaluation in Wegagen Bank is not serving its purpose as expected or in the required level.

On the second question majority of the respondents (46.16%) disagree, (24.76%) strongly disagree, (10.47%) neutral, (9.52%) agree and (9.04%) strongly agree on the statement 'The performance criteria's/instruments are clearly defined and objective'. From this we can conclude that performance evaluation in Wegagen Bank does not have clearly defined criteria's or instruments.

On the next one, majority of the participants (50.47%) strongly disagree, (28.57%) disagree, (11.44%) agree, (5.71%) become neutral and (3.81%) strongly agree on the statement 'The performance evaluation criteria used in the organization is capable of measuring my true performance'.

From this we can conclude that employee's in wegagen Bank does not fill that current performance evaluation practice in the bank is not able to measure their true potentials.

To the forth question, majority of the respondents (45.71%) disagree, (24.76%) strongly disagree, (16.19%) neutral, (7.61%) strongly agree and (5.71%) agree on the statement 'In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers'. From this one can conclude that performance evaluation practice in the bank is not able to separate effective performers from non-effective one.

Moreover, majority of the respondents (45.23%) disagree, (20.95%) agree, (14.76%) strongly disagree, (11.43%) neutral and (7.62%) strongly agree on the statement 'I can challenge a performance rating if I think it is unfair'. Again from this it's possible to say that employees in the bank mostly are not allowed to challenge their result given by his or her supervisor.

Finally, majority of the respondents (48.58%) disagree, (19.04%) agree, (13.34%) strongly disagree, (10.47%) neutral and (8.57%) strongly agree on the statement 'In my opinion the performance evaluation system is fair and objective'.

From this we can conclude that most of employees in the bank do not think the performance evaluation system used by the bank is objectively seated and well organized. **Table 4.2.3** Summary of the attitudes of employees towards the problems of personnel Considerations in performance evaluation.

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	My rater is influenced by his/her personal liking and disliking when evaluating my performance	Frequency	39	99	20	31	21
		Percentage	18.57	47.14	9.52	14.76	10
2.	My Supervisor avoids giving performance ratings which may have negative consequences for his/her subordinates	Frequency	25	28	12	91	54
		Percentage	11.90	13.33	5.71	43.33	25.71
3.	My supervisor accurately evaluates my performance to the extent that he/she will be rewarded for doing so or penalized for failing to do so	Frequency	24	54	12	112	8
		Percentage	11.43	25.73	5.71	53.33	3.81
4.	My supervisor gives equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among us	Frequency	17	33	19	89	52
		Percentage	8.10	15.71	9.04	42.38	24.77

Source: own questioner

As we can observe from the first question in the above table 4.2.3 majority of the respondents (47.14%) agree,(18.57%) strongly disagree, (14.76%) disagree, (10%) strongly disagree and (9.52%) become neutral on the statement 'My rater is influenced by his/her personal liking and disliking when evaluating my performance' respectively. From this we can conclude that most of the time when managers or evaluators evaluate the work performance of ratees they are more likely influenced by personal things than the actual work.

When we see the second question, majority of the participants (43.33%) disagree, (25.71%) strongly disagree, (13.33%) agree, (11.90%) strongly agree and (5.71%) neutral on the statement 'My Supervisor avoids giving performance ratings which may have negative consequences for his/her subordinates'. From this it's possible to say that raters does not consider what is going to happen to the ratees when filling and sending work performance reports to the concerned body mostly.

Again, to third question majority of the participants (53.33%) disagree, (25.73%) agree, (11.43%) strongly agree, (5.71%) neutral and (3.81%) strongly disagree on the statement 'My supervisor accurately evaluates my performance to the extent that he/she will be rewarded for doing so or penalized for failing to do so'. From this we can conclude that the extent of wining and also penalizing in Wegagen Bank is not that much as expected to be.

Finally, majority of the respondents (42.38%) disagrees, (24.77%) strongly disagree, (15.71%) agree, (9.04%) neutral and (8.10%) strongly agree on the statement 'My supervisor gives equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among us'.Again From this we can conclude that raters evaluate ratees mostly based on the actual performance than waiting everybody in mass.

Table 4.2.4 Summary of the Employees' perception of the Documentation and Transparency of Rating by raters

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	My rater provides me specific examples of things which I did during the appraisal period if ever I question my performance ratings	Frequency	15	55	20	87	33
		Percentage	7.14	26.19	9.52	41.43	15.72
2.	My rater generally supports his evaluation with specific incidents of good and poor performance	Frequency	23	35	12	93	47
		Percentage	10.95	16.67	5.71	44.29	22.38
3.	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance	Frequency	26	32	12	106	34
		Percentage	12.38	15.24	5.72	50.48	16.19
4.	My rater evaluates my performance based on my accomplishment and achievement	Frequency	7	18	11	122	52
		Percentage	3.33	8.57	5.24	58.10	24.76

Source: own questioner

As shown in the above table 4.2.4 majority of the respondents (41.43%) disagree, (26.19%) agree, (15.72%) strongly disagree, (9.52%) neutral and (7.14%) strongly agree on the statement 'My rater provides me specific examples of things which I did during the appraisal period if ever I question my performance ratings'. From this its possible to say that most of the time raters don't keep the records of its ratees well.

On the second question, majority of the respondents (44.29%) disagree, (22.38%) strongly disagree, (16.67%) agree, (10.95%) strongly agree, (5.71%) neutral on the statement 'My rater

generally supports his evaluation with specific incidents of good and poor performance'. Again on this one there is an issue or weakness on filling or keeping records of employee's performance by rater.

Moreover, majority of the respondents (50.48%) disagree, (16.19%) strongly disagree, (15.24%) agree, (12.38%) strongly agree and (5.71%) neutral on the statement 'y rater usually keeps a file on what I have done during the appraisal period to evaluate my performance'. This implies that there is very big gup in filling or record keeping by raters in Wegagen Bank.

On the other hand, majority of the participants (58.10%) disagree, (24.76%) strongly disagree, (8.57%) agree, (5.24%) neutral and (3.33%) strongly agree on the statement 'My rater evaluates my performance based on my accomplishment and achievement'. Again here it possible to say there is an issue of personal liking and disliking by raters as we stated above.

Table 4.2.5 The Employees' perception towards the Fairness and Qualification of the Raters'

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	My rater evaluates my performance based on my accomplishment and achievement	Frequency	19	57	20	90	24
		Percentage	10	14.76	9.52	47.14	18.57
2.	In my recent evaluation, my rater gave me a fair assessment compared to my co-workers	Frequency	25	38	12	81	54
		Percentage	11.90	13.33	5.71	43.33	25.71
3.	My rater is not a qualified person to evaluate my work	Frequency	66	102	12	18	12
		Percentage	31.42	48.57	5.72	8.57	5.72

Source: own questioner

As shown in the first question above on table 4.2.5 majority of the respondents (47.14%) agree, (18.57%) strongly agree, (14.76%) disagree, (10%) strongly disagree and (12%) become neutral on the statement 'My rater evaluates my performance based on my accomplishment and achievement'. From this we can conclude there is abuse of evaluation by raters with personal liking and disliking.

Moreover, to the second question majority of the respondents (43.33%) disagree, (25.71%) strongly disagree, (13.33%) agree (11.90%) strongly agree, and (5.71%) become neutral on the statement 'In my recent evaluation, my rater gave me a fair assessment compared to my co-workers'. This implies that there is dissatisfaction by most ratees on the recent evaluation that was disclosed.

On the other hand, majority of the respondents (48.57%) agree, (31.43%) strongly agree, (8.57%) disagree, (5.72%) strongly disagree, and become neutral at the same time on the statement 'My rater is not a qualified person to evaluate my work'. From this we can conclude that raters in Wegagen bank need to take training and developmental programs given by the bank for enhancing their qualification.

Analysis of the open ended question has indicated that incapability of the rater to evaluate its employees and personalization in doing so are the other problems.

Generally open ended question revealed that performance evaluation criteria's aren't real indicators of employee's effort and there is lack of standardized criteria for all employees.

Table 4.2.6 Employees' perception of the Problems of Impression in Management of the Ratees

In some instances, rates' may be a source of problem in performance evaluation. They may attempt to influence the performance rating done by their supervisors by creating unnecessary impressions that may influence the rater to inflate the evaluation.

Item	Measurement		Level of agreement				
			SA	A	N	D	SD
1.	I often compare my performance ratings with my coworkers	Frequency	15	20	30	101	44
		Percentage	7.14	9.54	14.28	48.09	20.95
2.	I used to support the ideas of my supervisor knowing that it is wrong.	Frequency	45	66	29	40	30
		Percentage	21.43	31.43	13.81	19.05	14.28
3.	I usually create a positive impression in the mind of my rater.	Frequency	16	60	20	106	8
		Percentage	7.62	28.57	9.53	50.47	3.81
4.	I often do a favor to my supervisor	Frequency	8	10	12	62	118
		Percentage	3.81	4.76	5.71	29.53	56.19
5.	I used to work hard if the result is going to be seen by my supervisor.	Frequency	13	40	24	88	45
		Percentage	6.19	19.05	11.43	41.90	21.43
6	I often resist accepting low performance rating	Frequency	62	78	32	24	14
		Percentage	29.52	37.14	15.24	11.43	6.67

Source: own questioner

As shown in the above table 4.2.6 majority of the respondents (48.09%) disagree, (20.95%) strongly disagree, (14.28%) neutral, (9.54%) agree and (7.14%) strongly agree on the statement 'I often compare my performance ratings with my coworkers' respectively. This shows problem of transparency in the organization.

Moreover, majority of the respondents (31.43%) agree, (21.43%) strongly agree, (19.05%) disagree, (14.28%) strongly disagree and (13.81%) become neutral on the statement 'I used to support the ideas of my supervisor knowing that it is wrong.' This shows that there is abusing of ideas for gaining personal liking by raters and also creating unnecessary impression in the mind of the rater in order to influence him/her inflate the result of the rating is a common phenomenon.

Again finally, majority of the respondents (56.19%) strongly disagree on the statement 'I often do a favor to my supervisor', and majority of the respondents (41.90%) disagree on the statement 'I used to work hard if the result is going to be seen by my supervisor.' From this we can conclude that there are still a lot of employees in the bank that doesn't give care for personal liking and disliking by raters rather work hard independently for the satisfaction of their mind.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

In the previous chapter, analysis and interpretation of the study was made based on the data obtained through questionnaire distributed to employees of Wegagen Bank. Based on the analysis and interpretation, the summary, conclusion and recommendations of the study were made as follows.

5.1 Summary

Primary data was gathered by using structured questionnaire. A total of 226 structured questionnaires were distributed to twenty five (25) branches of wegagen Bnak employees through purposive sampling techniques. Quantitative descriptions were applied on the data gathered to analyze the information obtained. By undertaking a detailed analysis of the situation, the following findings were obtained.

➢ When we see the purposes of performance evaluation in Wegagn Bank majority of the respondents disagree that information generated thorough Performance evaluation in WB is used to give feedback to subordinates so that they know where they stand.

➢ Aging performance evaluation in Wegagn Bank is also used for purpose of assigning employees for training and developmental programs.

➢ Moreover performance evaluation is also used for taking administrative decisions on employees by the management.

➢ The majority of the respondents believe that the performance evaluation system in WB is not serving its purpose. In addition to this analysis of the open ended question has indicated that performance evaluation in Wegagen Bank is wastage of time.

➢ Analysis of the open ended question has indicated that the performance evaluation objective of the Bank is more of controlling than coaching..

➢ Apart from the theoretical suggestions identified in the literature, an attempt was made to identify whether there is a system related problems in the organization under study or not. In

order to assess the existence of the aforementioned problems, the researcher has designed groups of questions to check out the existence of the system related problems.

➢ Therefore, majority of the respondents replied that the performance criteria's/instruments are not clearly defined and not objective.

➢ In addition to this analysis of the open ended question has indicated that incapability of the rater to evaluate its employees and personalization in doing so are the other problems.

➢ The majority of the respondents agreed that supervisors aren't accurately evaluate my performance to the extent that he/she will be rewarded for doing so or penalized for failing to do so.

➢ With regard to employees' perception of the documentation and transparency of rating by raters majority of the respondents agree that raters did not keeps a file on what they have done during the appraisal period to evaluate their performance and also doesn't evaluates their performance based on their accomplishment and achievement.

➢ The majority of the respondents believe in the importance of conducting performance evaluation in the bank but they are not happy with the way it is being implemented.

5.2 Conclusion

➢ Information generated through Performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop future potential. This implies that the purpose of performance evaluation in Wegagen bank is used to coach employees than controlling them.

➢ Lack of clarity and objectivity of the criteria used to measure the performance of the employees creates role ambiguity, confusion and frustration among the workers to undertake their job. It also questioned the appropriateness of the current format used to measure the performance of workers to undertake administrative decisions. Therefore employees do not perceive that their performance is measured, they even believe that the performance record does not reflect their true performance.

➢ Absence of evaluation dimensions to specific tasks assigned to each category of employees, lack of communication between the rater and employees in regard to performance status during the period preceding the evaluation, inadequacy of rater to evaluate employees' performance at the organizational level and to take timely and concert measures in regard to rewards, penalties and training are some of the major problems. Also there is a lack of training supervisory staff on rating skills, lack of confidence of supervisory staff to openly discuss performance evaluation results with concerned individuals and employees are the other problems identified with respect to performance evaluation practice of the bank.

➢ Furthermore, the lack of raters' adequate training/skill to evaluate the performance of their subordinates was also the major problems identified in the study.

➢ Because of lack of clearly established performance criteria and the absence of objective criteria by which employees' work are judged, performance evaluation in Wegagen Bank is not effectively achieving its intended purpose.

So generally we can say that performance evaluation is the most important human resource practice in Wegagen Bank but in order to serves it's intended purpose more effectively it needs to be well communicated and understood by both the raters and ratees. Also the bank have to enhance its raters knowledge and capacity by constantly prepare training and developmental programs.

5.3 Recommendations

On the basis of the data analysis, interpretations and summary made the following recommendations are drawn in order to improve the performance evaluation practices of Wegagen Bank.

➢ In order to improve the performance evaluation of the bank raters should develop standards of measurement which are determined before the actual evaluation was begun. This would create a common understanding between the rater and the employees during performance evaluation.

➢ In order to solve the problems of transparency, raters need to appropriately and adequately file and document the performance of their subordinates on a continuous basis. The evaluation result needs to be discussed among the raters and rates clearly and also design ways to communicate and have a common understanding on the criteria's against which employees are evaluated.

➢ To overcome the problems of personal considerations in performance evaluation, raters should keep a file of the performance of their subordinates and should provide continuous feedback on the progress of employees towards the achievement of the goals of the organization. This will help create a kind of trust as well as to have a smooth relationship between the supervisors and the subordinates.

➢ In order to bring goal clarity and objectivity, the organization should strive to develop a system whereby the performance evaluation criteria are jointly determined by both the rater and the rate. In addition, effective two-way communication must be part of the performance planning process prior to any evaluation to be sated as a standard by which employees' performance will be judged.

➢ In order to solve the problems in performance evaluation, it is important to systematically and regularly review the operations to make sure that process and practices are being followed and effective. The bank should make sure that its employee's acceptance as well as trust of the performance appraisal system.

➤ Open ended questions revealed that appraisers lack the required skill and knowledge of evaluators plus employees are more likely to recognize that performance appraisal is not free of personal judgment (bias), therefore the researcher recommended that Wegagen Bank should plan to give training for its appraisers to make them equip with all the required skill while evaluating their staffs which in turn will avoid the problems related with failing to keep file during evaluation periods. Giving fair and equivalent ratings to all rates regardless of their performance and also developing job centric evaluation criteria will lead to personal improvement as well as organizational development too.

➤ In order to minimize the problems of subjectivity, raters need to evaluate their subordinates based on the actual volume of work and responsibility discharged over the period of evaluation and the bank should also establish a committee who are in charge of undertaking the performance evaluation of the organization properly.

References

Aswathappa, A.(2002). *Human Resource and personnel management:* Text and Cases, 3rd edition, Tata McGraw-Hill Publishing Company Limited, New Delhi.PP.199-231

Armstrong, M. (2009). Armstrong's Handbook of Performance Management An Evidence-based Guide to Delivering High Performance.UK: Kogan Page.

Clinton O. Longenecker (1997). Why managerial performance appraisals are ineffective: Causes and Lessons. Career Development international, Vol.2, 5, pp. 212- 218.

Campbell, D. J. and Lee, C. (1988). 'Self-appraisal in performance evaluation: Development versus evaluation'.*Academy of Management Review,* **13,** 302-3 14.

*Deborah F. Boice and Brian H. Kleiner (1997).*Designing effective performance appraisal system. Work study, vol.46, No.6. PP.197-201.

*Dessler, G. (2000).*Human resource management. Upper Saddle River, NJ: Prentice Hall.

Dessler G. (2008), Human Resources Management, 8th edition, London, Prentice hall.

Dessler, G. (2008). Human Resource Management (11th ed). New Delhi: Prentice-Hall of India Private Ltd.

*Fletcher, C. & Bailey, C. (2001).*Assessing Self-awareness: Some Issues and Methods.Journal of Managerial Psychology. 18(5): 395-404.

*French N.I. (1987),*The Personnel Management Process, USA, Houghton Miffin Company.

Giangreco, A., Carugati, A., Sabastino, A., & Al Tamini, H. (2012). War outside, ceasefire inside: An analysis of the performance appraisal system of a public hospital in a zone of conflict. Evaluation and Program Planning, 35(1), 161-170.

Hackett(1928), Rating Legislator, Personnel, 7(2), 1928, 130-31.

*Ivancevich, John M. and Cluech William F. (1989).*Foundation of Personnel Human Resource Management 4th, ed. Richard D. Irwin, Inc.

*Junlin Pan and Guoqing Li (2006).*What can we learn from performance assessment? The system and practice in an academic library. Library Management, Vol.27, No.6/7,pp. 460-469.

Linda S.Pettijhon (2001). Performance appraisals: usage, criteria and observations.

Journal of management development, vol.20, No.9, pp.754-771.

Mathis and Jackson (1997)

*Mark Cook (1995).*Performance appraisal and true performance. Journal of managerial philosophy, Vol.10,No.7

Michael Beer (1987). "Performance appraisal", In Lorch, J.(Ed).Hand book of organizational Behavior, Prentice Hall, Englewood, Cliffs, NJ, pp.286-299.

Muo, I. K. (2007)."Improving the Effectiveness of Performance Appraisal as an Evaluative Instrument in the Workplace."Nigerian*Journal of Labor Law and Industrial Relations.*Vol.1, N0.3, pp.133-146.

Oberg Wonston, Making Performance Relevant, Harward Business Review, 50(1), 1972.

Rafikul Islam and Shuib Bin MohdRasad (2005). Employee Performance Evaluation ByAhp: A Case Study, Honolulu, Hawaii, July 8-10, 2005

Y.Fried et al. (1999). Inflation of subordinates' performance ratings: Main andinteractive effects of Rater Negative Affectivity, Documentation of Work Behaviorand Appraisal visibility. Journal of organizational Behavior, Vol.20, No.4. (Jul,1999), pp.431-444.

Zvavahera (2013) entitled ―*an evaluation of the effectiveness of PMS on service delivery in Zimbabwean civil service*

Annex I: Questionnaire

Dear Sir/Madam, I am student of Master of Business Administration (MBA in general management) in St. Mary University. The following research is part of my MBA study and conducted for purely academic purposes. The purpose of research is to find out employees perception on the problems and practices of employee performance evaluation in WB for improvement of the employee's performance evaluation system. All the information collected through the questionnaire will be used only for contribution to knowledge and kept secret/ confidential. Therefore, I will be willing to submit a copy of my final report to you when it is ready. As this project is a case study, I will be willing to get your permission for release of the information even when it is meant for academic use if such permission is required by your organization. Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the project. Please be ensure that you mark all the given statements otherwise incomplete responses will not fulfill researcher requirements.

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.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided.

Thank you, for your cooperation and timely response in advance

PART I: Participant Information

1.   Sex: ☐ Male   ☐ Female

2.   Age (in years):

      ☐ Under 25 ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55 and above

3.   Number of years working on this job (in years):

      ☐ 1-4   ☐ 5-9   ☐ 10-19   ☐ 20-30   ☐ 30 years or more

4.   Educational Qualification:

   ☐ College Diploma

      ☐ BA/BSc Degree   ☐ Master's Degree   ☐ PhD

      Other (please state_____)

5.   Have you been evaluated for the last one year?
           ☐ Yes   ☐ No

6.   If your answer to question number 5 is *yes*, please turn to part II

PART II: Questions related to the practices of performance Evaluation

Listed below are statements about the practices of Employee Performance Evaluation in your organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable me to assess what you think about the practices of performance evaluation in your organization.

S/N	Questions	Strongly Agree	Agree	Neither Agree nor disagree	disagree	Strongly disagree
1	Information generated thorough Performance evaluation in WB is used to give feedback to subordinates so that you know where you stand					
2	Information generated through Performance evaluation in WB strongly determines pay and promotion decisions					
3	Information generated through Performance evaluation in WB is used as a basis to warn subordinates about unsatisfactory performance and helps supervisors to make discharge and retention decisions					
4	Information generated through Performance evaluation is used to counsel and coach subordinates so that they will improve their performance and develop future potential					
5	Information generated Performance evaluation is used to motivate subordinates through recognition and support					
6	Information generated through performance evaluation in WB is designed to strengthen the relationship between superiors and subordinates					
7	Information generated through Performance evaluation in WB is used to diagnose both organizational and individual problems based on performance results					

56

S/N	Questions					
8	In my opinion, the performance evaluation system in WB is serving its purpose					
9	The performance criteria's/instruments are clearly defined and objective					
10	The performance evaluation criteria used in the organization is capable of measuring my true performance					
11	In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers.					
12	I have ways to appeal a performance rating that I think is biased or inaccurate					
13	I can challenge a performance rating if I think it is unfair					
14	In my opinion, the performance evaluation system is fair and objective					

S/N	Questions	Strongly Agree	Agree	Neither Agree nor disagree	disagree	Strongly disagree
15	My rater is influenced by his/her personal liking and disliking when evaluating my performance					
16	My Supervisor avoids giving performance ratings which may have negative consequences for his/her subordinates					
17	My supervisor accurately evaluates my performance to the extent that he/she will be rewarded for doing so or penalized for failing to do so					
18	My supervisor gives equivalent performance ratings to all my colleagues in order to avoid resentment and rivalries among us					
19	My rater provides me specific examples of things which I					

	did during the appraisal period if ever I question my performance ratings					
20	My rater generally supports his evaluation with specific incidents of good and poor performance					
21	My rater usually keeps a file on what I have done during the appraisal period to evaluate my performance					
22	My rater evaluates my performance based on my accomplishment and achievement					
23	In my recent evaluation, my rater gave me a fair assessment compared to by co-workers					
24	My rater is not a qualified person to evaluate my work					
25	My rater frequently lets me know how I am doing					
26	I often compare my performance ratings with my coworkers					
27	I used to support the ideas of my supervisor knowing that it is wrong.					
28	I usually create a positive impression in the mind of my rater.					
29	I often do a favor to my supervisor					
30	I used to work hard if the result is going to be seen by my supervisor.					
31	I often resist accepting low performance rating					

Part III. Additional Questions

1.   In your opinion, do you think that it is essential to conduct performance
evaluation in your organization?   Yes ☐   No ☐

2.   What is/are your reason for question No.1 above?

_____

_____

_____

_____

_____

3.   In your opinion, what are the real problems that you observe regarding performance
evolutions practices of your organization?

_____

_____

_____

_____

4.   Would you please suggest if there is anything to be changed with regard to the current
performance evaluation system being used in your organization? Use the space provided below

_____

_____

_____

_____

_____

Thank you again for completing the questionnaire!