ASSESSMENT OF PERFORMANCE APPRAISAL PRACTICES AND CHALLENGES: THE CASE OF BERHAN BANK WOLKITE BRANCH

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT

OF MANAGEMENT

A SENIOR RESEARCH SUBMITTED TO THE DEPARTMENT OF MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF ARTS IN MANAGEMENT

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Declaration

I declare that this BA Senior Research, titled "Assessment of Performance Appraisal Practices and Challenges: The Case of Berhan Bank Wolkite Branch**"**, is my original work, and has never been presented for the award of any degree in this or any other university. All source of materials used for the Senior Research have been duly acknowledged.

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Advisors' Senior Research Submission Approval Sheet

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Advisors' Senior Research Submission Approval Sheet

This is to certify that the Senior Research entitled "Assessment of Performance Appraisal

Practices and Challenges: The Case of Berhan Bank Wolkite Branch '' submitted in partial Fulfillment of the requirements for the award of Bachelor of Arts degree in Management

Therefore I recommend that the student has fulfilled the requirements and hence

Hereby can submit the Senior Research to the department for defense.

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Examiners' Senior Research Approval Page

Approved By: We the examiners' board approve that this Senior Research has passed through the defense and review process.

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List of Acronyms

BB	Berhan Bank
HRM	Human Resource Management
PA	Performance Appraisal
PAS	Performance Appraisal System

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Abstract

The main objective of the study was to assess performance appraisal practices and challenges in the case of Berhan Bank Wolkite Branch. The study has used questionnaires and structured interview discussions to collect data from managers and employees. Simple random samplings were used to collect primary information and accordingly, descriptive statistics were used to analyze the data gathered. The target populations of this research are permanent employees of the Bank. Currently, there are a total of 20 employees who are working in the bank. The data collected through a census. The criteria used to measure the performance of employees are objective. However, some criteria don't have a direct relation with the actual work and natural traits which are difficult to alter and are beyond the control of the employee. There also are criteria that are vague to understand. It was also observed that the major challenges of Performance evaluation at BB are lack of rater ability to evaluate employee performance, rater bias in evaluating performance, lack of communicating performance standards and expectations to the employees, no link between some evaluation criteria and employee job, absence of employee participation in setting performance evaluation criteria and lack of focus and carelessness by branch managers. It was recommended that Performance evaluation criteria should be revised in the participation of the employees for they are the actual persons who do the job and are evaluated. To acquaint employees who do not know why performance evaluation is conducted the Bank's management should create awareness of the purpose of performance appraisal. The Bank's HR directorate should follow up with those raters who do not have files and encourage those using it now. The Bank's management should give training to supervisors and managers who are responsible for conducting performance evaluations.

Keywords: Rater, Performance appraisal, Criteria, Berhan Bank

CHAPTER ONE
1.INTRODUCTION
1.1 Background of the Study

Performance management remains a cornerstone of HR practices in organizations. It's an ongoing process of communication between managers and employees that focuses on setting goals, providing feedback, and developing employee capabilities to achieve organizational objectives (Society for Human Resource Management, 2023). Effective performance management benefits both employees and organizations by fostering growth, improving engagement, and ensuring alignment with strategic goals. Regardless of the organization's size or complexity, a well-designed performance management system is essential.

Performance management is one of the cornerstones of human resource management practice in organizations. No matter where you work, how big or small your organization or how simple or complex the business model, effective performance management is a key requirement regardless of the number of employees what you have (Mathis & Jackson, 2005). According to this definition, the basic thing for human resource management, which helps the organization to be successful in its objective, is performance management.

There are several important HRM practices that should support the organization's business strategy: analyzing work and designing jobs, determining how many employees with specific knowledge and skills are needed, attracting potential employees, choosing employees, teaching employees how to perform their jobs and preparing them for the future, evaluating their performance, rewarding employees, and creating a positive work environment. An organization performs best when all of these practices are well managed. All companies should be innovative, have greater productivity, and develop a more favorable reputation in the community (Neo, Mondy, & Premeax, 2011).

Performance management has evolved beyond a singular appraisal event. It's now an ongoing process focused on communication, goal setting, feedback, and employee

development. This collaborative approach aims to improve individual and organizational

Performance by aligning employee skills and goals with strategic objectives (Society for Human Resource Management, 2023).

According to (Armstrong M., 2009) performance appraisal is defined as a formal, structured system of measuring, evaluating job related behaviors and outcomes and to identify best alternative for future performance that will benefit employees, organization and society at a large. Performance Appraisals is the assessment of individual's performance in a systematic way. It is a developmental tool used for the overall development of the employee and the organization. Performance is measured against job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health (Decenzo & Robbins, 1999).

Performance management is continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning it with the strategic goals of the organization. The process starts from prerequisite, knowledge of the organization ' s mission and strategic goals and knowledge about the job (through job analysis) followed by performance planning, defining goal for employees to have a thorough knowledge about performance management system. The next thing is to evaluate the performance and behavior of the employee whether he is doing and practicing as required or not as well as he is striving to achieve the development needs of the organization. The responsibility of evaluating the desired performance and behavior is achieved and practiced or not is evaluated by the employee and the manager jointly. Before final agreement is reached about performance evaluation there is detail discussion and repetitive meeting between the employee and the manager; this meeting and discussion is usually called appraisal meeting or discussion (Decenzo & Robbins, 1999).

Potential motivational interesting factors in researching the title:

- **Improving Employee Performance and Satisfaction:** Performance appraisals are crucial for employee development and motivation. Understanding the challenges

in Berhan Bank's Wolkite Branch could help design a more effective system, ultimately leading to improved employee performance and satisfaction.

- **Enhancing Organizational Effectiveness:** Effective performance appraisals contribute to a more productive and efficient organization. This research could identify areas for improvement, potentially leading to a more effective overall system within Berhan Bank.
- **Addressing Specific Concerns:** Issues with performance appraisals at Berhan Bank or a similar organization. This research could provide a platform to explore those concerns and propose solutions specific to the context.
- **Addressing a Knowledge Gap:** Performance appraisals are a common feature of organizations, but challenges are often present. This research has the potential to fill the gap in knowledge by exploring those challenges in a specific context.

Researching a real-world case can contribute valuable insights to the broader field of human resource management. Research Findings could inform future practices and improvements in performance appraisal systems.

1.2 Statement of the Problem

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

However, during the internship program period in the bank, the researcher observed that performance appraisal is not given the proper attention and exercised as a usual practice. Rather it is being used as a tool of motivation for making various administrative and developmental decisions. Moreover, the Bank does not have a formal practice of giving performance feedback to their employees on a timely basis and do not encourage their managers to engage in appraisal discussions, which help

to make employee performance related problems explicit thereby enhancing organizational productivity by motivating employees to improve their performance.

Generally, it can be concluded that the effective utilization of performance appraisal system has been constrained by performance non-related appraisal instruments (forms), lack of proper rater training, personal bias and poor understanding of employees about performance appraisal (Solomon M, 2016) All these challenges hinder in achieving the intended organizational objectives and in meeting their future carriers. The issues related with the above described challenges will result in high employee turnover and low performance in which its cumulative effect will be low customer satisfaction. As a whole it can be assumed that good performance appraisal system practice has positive impact on the better performance of an organization.

A study conducted by Tegu (2018) attempted to assess performance appraisal practices and challenges in in Public sector in Adigrat town. Focused on the real fact about performance appraisal in public sector the findings of the study show that the absence of frequent appraisal practices, employees failed to assume responsibility due to little or no feedback and employee satisfaction directly affected customers. Organizational performance is the synergic sum total of the performance of employee in the organization.

This being the fact employee performance has to be closely planned, coached and appraised to ensure it is in line with the interest of the organization. however, it seems that performance appraisals is not give accurate attention by most organization and is exercised like a normal process rather than as a tool of motivation on the basis of this several of administrative an developmental decision are taken.

Simotwo (2018) conducted the effect of performance appraisal system on employee' s performance of national service in Kenya. The result of his study indicated that appraisal techniques used in the police Service are not effective and that they exist just as a matter of formalities, the Police Service cannot measure employees ' performance hence making it difficult to achieve the intended Human Resource Management objectives even if the study therefore recommends that appraisal

system should be able to guide the Police Service in identifying employees training needs, their execution and evaluation on whether they achieve their intended objectives and used to evaluate the employees which are ready for promotion and other motivational rewards.

Though, BB conducts performance appraisal periodically, preliminary interview conducted with some selected employees of the Bank indicated that they are not happy with it by complaining that promotion is not based on performance appraisal result. Rather, it is experience of employees. In addition to this performance appraisal applied only to those employee who had experience more than three years and above the rest employee who had less experience had no opportunity to promote. If these problems continue for longer period without being solved, dissatisfaction will spread among the employees and their motivation toward hard working will stagger. This, in turn, will definitely slow down the bank's effort of achieving its intended goal.

Several researchers were conduct employees performance appraisal system in the bank sectors and the result of performance appraisal used for employees promotion. But in BB the employees performance appraisal result did not used for promotion. This study is trying to fill the research gap by providing a detailed analysis performance appraisal practices and challenges in BB.

1.3 Research Questions

The following are the research questions to be answered by the study:

1. What is the nature of performance appraisal practice in the study area?
2. What is the perception of employees concerning performance appraisal practices within their branch?
3. What are the criteria used to conduct performance appraisal in BB?
4. What are the challenges associated with the performance appraisal system in the study area?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study was to assess performance appraisal practice and its challenges in the case of Berhan Bank Wolkite Branch.

1.4.2 Specific Objectives

1. To evaluate the nature of performance appraisal practices in the study area.
2. To describe the employees perception towards the existing Performance Appraisal practice.
3. To examine the criteria used to appraise employee performance in the study area.
4. To analyze the challenges facing performance Appraisal practice in the study area.

1.5 Significance of the Study

The study is conducted to assess practices and challenges of performance appraisal system in the case of Berhan Bank Wolkite Branch. The findings of this study:

Will serve as a stepping stone for those who want to make further study on this topic.

Help students in the field and practitioners as a reference material to get deep insight with regard to theory and practices of performance appraisal.

Help to identify gaps in performance appraisal practice in the case of Berhan Bank Wolkite Branch and to suggest mechanisms to improve it. To identify and know gaps in practicing performance appraisal within the bank and helps to make the necessary adjustment.

Help employees of the Bank to know about the purpose of performance appraisal practice and also how they are being evaluated by the organization help employees of the bank to know about the purposes of performance appraisal practice and how they are evaluated.

1.6 Scope of the Study

Content wise, the study focuses on the assessment of performance appraisal practice and its challenges only in Berhan Bank Wolkite Branch. This study will apply a mixed research approach and descriptive research design. The data collected through

a census. In terms of geographic area, the study is limited to Gurage Zone Wolkite City; within BB Wolkite Branch. It also highlights the limitations of the generalizability of the findings due to the specific focus on one branch.

1.7 Definition of key operational terms

In this part the researcher has listed definition of terms from theoretical perspective and practical definition of terms given by the researcher.

- **Human Resource Management (HRM):** It is utilization of human resources to achieve Organizational objectives. Human resource management (HRM) is a subset of the study of management that focuses on how to attract, hire, train, motivate, and maintain employees (Mandy et al, 1999).
- **Performance Appraisal (PA)** - is a method of evaluating the behavior of employees in the work spot, normally including both quantitative and qualitative aspects of job- performance (Rao & Rao, 2004).
- **Performance Management (PM) -** is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Smither W.James, 2009).

1.8 Organization of the Study

This study is organized in five chapters. Chapter one deals with introduction including background of the study, statement of the problem, research question, objective of the study, significance of the study, scope of the study and definition of operational terms. Chapter two review of related literature including theoretical and empirical literature. Chapter three discusses research methodology including background of the organization, research approach and design, population of the study, census, methods of data analysis and ethical issues. Chapter four includes data analysis, interpretation and presentation. Chapter five includes summary of findings, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter deals with the basic concepts and issues that were discussed by different authors on the research topic. Issues discussed in this chapter include overview, purposes, methods and benefits of performance appraisal, responsible body to conduct performance appraisal, what is to be appraised, time to conduct performance appraisal, challenges/problems performance appraisal, guidelines for a successful performance appraisal system, employee participation in performance appraisal system and post appraisal feedback interview. At the end, the chapter presents conceptual framework based on prior studies.

2.1 Theoretical Literature

2.1.1 Overview of Performance Appraisal

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract. It also reflects how well an employee is fulfilling the requirements of a certain job. Therefore, how well is the job performed by employees of an organization is a success or failure factor for the organization itself (Le.sile, 2007).

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

“ Performance appraisal ” has been synonymous with performance review, performance evaluation, and other terms and combinations of terms. PA has, over time, referred to 1) an instrument or form to assess an employee's job performance, 2)

an interview where an employee's job performance is assessed and feedback is given to the employee, 3) a system of setting employee job expectations/ employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to

Improve it in the future/setting new goals and expectations for another period, or 4) performance management with job performance appraisal a part of it (Dessler, 2010).

According to Palaiologos, Papazekos, & Panayotoulou (2011) performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Performance appraisal and evaluation is identified as the identification, Measurement and management of human performance in organizations and provides individuals with useful feedback and coaches them to higher levels of performance.

Performance appraisals are important part of organizational life because they can serve a number of functions/purposes, including solving performance problems, setting goals, administering rewards and discipline, and dismissal (Dickinson and Ilgen, 1993). He further asserts that, therefore, the performance appraisal system should:

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

Toppo & Prusty (2012) in their study entitled " From Performance Appraisal to performance Management" while discussing emergence of performance evaluation

stated that formal appraisal of employee's performance is believed to have been started for the first time during the First World War, when at the instance of Walter Dill Scat, the US Army: adopted the "Man-to-man" rating system for evaluating military personnel. This early employee's appraisal system was called "merit rating". From the army this concept entered the business field and was restricted to hourly-paid workers. During 1920s, relational wage structures for hourly-paid workers were adopted in industrial units and each worker was used to be rated in comparison to others for determining wage rates.

In the 1940s, behavioral methods were developed using a motivational approach. These include behavioral anchored rating scales (BARS), behavioral observation scales (BOS),

Behavioral evaluation scales (BES), critical incident, and job simulation. All these judgments were used to determine the specific levels of performance criteria to specific issues such as customer service and rated in factors like that of "excellent", "average", "need", "poor". Post-1945 developed into the results- oriented approaches and led to the development of management by objectives (MBO) (Prowse & Prowse, 2009).

In the 1960s, the development of self-appraisal by discussion led to specific time and opportunity for appraises to evaluate their performance reflectively in the discussion and the interview developed into a conversation on a range of topics the appraise needed to discuss in the interview.

In the 1990s, 360-degree appraisal developed, where information was sought from a wider range of sources and the feedback was no longer dependent on the manager-subordinate power relationship but included groups appraising the performance of line managers and peer feedback from peer groups on individual performance (Redman and Snape, 1992). So, since 1940s, the philosophy of performance appraisal has undergone tremendous changes. The common terms used include merit rating, behavioral assessment, employee evaluation, personnel review, staff

assessment, progress report and performance appraisal. However, the most widely used term is performance appraisal (Danielle & Buckley, 2005).

2.1.2 When to Conduct Performance Appraisal?

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

First, an informal appraisal is conducted whenever the supervisor feels it is necessary. The day-to- day working relationships between a manager and an employee performance have to be judged. This judgment is communicated through conversation on the job or over coffee or by an on-the-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 motivating behavior change. Frequent information feedback of employee can also avoid surprises (and therefore problems) later when the formal evaluation is communicated.

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

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

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

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

- Selective memory by the supervisor or the employee; and
- Surprises at an annual review.

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

2.2 Employee Participation in the Appraisal System

Rasheed, Aslam, Yousaf, & Noor (2011) asserted their views about the participation of employees in appraisal systems. They said that through participation, employees are given an opportunity to raise their voice. They further added that biasness reduces and trust on the supervisors develops when performance standards and

criteria for evaluation are set with the help of employee in a joint session between employee and supervisor. Decreased employee participation increases appraisal related tension and appraiser- appraise conflicts. Comprehensive and effective participation within the performance appraisal consists of joint rater-rate development of: 1) performance standards, 2) the rating form, 3) employee self-appraisal, and 4) rate participation in the interview (Roberts G, 2003).

2.2.1 Performance Standard Participation

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

2.2.2 Rating form Participation

Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definition of what the organization considers worthy of formal appraisal. As such, it is important to gather employee input on the aspects of performance formally appraised as well as the measurement scales provided (Roberts G, 1996).

2.2.3 Post Appraisal Feedback Interview

Feedback is an important part of the PAS. According to Longenecker (1997) the rates should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. It's within the employees‟ rights to know how they are progressing in performing the assigned tasks and to receive feedback.

The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2005). One of the ways of delivering feedback is conducting appraisal interview with the rate.

According to Beer (1997), there are three types of appraisal interviews each with distinct specific objectives. The differences are important in determining the skills required by the supervisor and the outcomes for employee motivations and supervisor-subordinate relationships. The three methods are termed as: tell-and-sell, tell-and-listen, and problem solving.

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

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

- **Problem solving method**: In this approach the subordinate is asked to look at his/her job critically and constructively, to assess its problem and difficulties, to determine what actions and resources are needed to

improve work performance. The manager ' s role is to help the subordinate carry out this critical analysis and evaluate the proposed solutions which the two have devised together (Beer, 1997).

2.3 Purposes of Performance Appraisal

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

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

Ikramullah, Shah, Faqir, Hassan, & Zaman (2012) on the other hand, argued that PASs are being used for purpose of administrative decisions relating to (salary, promotion, retention or termination, layoff) and developmental decisions like (training of employees, furnishing appraise with regular performance feedback, employees‟ transfers, determining employees strengths and weaknesses).
Likewise, Cleveland Murphy, and Williams (1989, 2012) identified the following four purposes of PAS:

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

- System maintenance (helps in evaluation of personnel system, organizational goal attainment, organizational needs for training and developmental needs of organization).
- Documentation (documenting personnel actions and having record in case of legal proceedings).

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

2.4 Criteria of Performance Appraisal

The criterion or criteria that management choose to evaluate, when appraising employee performance, will have a major influence on what employees do. Generally, content to be appraised is determined on the basis of job analysis. Content to be appraised may be in the form of contribution to organizational objectives (measures) like production, costs savings, return on capital, (Rao & Rao, 2004). In this regard, Mathis and Jackson (1997:341) and Robbins (1998: 1204- 05), Have classified the criteria for evaluating job performances into as trait-based, behavioral based, or results based as shown below.

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

◆ **Behaviors:** measure observable physical actions and movements. In many cases, it is difficult to identify specific outcomes that can be directly attributable to an employee's actions. This is particularly true of personnel in staff positions and

individuals whose work assignments are intrinsically part of a group effort. In the latter case, the group's performance may be readily evaluated, but the contribution of each group member may be difficult or impossible to identify clearly. In such instances, it is not unusual for management to evaluate the employee's behavior. Thus a bank clerk may be evaluated on the basis of such behaviors as the quality of his/he customer services, his/her manner of communication with colleagues and customers, etc.

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

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

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

2.5 Benefits of Performance Appraisal

If undertaken properly, performance appraisal benefits both the employees and the organization a lot. For employees, it gives a chance to see their performance with others‟ point of view. It also results in position promotion and salary increment. It enables the organization to identify the actual skill gap of the individual being

appraised and helps device proper training and development program and coaching service. Performance appraisals also give employees and managers a useful tool to aid in employee development and employee control Performance appraisal has the following major benefits (Reza, 1997):

◆ **Motivation and Satisfaction**

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

◆ **Training and Development**

Performance appraisal offers an excellent opportunity - perhaps the best that will ever occur - for a supervisor and subordinate to recognize and agree upon individual training and development needs. From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the overall demand for training. This data may be analyzed by variables such as sex, department, etc.

◆ **Recruitment and Induction**

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

◆ **Employee Evaluation and Control**

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate or to judge is

also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual. On the other hand, Armstrong (2009) has classified benefits of conducting performance appraisal in to three levels depending on the parties enjoying benefits of the system. These parties are the organization, the supervisor and the subordinate employee whose performance is to be appraised.

2.6 Methods of Performance Appraisal

Organizations currently use several methods to appraise performance. Jafari, Bourouni, & Amiri (2009) have stated that there are three existent approaches for measuring performance appraisal. These are (1) absolute standards (2) relative standards and (3) objectives.

2.6.1 Absolute Standards

In the absolute standards, as performance appraisal approach, the employees are compared to a standard, and their evaluation is independent of any other employee in a work group (Dessler, Human Resource Management, 2009). Included in this group are the following methods:

a) **The essay appraisal**: It is the simplest evaluating method in which evaluator writes an explanation about employee's strong and weak points, previous performance, positional and suggestion for his (her) improvement at the end of evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, Human Resource Management, 2008).
b) **The critical incident appraisal**: It focuses on key factors which make difference in performing a job efficiently. This method is more credible

because it is more related to job and based on individual's performance than characteristics. The necessity of this system is to try to measure individuals" performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the manager writes down the positive and negative individuals" performance behavior in evaluation term (Mondy, Human Resource Management, 2008).

c) **The checklist**: In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. Answers of checklist are often "Yes" or "No" (Decenzo & Robbins, 1999).

d) **The graphic rating scale**: This is the most commonly used method of performance appraisal because they are less time-consuming to develop and administer and allow for quantitative analysis and comparison. It is a scale that lists some characteristics and range of performance of each individual. Therefore, employees are ranked by determining a score which shows their performance level. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Mondy, Human Resource Management, 2008).

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

f) **Behaviorally anchored rating scales (BARS):** This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS let the evaluator to rank employees based on observable behavioral dimensions. The elements of this method are

result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 2000).

2.6.2 Relative Standards

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

a) **Group order ranking**: In this method, employees are placed into a particular classification, such as "top one-fifth". For example, if a rater has 20 employees, only 4 can be in the top fifth and 4 must be relegated to the bottom fifth (Decenzo, 200).

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

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

2.6.3 Objectives

This approach to appraisal makes use of objectives. Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO). Management by objectives is a process that converts organizational objectives in to individual objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews (Ingham, 1998).

2.7 Who is to Conduct PA?

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization is seriously affected. By tradition, a manager ' s authority typically has included appraising subordinates" performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates" performance, it only makes sense that these managers do the evaluating of that performance. However, others may actually be able to do the job better (Robbins & Stephen, 1998). Among these are:

◆ **Immediate supervisor**: Traditional rating of employees by supervisors is based on the assumption that the immediate supervisor is the person most qualified to evaluate the employee's performance realistically, objectively, and fairly. The unity of command notion - the idea that every subordinate should have only one boss – underlies this approach. The advantage to this source of appraisal is that supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control their subordinates continuously. Moreover, supervisors are accountable for the successful performance of their subordinates (Robbins & Stephen, 1998).

◆ **Peers**: Peer evaluations are one of the most reliable sources of appraisal data. First, peers are close to the action. Daily interactions provide them with a comprehensive view of an employee's job performance. Second, using peers as raters results in a number of independent judgments. A boss can offer only a single evaluation, but peers can provide multiple appraisal. And average of several ratings is often more reliable than a single evaluation. On the downside, peer evaluations can suffer from coworkers" unwillingness to evaluate one another and from friendship-based biases. Moreover, peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction (Robbins & Stephen, 1998).

◆ **Self-appraisal**: As part of the overall process, employee self-appraisals should be encouraged (Goff and Longenecker, 1990). This helps the employee to be less defensive and passive in the appraisal review. Self-appraisals can lead to self-improvement. The employee's self- appraisal can also be helpful for the supervisor in opening a communication link and allowing for comparison of performance results. The supervisor helpful insight on how the employee views his/her performance. Generally speaking people will be at least as tough on themselves as the formal rater. However, they suffer from overinflated assessment and self-serving bias. Thus, because of these serious drawbacks, self-appraisals are probably better suited to developmental uses than evaluative (Robbins & Stephen, 1998).

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

A major disadvantage to appraisal by subordinates is the negative reaction many superiors have to being evaluated by employees. The "proper" nature of manager/employee relations may be too great for employees to give realistic ratings. In addition, employees may resist rating their bosses because they do not perceive it as part of their jobs. If this situation exists workers may rate the manager only on the

way the manger treats them and not on critical job requirements (Robbins & Stephen, 1998).

◆ **Multi source rating (Comprehensive or 360o rating):** Multi source feedback recognizes that the manager is no longer the sole source of performance appraisal information. Instead, feedback from various colleagues and constituencies is obtained and given to the manager, thus allowing the manager to help shape the feedback from all sources. The manager remains a focal point both to receive the feedback initially and to engage in appropriate follow-up, even in a 360osystem. Thus, the manager's perception of an employee's performance is still an important part of the process (Bozeman, 1997). Bozeman asserts that this source of appraisal has the following advantages and drawbacks.

Multi-rater evaluation provides an integrated assessment of individual performance that maximizes the strengths and minimizes the weaknesses of individual ratings, a fuller conceptualization and measurement of the job performance domain, an improved legal defensibility over single-source ratings, and an increased use of performance feedback for individual improvement and development. Multi-rater evaluation also is an attractive prospect to individual rates in that rates tend to perceive multi-rater evaluation as a fairer and more acceptable method of performance appraisal than traditional single-source evaluation.

Despite the purported benefits of multi-source performance appraisal cited above, the following drawbacks could be noted: different rater groups (e.g. supervisors, subordinates) frequently do not agree concerning an individual's job performance. Based on traditional conceptions of reliability and validity, low inter-rater agreement indicates unreliability and, therefore, invalidity. Accordingly, the validity of multi-source performance appraisal has been questioned. On the other hand, Mathis and (Jackson1997: 347). Affirmed that performance appraisal can be done by anyone who is familiar with the performance of individual being appraised. They presented the following list as possible options.

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

2.8 Challenges of Performance Appraisal

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

2.8.1 Human errors (rating biases)

Human errors are not called so because they just happen and supervisors may know about them nor have much control over them. To the degree that the following human factors are prevalent, an employee's evaluation is likely to be distorted:

- **Single Criterion**

A typical employee's job is made up of a number of tasks. Where employees are evaluated on a single job criterion, and where successful performance on the job requires good performance on a number of criteria, employees will emphasize the single criterion to the exclusion of other job- relevant factors (Saiyadain, 1999).

- **Strictness or Leniency**

Some supervisors tend to rate all their subordinates consistently low or high. These are referred to as strictness and leniency errors. The strict rater gives ratings lower than the subordinate deserves. This strictness error penalizes

superior subordinates. The lenient rater tends to give higher ratings than the subordinate deserves. Just as the strictness error punishes exceptional subordinates, so does the leniency error (Lunenburg, 2012).

● Halo Error

This is the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar. For example, the supervisor likes Tom because he is so cooperative. The halo effect leads Tom's supervisor to automatically rate him high on all appraisal dimensions. The result is that subordinates are rated consistently high, medium, or low on all performance appraisal dimensions (Saiyadain, 1999).

● Central Tendency Errors

Some raters follow play safe policy in rating by rating employees around the middle point of the rating scale and they avoid rating at both the extremes of the scale. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers‟ lack of interest in their job (Rao & Rao, 2004).

● Regency of Events

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

● **Similarity Error**

This occurs when appraisers rate other people giving special consideration to those qualities they perceive in themselves. The similarity between the rater and rate may take one or more of the following forms: demographic similarity, affective similarity, perceived similarity & mutual liking (Schraeder & Simpson, 2006).

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

2.8.2 Problems of Criteria

Appraisal has to be against certain criteria. If a discrepancy between expected and actual performance is pointed out, the question is whether the expected was fully defined and communicated to the employee. In the absence of such an attempt, the appraisal reports can be questioned. The issue basically refers to job description. It is true that jobs can be clearly defined at the lower levels in the organizational hierarchy. However, as one goes up, it becomes more and more difficult to clearly specify the tasks one is supposed to perform (Saiyadain, 1999). Employee involvement is a useful tool for increasing job-

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

2.8.3 Problems of confidentiality

One important issue in performance appraisal has to do with sharing or keeping secret the ratings on various items of appraisal report. While many organizations have a system of selective feedback to the employee, the general policy is not to share the total report with the employee. There are many reasons for this. First, each employee expects rewards if the report is better than average, which may not be administratively possible. Secondly, very often supervisors pass the challenge to top management by saying that while they did give good ratings to the employee; top management did not take that into consideration. Thirdly, giving rewards is not the only objective of appraising employees. Given these reasons, it is emphasized that supervisory ratings of employees should be kept confidential. On the other hand, it is claimed that since there will always be differences between the supervisor and employee's perception of the subordinate's job performance, perhaps the employee should fully be aware of how he/she has been rated (Saiyadain, 1999).

2.9 Guidelines for a Successful Performance Appraisal System

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

The systems design component requires a clearly defined purpose for conducting performance appraisal. All employees must understand why performance appraisal is being conducted and the specific goals for it. The specific goals will allow the managers to select performance criteria that will support the organization ' s

objectives and increase the motivation of the managers to carry out the appraisals properly. A second factor of

Effective systems design is to have the input of managers and employees in the design, development, and choice of criteria used in the appraisal. This promotes acceptance and ownership of the system by the employees which then increases the effectiveness of the system. Without this involvement, the appraisal system risks losing the support and credibility of the users of the system and can short-circuit their sense of ownership of the system. Roberts (2003) noted that the third factor addresses the importance of user- friendly and easy-to-understand appraisal procedures and forms. The performance criteria, rating procedures, and feedback should be relevant and meaningful for both supervisors and their employees. The forms should facilitate communication between the supervisors and the employees concerning behaviors, work processes, and opportunities to improve. The final factor within an effective systems design is an understanding by both supervisors and their employees of the appraisal process and their roles in it. This requires that they have training and education (Longenecker and Fink, 1999).The second factor is supervisors must provide ongoing, informal feedback to their employees throughout the course of the appraisal cycle so that there are no surprises when the formal appraisal takes place. Using frequent, informal feedback allows minor issues to be addressed promptly rather than growing into more serious ones over the passage of time.

The final factor within the managerial systems practices component is supervisors must be motivated to carry out effective appraisals. This is best accomplished when the supervisors themselves are given effective appraisals by their manager because it sets a good example of how appraisal should be done and it indicates the importance of appraisal in the organization. The third and final component of an effective performance appraisal system describes organizational support of the appraisal system (Longenecker & Fink, 1999).

The first factor is performance ratings must be linked to organizational rewards. Greater rewards should be linked to superior job performance because this increases

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

2.10 Empirical Review of Studies on Performance Appraisal

Since performance appraisal systems will allow communicating strategies, goals and vision, employees should experience higher levels of commitment to organizational goals and, therefore, become more affectively committed to their organization. There are main critical consequences of performance appraisal in organizations. Different research papers quoting scholars: the five benefit areas of an efficacious performance appraisal system include: determines pay; explains and communicates pay decisions, provides the subordinate with development information and support, fosters mutual task definition and planning of future work goals, documents and recognizes subordinate is performance and allows the subordinate to provide feedback about feelings, supervision and definition of work (Bernardin & Beatty, 1984; Landy & Farr, 1983;Latham & Wexley, 1981; Lawler, Mohrman, & Resnick, 1984; Murphy & Cleveland, 1995) ascited by Walsh (2003, p. 23).

Different studies have suggested that performance appraisal system fails to communicate the feedback to employees on time, employees are not clear about the purpose of performance appraisal, the timing of performance appraisal and

employees have no the opportunities of learning around their work place specifically like: in sharing of information for improvement and employees ‟ participation in making suggestions; respondents replied negatively (Eniye Dargie, 2007, p. 52 & Desalegn Amlaku, 2010, p. 73). The philosophy of performance management emphasizes the importance of employees planning how they are going to achieve their objectives, and then obtaining feedback data themselves. The rapid development of management information systems in recent years has increased the capacity to provide quantitative and timely feedback.

From those prior studies, arguably we can define that there are four activities in the performance appraisal cycle in organizations, namely, defining the performance, measuring and evaluating the Performance, giving feedback to the employee, and

applying the results in the different organizational system as noted by Warokka et al., (2012, p. 7). By using this performance appraisal method, an organization can evaluate the level of performance of an employee and keep the record of their performance achievement as well. Meanwhile, one important function of performance appraisals is to encourage, guide, and improve employee performance. To be effective, the performance appraisal must be relevant and the measurement standards must be clear. Relevance refers to the degree to which the performance measurement includes necessary information; that is, information that indicates the level or merit of a person ' s job performance. To be relevant, the appraisal must include all the pertinent criteria for evaluating performance and exclude criteria that are irrelevant to job performance. In addition, the research findings indicate that the management ' s contribution for employees‟ job Performance is low; this is mainly associated with absence of identified mentors and coaches, Low gap filling roles of performance managers and absence of autonomy in doing jobs enterprises and finally, performance planning is much weaker in the public enterprise in comparison to the privatized Mathias Nigatu, (2011, p. 58).

problems with the feedback systems associated with single source performance appraisal (Gurbuz & Dikmenli, 2007) cited by (Boachie-Mensah & Awini,

2012, p. 76). In response to the concerns raised, considerable emphasis has been placed on developing multisource feedback systems. It is useful to implement a variety of the appraisal methods simultaneously in an organization to a wide range of job-performance information for effective decision-making.

The current studies emphasized that the performance appraisal practices have not defined criteria and are not engaging with the participations of all employees and, accordingly, organizations are did not want to adopt best practices of performance appraisal would manifests differently from institution to institution. For instance, raters and the performance appraisal system itself are the major sources of problems in the appraisal process. In this respect, employees ‟ contribution towards the problem is relatively low Zelalem Bayisa (2007, p. 58). As he used questionnaires designed using a Likert scale and the open ended questions shown that a performance appraisal is done simply to fulfill formalities, and hence no subsequent action is taken after the evaluation is over. Moreover, respondents argued that there is not timely feedback, lack of transparency;

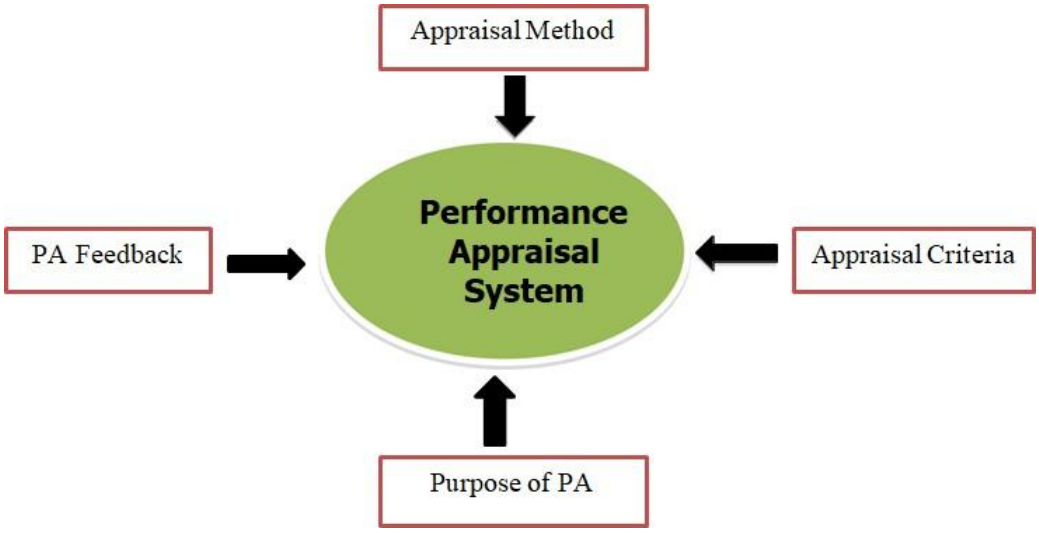
inconsistency, inaccuracy, and subjectivity of the rating were identified to be the major sources of problems Zelalem Bayisa (2007, p. 59). This is supported by Chemeda Diriba (2012, p. 112) and (Bernardin & Beatty,1984) suggested that employee reactions to performance appraisal systems are usually better indicators of the overall viability of a system than the more narrow psychometric indices such as leniency and halo.

In other words, performance appraisal system has many or multidimensional problems in Ethiopian institutions context; there is no written policy about the performance appraisal system and the objective of performance appraisal, there is no standard set to which the performance appraisal result is to be compared with it. Again there is no training given for both appraisers and apprises about how to conduct performance appraisal and its objective. This is supported by the findings of

(Eniye Dargie, 2007, p. 53, & Chemeda Diriba, 2012, p. 113 & Nigatu Teshome, 2007, p. 38 & Mohammed

Saeed, 2011, p. 40).

2.11 Conceptual Framework of the Study



Source: Based on (Noe et al 2008)

Figure 1 Conceptual framework of the study

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Background of the Organization

Berhan Bank is one of the leading banks to introduce modern banking to the country which was established in 2009. Since its establishment it has made a lot of developments and currently it has more than 326 branches stretched across the country. With an asset of
26.9 billion Birr as of end of June 2021. BB plays a significant role in the economic progress & development of the country. BB combines a wide capital base with more than 6,278 talented and committed employees (Berhan Bank Annual Report 2021/22).

To be the preferred Bank in customer experience and integrity (The vision), and its Mission is: " To provide superior banking services that exceed customers' expectations and maximize shareholders' value through state-of-the-art banking technology and high- caliber staff". Berhan Bank, which is striving to become a world class bank, is rendering state-of-the- art and reliable services to its millions of customers. The bank is implementing different strategies to improve its organizational efficiency in order to deliver quality service. And, it is striving to outstanding market competition. Aiming to improve organizational performance, it has been adopting different business strategies.

The strategies of the bank focus on the interest of public it serves. In order to improve its service delivery and meet its vision, it is therefore needed to enhance the human power capacity. Berhan Bank is learning from successful experience of international large banks, and establishing a comprehensive performance management system which helps the bank to improve service delivering process and achieving its strategic objectives. As a result, the process of measuring and managing organizational and employee

performance is currently seen as critical to the development and success of the bank.

3.2 Research Approach and Design

This study applied a mixed research approach (a combination of qualitative and quantitative) and descriptive research design as it sets out to describe performance appraisal practice and challenges based on the data collected from non-managerial and managerial employees working in the Bank.

3.3 Data Collection Methods

Data are the basic in order to conduct meaningful research. In this research both primary and secondary data were collected. Secondary data were collected from official statistical sources, books, annual report of the bank, journals, web sites, research findings of various scholars on the topic under investigation, and other publications whereas primary data were gathered using questionnaire. The questionnaire included both close and open ended questions i.e. close ended questions with pre- determined scale for response and open ended questions that give respondents more freedom to express their perception. Moreover, qualitative data were gathered via interview

3.4 Population of the Study

In order to accomplish this study the, target population incorporated employees of the organization, manager of the organization, employees at operational staff in the organization, and supervisor at different level would used as source of data for the study.

3.5 Census

The target populations of this research were permanent employees of Berhan Bank who are permanent employees. Currently, there are a total of 20

employees who are working in the bank. The data collected through a census, because the branch has a small number of employees (less than 100), collecting data from everyone is feasible and provides the most comprehensive picture.

3.6 Method of Data Analysis

The method of data analysis selected for this study was descriptive analysis method, which makes analyses of complete data or a sample of summarized numerical data. This method shows mean and deviation for continuous data whereas percentage and frequency for categorized data. The data were displayed using table, bar chart and pie chart. Moreover, qualitative data gathered via interview were analyzed via thematic analysis.

3.7 Ethical Issues

It could not be ethical to access some confidential documents of the organization. Therefore, the organization's code of ethics will be taken in to account without significantly compromising findings of the study. Also it may not be ethical to ask employees to answer questionnaires while they are at their work responsibility. Hence, enough time was given to respondents so that they can either take the questionnaire to their home or use their break time. Moreover, the confidentiality of the respondents was maintained in that their names and other personal information will not be mentioned or disclosed in any part of the study.

CHAPTER FOUR
DATA ANALYSIS, INTERPRETATION AND PRESENTATION

This chapter deals with the analysis and interpretation of data collected through questionnaire and interview taken from employees of the bank. Questionnaires were distributed to all 20 employees and out of these 17 (85% response rate) were returned and used for further analysis. The data collected through questionnaire and interview is analyzed using descriptive and thematic analysis. The outputs of the data were presented using tables in order to make the topic more understandable.

4.1 Demographic Characteristics of Respondents

In this part, the personal profile of respondents is presented. This includes gender, age, total banking experience, current work experience, educational qualification, field of specialization, and job position of (respondents) employees of the bank in accordance with the department they are working in.

Table 1 Demographic Characteristics

Variable	Measurement	Frequency	%
	Male	14	82.4
Gender	Female	3	17.6
	Total	17	100
	Below 25	2	11.8
Age	26-35	9	52.9
	36-45	6	35.3
	Total	17	100
	Diploma	5	29.4
Qualification	Bachelor Degree	10	58.8
	Master's Degree and Above	2	11.76
	Total	17	100
	Single	7	41.2
Marital Status	Married	10	58.8
	Total	17	100
	2-5 Years (< 5 years)	8	47.1
Experience	5-10 Years	6	35.3
	Above 10 Years	3	17.6
	Total	17	100
	Control manager	2	11.76
Current position	Banking business Officer	2	11.76
	Banking Operation Officer	13	76.5
	Total	17	100

Source: Own survey 2024

Table 1 presented the biographic characteristics of survey respondents. Out of the total of 17 respondents who participated in this study, 82.4% of them were males and 17.6% them were females and most of the respondents were in the age categories between 26 and 35 which is 52.9%, while the rest 35.3% and 11.8% of the respondents are in the age categories between 36 and 45, and below 25. In the case of qualification, majority (58.8%) of the respondents were Bachelor degree holders, 29.4% of the respondents have Diploma and the rest 11.76% of them have Master degree. 58.8% of the respondents were married and 41.2% of the respondents were single. This shows that majority of the respondents had sufficient experience in taking responsibility and managing different tasks in time.

As far as the experience of survey respondents is concerned, the majority (35.3%) of the respondents have served 5 to 10 years followed by 47.1% of the respondents who have served 2 to 5 years. The rest of the respondents (17.6%) have served above 10 years. Most of the respondents (77%) were in the Banking Operation Officer position and 12% of the respondents were Banking Business Officer while the rest 12% of them were control manager

4.2 The Nature of Bank Performance Appraisal Practice System

Table 2 Term of Evaluation (Performance Appraisal)

Term of evaluation	Frequency	Percent
Every month	6	35.3
Every 3 month	8	47
Every 4 month	3	17.7
Total	17	100

Source: Own survey 2024

Table 2 shows the duration of performance appraisal in the bank. The majority (47%) employees said that performance is every 3 months while 17.7% and 35.3% of the employees said performance evaluation is every four month and every one month respectively. Based on the data, one can infer that employees were evaluated every 3 months. As per the interview discussed with HR managers the duration of performance appraisal in every 3 month as HR policy document dictates in line with the majority employees suggest that can understanding of performance appraisal practice employee preference and organaizational effectiveness.

Who Conducts PA?

PA is the most significant activity of an organization. If the right persons are not assigned to process PA activities, then the strategic objectives of organization will be seriously affected. By tradition, a manager's authority typically has included appraising subordinates' performance. The logic behind this tradition seems to be that since managers are held responsible for their subordinates' performance, it only makes sense that these managers evaluate their performance (Robbins, 1998:1206-08). Respondents were asked who evaluates their performance and the response is depicted in table 12.

Table 3 Employees' Responses on Who Evaluates their Performance

Evaluator	**Frequency**	**Percent**
Immediate supervisor	14	82.4
My subordinate	3	17.6
Total	17	100

Source: Own survey 2024

Table 3 provides the perception of respondents about performance appraisal raters in the bank. As shown in the above table, the majority of respondents (82.4%) stated that they are being appraised by their immediate supervisors, and this is followed by subordinates (17.6%). To sum up, the majority of employees who are working at Berhan Bank of Wolkite Branch were evaluated by their immediate supervisor. As discuss as per the interview questions with managers the rate of performance of employees are given by their immediate supervisors which in line with the response of the respondents.

Table 4 Employees' Preference of Who Should Evaluate their Performance

Preferred	Frequency	Percent
Immediate supervisor	8	47.1
Colleagues	4	23.5
My subordinate	2	11.76
Customers	3	17.6
Total	17	100

Source: Own survey 2024

The table above shows the preference of survey respondents for making appraisal. Out of the total Survey respondents, the vast majority, i.e. 8 respondents (47.1%) preferred to be evaluated by their immediate supervisor while 23.5%, 17.6% and 11.76% of Respondents preferred colleagues, customers and subordinates to evaluate their performance respectively. Based on the above data, it can be concluded that the majority of respondents preferred immediate supervisor for their performance evaluation.

4.2.1 Purpose of Employees Performance Evaluation

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

Table 5 Employees' Response on the Purpose of Performance Appraisal

Purpose	Frequency	Percent
Salary increment	6	35.3
Bonus	3	17.6
Promotion	8	47.1
Total	17	100

Source: Own survey 2024

Table 5 shows employees perception towards the purpose of performance appraisal in the bank. Accordingly, the majority of respondents (47.1%) stated that said the banks performance appraisal results are used for employee promotion, followed by 17.6% of respondents mentioned for making bonus and the rest 35.5% of respondents for making salary increment. Keeping this in mind the banks performance appraisal practice is not playing a motivating role for it employees.

4.2.2 Purpose of Employees Performance Evaluation in addition Salary increment, Bonus and Promotion

Table 6 the Purpose of Performance Appraisal Practice of the Bank

No	statement	Agreement level	F	%
1	The appraisal is in support with the aspects of organizational and corporate goals	Strongly Disagree	2	11.8
		Disagree	3	17.6
		Neutral	2	11.8
		Agree	7	41.2
		Strongly agree	3	17.6
		Total	17	100
2	The performance appraisal system identifies performance deficiencies and Performance gap.	Strongly Disagree	2	11.8
		Disagree	3	17.6
		Neutral	2	11.8
		Agree	10	58.8
		Total	17	100
3	The Performance appraisal practices of the bank motivate employees of the organization.	Strongly Disagree	2	11.8
		Disagree	3	17.6
		Neutral	2	11.8
		Agree	10	58.8
		Total	17	100
4	The performance appraisal system helps to identify the strength and the weakness of the employee.	Strongly Disagree	2	11.8
		Disagree	3	17.6
		Neutral	2	11.8
		Agree	6	35.3
		Strongly Agree	4	23.5
		Total	17	100

Source: Own survey 2024

As Table 6 demonstrates, 29.4% of the respondents are in disagreement with the idea that they understand the benefit of performance evaluation for the employee and the bank while 58.8% agreed. 11.8% of them indifferent, PA output can be used as salary adjustment (monetary), promotion and recognition for well-done work (non-monetary) or demotion. Keeping this in mind the banks performance appraisal practice is not playing a motivating role for it employees. According to Grub (2007), the major purpose of performance appraisal is developmental purpose and this could be achieved in due process of identifying the performance deficiencies and performance gap of employees throughout the system of PA. Apparently, 58.8% of the respondents who participated in this study agreed that the banks PA system identifies their performance deficiencies as well as gaps whereas 29.4% of them disagreed and 11.8% are indifferent to the idea. On the other hand, employees show their 29.4%, of disagreement on performance system of the bank being helpful to identify their strength and weakness. Despite that, 58.8% showed their agreement on the issue. From this, the developmental purpose of PA was not given enough emphasis while implementing the PA activities. Even though, effective performance management was supposed to improve employee loyalty, morale and productivity.

Accordingly the Performance appraisal practices of the bank motivate employees of the organization, 29.4% of the employees were disagree whereas 58.8% were agreement on Performance appraisal practices of the bank motivate employees of the organization while 11.8% of the employees were indifferent. Based on this data, one can infer that PA of the bank did not motivate employees in the organization even if effective PA used to motive employees in the organization.

Table 7 Employees' Preferences for the Purpose of Performance Evaluation

	Frequency	Percent
Salary increment	4	23.5
Bonus	5	29.4
Promotion	8	47.1
Total	17	100

Source: Own survey 2024

As table 7 demonstrates 47.1% of the employees needs the purpose of performance appraisal result are uses for promotion while the rest 29.4% and 23.4% of the employees needs the purpose of performance appraisal result uses for bonus and salary increment. Based on this result one can conclude that the bank performance appraisal result is based on employees need. Form this it is

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

4.3 Employee Perception towards Performance Appraisal Practice

For a clear understanding of the analysis part of the study the following five Likert scale measures divided into three categories: strongly agree and agree are called agreement where as strongly disagree and disagree are considered disagreement while Neutral remain as it is.

Table 8 Employee Perceptions towards Performance Appraisal Practice

No	Statement	Agreement level	F	%
1	The performance evaluation criteria used to measure my performance are clear.	Strongly Disagree	3	17.64
		Disagree	4	23.5
		Neutral	3	17.64
		Agree	5	29.4
		Strongly Agree	2	11.8
		Total	17	100
2	Performance appraisal results are objective.	Strongly Disagree	2	11.8
		Disagree	3	17.64

		Neutral	2	11.8
		Agree	7	41.8
		Strongly Agree	3	17.64
		Total	17	100
3	The performance evaluation form used evaluate my performance customized based on the Characteristics of my job.	Strongly Disagree	2	11.8
		Disagree	5	29.4
		Neutral	6	35.3
		Agree	4	23.5
		Total	17	100
4	The raters who monitor and evaluate employees have adequate knowledge and potential to appraise performance.	Strongly Disagree	2	11.8
		Disagree	4	23.5
		Neutral	6	35.3
		Agree	5	29.4
		Total	17	100
5	Assessments of my performance are consistent, fair & neutral.	Strongly Disagree	3	17.64
		Disagree	2	11.8
		Neutral	5	29.4
		Agree	5	29.4
		Strongly Agree	2	11.8
		Total	17	100
6	Existing performance appraisal system is participatory and satisfactory	Strongly Disagree	5	29.4
		Disagree	6	35.3
		Neutral	2	11.8
		Agree	4	23.5
		Total	17	100

Source: Own survey 2024

Table 8 presents employee perception towards performance appraisal practice in the bank. Accordingly, 29.4% of the employees perception towards the assessment of their performance being consistent, fair and neutral were disagreement and 41%, were agreement the rest remain neutral. In addition to that 35.3% of the employees disagree that they raters who monitor and evaluate employees have adequate knowledge and potential

to appraise performance and 29.4% of, agreed despite the fact that 35.3% were indifferent. This indicates that even though the number of indifferent respondents is significant it may indicate that there is still some gap which needs to be figured out.

According to Dessler (2003), PA activities should be objective in a sense that it should be consistent, fair and unbiased. However, if the PA is subjective to the raters or to the rate's the reverse will come true. 29.4% of the employees were disagreed that PA results (ratings) are objective while 59.4%, agreed on its objectivity thus, the rest were neutral. Majority (41.1%) of the employees were disagreeing that the performance evaluation criteria used to measure my performance are clear while 41.2% of the employees was agree and the rest is neutral. This result indicates still there is a gap to clarify the evaluation criteria of PA for the employees. Even though 64.7% of employees disagreed that the existing PA system in the bank has been or still is participatory and satisfactory 23.5%, agreed to it. In general terms, PA results are to be said subjective and Employees attitude seems to be dissatisfied and never been participated in the system.

4.4The Existing Practice of Performance Appraisal

Table 9 Existing Practice of Performance Appraisal

S.N	Statement	Agreement level	F	%
1	I have got the opportunity to participate in the design of the performance evaluation form used to measure my	Strongly Disagree	7	41.2
		Disagree	3	17.6
		Neutral	2	11.8

	performance.	Agree	3	17.6
		Strongly Agree	2	11.8
		Total	17	100
2	I am given a chance to review my performance ratings.	Strongly Disagree	5	29.4
		Disagree	6	42.9
		Neutral	2	11.8
		Agree	2	11.8
		Total	17	100
3	I think the performance appraisal process is worthwhile.	Strongly Disagree	2	11.8
		Disagree	3	17.6
		Neutral	3	17.6
		Agree	6	42.9
		Strongly Agree	3	17.6
		Total	17	100
4	My supervisor frequently provides Feedback in a timely manner during the appraisal period.	Strongly Disagree	7	41.2
		Disagree	5	29.4
		Agree	3	17.6
		Strongly Agree	2	11.8
		Total	17	100

Source: Own survey 2024

Table 9 shows the perception of employees towards their participation on designing the banks performance appraisal system. The result reveals that employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance. 58.8% disagreed to the idea that the other side 29.4% of employees does.t show their agreement as well. In addition to this 72.3% of employees disagreed that they are given a chance to review their ratings while 11.8%, agreed towards it and the rest were neural. From the above Discussion, it can be understood that the bank doesn.t give chance to review their performance rating

As far as the importance of performance appraisal is concerned, 60.5% of the employees agreed while 29.4% of them were disagreeing on the performance appraisal process are worthwhile and the rest is neutral. In assessing the details of involvement, 70.6% of respondents disagreed that the supervisor frequently provides feedback in a timely manner during the appraisal period while 29.4% of the employees were agreed doing it.

Table 10 Challenge and Problems Facing the Bank's Performance Appraisal System

Challenges	**Frequency**	**Percent**

Lack of rater ability to evaluate employee performance	5	29.4
No link between some evaluation criteria and employee job	4	23.5
Rater bias in evaluating performance	3	17.6
Absence of employee participation in setting performance evaluation	2	11.8
Lack of communicating performance standards and expectations to the employees	3	17.6
Total	17	100

Source: Own survey 2024

Table 10 indicates the challenges/ problems facing the bank's performance appraisal system. Accordingly, 29.4%, 23.5%, 17.6% and 11.8% of the employees Stated that lack of rater ability to evaluate employee performance, no link between some evaluation criteria and employee job, rater bias in evaluating performance and absence of employee participation in setting performance evaluation, lack of communicating performance standards and expectations to the employees, respectively are the main challenges facing performance appraisal system in the bank. Based on the above data it can conclude that major (52.9%) Problem facing the banks to performance appraisal system was the lack of rater ability to evaluate employee performance and no link between some evaluation criteria and employee job.

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

Cognizant with this fact the HR directorate was asked if there is any practice of giving awareness creation training on performance evaluation to branch managers. The reply disclosed that there is no practice of delivering training to branch managers and raters pertaining to performance evaluation. This shows the focus BB management given to performance evaluation.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

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

● Employees performances were evaluated in every 3 months by immediate supervisors. There are few respondents who believe that performance evaluation should be done by colleagues and customers.

● The banks performance appraisal results are used for employee promotion even if some employer need it used for salary increment.

● Problem facing the banks to performance appraisal system was the lack of rater ability to evaluate employee performance and no link between some evaluation criteria and employee job.

● The PA practice of the bank does not motivate employees of the bank and does not give recommendations for well-done work. In other scenario, the PA practice helps employees to spot their performance deficiencies and gaps.

● The PA practice is not helpful to identify their strength and weakness, which shows contradiction of ideas on the result of the practice in to the respondents.

● It was identified that employees don't have opportunity to participate in designing performance evaluation form. Still there were respondents who said they got an opportunity to participate in designing of performance evaluation form.

● It was found that the criteria used to evaluate employee's performance are not clear and objective. But, there were meaningful number of employees who said it is objective and clear.

● Employees indicate that there are performance evaluation criteria that should be added to and removed from the current form used by the Bank.

● Most of the employees showed that they didn't receive performance feedback from their supervisors timely during the appraisal period.

5.2 Conclusion

Performance appraisal has many potential benefits to the organization as well as to the employees. On the other hand, it has many potential drawbacks, so it is helpful to identify performance gaps and deficiencies of employees and minimize that gap. The PA practices of the bank are being implemented twice a year, where employees are well informed about the standards of measurement in the appraisal process, and they were given a chance to review their ratings. However, the practice is currently outdated and the appraisal results were not helpful for factors like recognition for well- done work or motivation, and training, whereas the standards for appraisal are to be said subjective somehow.

It is an immediate supervisor who is responsible to conduct performance evaluation. Employees are given feedback during appraisal period; are allowed to see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The Bank raters use file of what employees have done during the performance evaluation period and support their performance evaluation with specific events of good and bad performances.

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

The assessments of employees performance was not consistent, fair & unbiased while some of the employees argued on that. Moreover, PA process does not involve subordinates in goal setting actions even though the PA were linked to organizational as well as corporate goals. In due effect, employees faced challenges such as they are unable to identify their strength and weaknesses throughout the development. Hence, the above conclusions drawn shows how significant the study is

.

5.3 Recommendation

In connection with the summndations are provided to address the gaps identified by the study.

◆Raters potential and capabilities that monitor and evaluate employees performance should also be improved and built through several HR skills and training in order to have up-to-date and adequate knowledge on apprising employee and to avoid biasness and unfair judgments that might lead to employees dissatisfaction and also reduced work quality. Perhaps, the vague

Understanding of employees on identifying the performance deficiencies and gaps and letting them to discover their strength and weakness has to be cleared through the most suitable way of awareness creation.

◆ Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated.

◆ Better to use combination of evaluators than solely depend on immediate supervisors.

◆ The HR directorate should well communicate employees of performance standards and expectations when they are placed in their respective job positions.

◆ The raters or evaluators are expected to give feedbacks after completion of the evaluation process to the rates and forward possible suggestions to their performance in which the PA results will be helpful both ways.

◆ To avoid the challenges of subjectivity and standardization in the existing PA system, the standards for evaluation has to be either work (job) related or specifically esteemed for each department.

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WOLKITE UNIVERSITY

COLLEAGUE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

This Questionnaire will be completed by Employee and Manager of Berhan bank Wolkite branch.

Appendix .1: Questionnaire for Non-Managerial Employees

Dear survey participants

This study is conducted in partial fulfillment of the Degree of Bachelor of Arts in Management. It is performed to assess performance appraisal practice and its challenges in the case of Berhan Bank Wolkite Branch. To this end, a questionnaire survey is used to collect pertinent data from respondents. The survey has three parts. Part one includes a background of survey respondents. Part two consists of questions used to assess performance appraisal practice and part three attempts to measure the performance appraisal challenges in the bank.

The survey will take 15 minutes to complete. Just so you know the information you gave will be used only for academic purposes and hence remain confidential.

Thus, you are not required to write your name, address, and other personal information.

Given the importance of the topic covered in the study, your genuine responses are vital for the success of this study. So, you are kindly requested to fill out the questionnaire honestly and responsibly. Thank you in advance for your willingness to participate in this survey by sparing your precious time.

General instruction

Instruction: Please put a tick mark (√) in the boxes provided to choose from the options given and whenever appropriate write your answer on the provided. There is no need to write your name and other personal information.

Part I: General profile of survey respondents

Gender: ☐ Male ☐ Female

Age: ☐ Below 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ Above 55

Academic Qualification:

☐ High School Complete ☐ Diploma ☐ Bachelor Degree

How many years have you been working in the bank?

☐ 2-5 years ☐ 5-10 years ☐ above 10 years

What is your current position (job) in the bank?

Part II: General Information on Performance Evaluation

How often is your performance evaluated in a year?

A) ☐ Every month B) ☐ Every 3 months C) ☐ Every 4 months

D) ☐ Every 6 months E) ☐ Once a year

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

A) ☐ Immediate Supervisor B) ☐ Colleagues C) ☐ My Subordinate

D) ☐ Myself E) ☐ Customer F) others (specify)

In your opinion, who should evaluate employees' performance?

☐ Immediate Supervisor B) ☐ Colleagues C) ☐ My Subordinate

☐ Employees themselves E) ☐ Customers F) others (specify)

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

☐ Salary Increment B) ☐ Bonus C) ☐ Promotion D) ☐
Training & Development

☐ Termination F) ☐ I don't.t know G) others (specify)

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

☐ Salary Increment B) ☐ Bonus C) ☐ Promotion

D) ☐ Training & Development E) ☐ Termination F) others (specify)

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

☐ Lack of rater ability to evaluate employee performance

☐ No link between some evaluation criteria and employee job

☐ Rater bias in evaluating performance

☐ Absence of employee participation in setting performance evaluation criteria

☐ Lack of communicating performance standards and expectations to the employees

Others, (Specific

Part III: Performance Evaluation Practice and Challenges

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

5=Strongly Agree

4=Agree

3=neutral

2=Disagree

1= Strongly Disagree

No	**STATEMENTS**	**RESPONSES**				
		5	**4**	**3**	**2**	**1**
1	I understand the benefit of Performance evaluation to the employee and the bank.					
2	The performance evaluation criteria used to measure my performance is clear and objective.					
3	I have had the opportunity to participate in the design of the performance evaluation form used to measure my performance.					
4	The performance evaluation form used to evaluate my performance is customized based on the characteristics of my job.					
5	The appraisal is in support of the aspects of organizational and corporate goals.					
6	The performance appraisal system identifies performance deficiencies and performance gaps.					
7	The raters who monitor and evaluate employees have adequate knowledge and potential to appraise performance.					

8	I am given a chance to review my performance ratings.					
9	The Performance appraisal practices of the bank motivate employees of the organization.					
10	The performance appraisal system helps to identify the strengths and the weaknesses of the employee.					
11	My supervisor frequently provides feedback promptly during the appraisal period.					
12	The existing performance appraisal system is participatory and satisfactory.					
13	Assessments of my performance are consistent, fair & neutral.					
14	Performance appraisal results are objective.					
15	I think the performance appraisal process is Worthwhile.					

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

_____

_____

_____

Thank you for your time!

Appendix 2: Questionnaire for Managerial Employees

Questionnaire for Managerial PositionInterviewQuestion

This interview question is aimed at collecting information about performance appraisal and challenges of Berhan Bank Wolkite Branch. The information shall be used as primary data for the research I am conducting at Wolkite University to complete my Bachelor of Arts Degree in Management. Therefore, this research is to be evaluated in terms of its contribution to the understanding of the practices and its contribution to future improvements.

I want to assure you that this research is only for academic purposes authorized by Wolkite University. No other person will have access to the data collected in any sort of report I might publish, I will not include any information that will make it possible to identify any respondent.

Thank you for your cooperation in advance.

1. Position of the manager

_____

2. How long have you worked in your current position

_____

_____

_____

3. What challenges have you faced through the process of performance appraisal practice of the bank?

_____

_____

_____

4. Are the policies and procedures of PA being implemented well?

_____

_____

5. Do you think the existing performance appraisal format is up to date and considers current situations?

6. Do you concur that all the standards for evaluating performance are relevant?

7. For how frequently do you suggest PA should be implemented?

8. Are the raters in the PA practice of the bank subject to bias? If yes explain