



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE GRADUATE STUDIES PROGRAM**

**ASSESSMENT OF PERFORMANCE APPRAISAL PRACTICE IN
UNITED BANK SHARE COMPANY**

By: Arega Mudela

**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR MASTER OF ARTS DEGREE IN HUMAN
RESOURCE MANAGEMENT**

Advisor: Wubshet Bekalu (PhD)

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Statement of declaration

I, Arega Mudela, declare that this thesis entitled "*Assessment of performance appraisal practice in United Bank Share Company*" is the outcome of my own effort and study. All sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor. This study has not been submitted for any degree in this University or any other University.

Arege Mudela

Signature _____

Date _____

Statement of certification

This is to certify that this study paper titled "*Assessment of performance appraisal practice in United Bank Share Company*", undertaken by Arega Mudela for the partial fulfillment of Master of Arts Degree in Human Resource Management from Addis Ababa University school of commerce is an original work and fit for partial fulfillment for Masters of Arts Degree in Human Resource Management.

Dr. Wubshet Bekalu
Research advisor

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Date

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Acronym

BARS-Behaviorally anchored rating scales

BOS-Behavioral observation scales

HR-Human resource

HRM-Human resource management

MBO-Management by objective

OBM-Organizational behavior modification

PA-Performance appraisal

PM-Performance management

ProMES-Productivity measurement and evaluation system

UB-United Bank

Abstract

This study tries to assess the practice of performance appraisal in United Bank S.C.. The researcher has used descriptive research method. The data collection tools were interview and questionnaire. Total of 306 employees have been taken as a sample and the response rate was 90.2%. The researcher has used proportionate stratified sampling method. 110, 167 and 29 questionnaires were distributed among non-clerical, clerical and management employees respectively. The study found out that the UB uses graphic rating scales to measure employees job performance on January and July. The bank does not follow formal appraisal process that is developed by scholars in the field. The performance standards of the bank addresses issues such as quantity, quality, timelines, cost effectiveness and strategic relevance but it fails to address stability or consistency or the extent to which individuals tend to maintain a certain level of performance over time. UB also faces huge problems on its performance appraisal practice, most of them are raters error like recency, halo/horns, situational influence etc and the remaining is the problem of the system. The HR department of the bank takes the ultimate responsibility for appraisal and assistant managers take the lion share by filling appraisal forms for most of the employees. The appraisal result in UB used only for making promotion, bonus payment and annual increment decisions. Performance review discussion does not take place in the case company unless an employee comes up with grievances. Generally the outcome of the research confirmed that the performance appraisal practice of United Bank S.C. have problems and weaknesses that need to be improved. Since it needs improvement, possible recommendations are outlined at the end of this report.

Key words *Performance appraisal, Performance management, Human resource management.*

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Management is the process of efficiently achieving the objectives of the organization with and through people. To achieve its objective, management typically requires the coordination of several vital components that we call functions (DeCenzo and Robbins, 2010). This definition states that organizations achieve their objectives through people. Therefore it is obvious that the human resource of the organization is one of the major resources to achieve organizational objective and it needs to be managed.

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 (human resource planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), evaluating their performance (performance management), rewarding employees (compensation), and creating a positive work environment (employee relations). An organization performs best when all of these practices are managed well. At companies with effective HRM, employees and customers tend to be more satisfied, and the companies tend to be more innovative, have greater productivity, and develop a more favorable reputation in the community (Noe et al, 2011).

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements (Armstrong, 2006). Performance management includes several activities. These are defining performance, measuring performance, and feeding back performance information. First, the organization specifies which aspects of performance are relevant to the organization. These decisions are based on the job analysis. Next, the organization measures the relevant aspects of performance by conducting performance appraisals. Finally, through performance feedback sessions, managers give employees information about their performance so they can adjust their behavior to meet the organization's goals (Noe et al, 2011).

Although performance management is a continuous process it is still necessary to have a formal review once or twice yearly. This provides a focal point for the consideration of key performance and development issues. As per Wikipedia A performance appraisal (PA), also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations.

The performance appraisal process starts from establishing performance standards with employees, communicate expectations, measure actual performance, compare actual performance with standards, discuss the appraisal with the employee and finally initiate corrective action. Five approaches exist for doing appraisals: employees can be appraised by comparative approach, attribute approach, behavioral approach, result approach and quality approach. No one approach is always best; each has its strengths and weaknesses

As per DeCenzo and Robins (2010) no performance appraisal system is perfect. Mistakes made by raters are a major source of problems in performance appraisal. There is no simple way to completely eliminate these errors, but making raters aware of them through training is helpful. Rater errors are based on the feelings and it has consequences at the time of appraisal. Some of the mistakes are recency effect, central tendency, leniency, strictness, rater bias, horns and halo effect.

1.2 Background of the company

United Bank S.C. was incorporated as a Share Company on 10 September 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank obtained a banking services license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of the Addis Ababa City Administration (www.unitedbank.com.et).

United Bank S.C. evaluates the employees' performance twice in a year on January and July. The total human resource of the bank reached 2507(i.e. 242 managerial, 1368 clerical and 987 non-clerical as at September 30, 2014(first quarter progress report 2014). Currently the bank has 104 branches that give full fledged banking service (as at November 30, 2014).

The purpose of this study was to assess performance appraisal practice in United Bank S.C. In detail this study has assessed problems, methods, process etc that the company uses or face in appraising performance.

1.3 Statement of the problem

A completely error-free performance appraisal is only an ideal HRM professionals can aim for. In reality, most appraisals fall short, often through one or more actions that can significantly impede objective evaluation. The appraisal process can be distorted by many factors, leaving the resulting appraisal meaningless. Evaluators need to be aware of the factors that can cause problems with the process and take care to eliminate their influence. Some of the factors that distort appraisal are the following; rater errors, divergent goals and purpose (administrative and developmental, the employee need his/her status in terms of administrative goals), unclear performance standards.

Organizational performance is the synergetic sum total of the performance of all employees in the organization. This being the fact, employee performance has to be closely planned, coached and appraised to ensure that it is in line with the interest of organizations. However, it seems that performance appraisal is not given the proper attention by many organizations in the country and is exercised periodically more as a usual practice than as a tool of motivation on the basis of which various administrative and developmental decisions are taken.

The banking industry in Ethiopia has been experiencing an intense competition in the past few years. In connection with this fact, in order to gain competitive advantage over competitors in the industry the organization must carefully handle this sensitive issue of employee performance appraisal.

Different researches indicate that one of the most critical inputs for a business is its people (human resources) from which a firm can develop sustainable competitive advantage.

Based on observations made by the researcher in different web sites and in the university library even if there are a lot of researches that have been done regarding performance appraisal practice, there was no research that was done to assess performance appraisal practice in United Bank Share Company. Therefore in this study the researcher assessed performance appraisal practice in detail in United Bank Share Company.

1.4 Research questions

To realize the purpose of this study and to give appropriate answer for the issues raised in the statement of the problem section the researcher has tried to answer the following research questions sufficiently.

The major question for this study was; how does the performance appraisal practice of United Bank Share Company look like? To give research based answer for this major research question the researcher has tried to answer this question by breaking down it into the following specific questions.

1. What are the basic performance appraisal methods employed in United Bank S.C.?
2. What are the procedures and process that United Bank S.C. use to conduct performance appraisal?
3. What standards does United Bank S.C. use to evaluate an employees' performance?
4. What are the major problems that affect the employees' performance appraisal in United Bank S.C.?
5. Who is responsible or involved in appraising employee's performance in United Bank S.C.?

1.5 Objective of the study

At the end of this study the researcher has planned to achieve the following general and specific objectives.

1.5.1 General objective

The major objective of the study was to assess performance appraisal practice in United Bank Share Company.

1.5.2 Specific objectives

The specific objectives that have helped the researcher to achieve major objectives of the study are the following:

1. To identify basic performance appraisal methods employed in United Bank S.C.
2. To examine the procedures and processes that United Bank S.C. use to conduct performance appraisal.

3. To see the standards that United Bank S.C. use to evaluate an employees' performance.
4. To find out the major problems that affects the employees' performance appraisal in United Bank S.C.
5. To identify the responsible person in appraising employees' performance.

1.6 Definition of Terms

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

1.6.1 Conceptual Definition of terms

Human resource Management (HRM) - 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 etal, 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, 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).

1.6.2 Operational definition of terms

Managerial employees – are employees of the bank that work on the position that starts from assistant branch manager, branch manager, department manager up to the president.

Clerical employees- are employees of the bank that work starting from grade V(five) like typists, junior trainee tellers, secretaries and clerks up to positions below assistant branch managers.

Non clerical employees- are employees of the bank that work on positions from grade I-IV(one up-to four) like janitors, messengers, securities, cash office boys/girls etc.

1.7 Significance of the study

The findings of this study expected to provide a lot of advantage for different organs. The major benefits of this study are the following;

1. It serves as a stepping stone for those who want to make further study on this topic.
2. Help students in the field and practitioners as a reference material to get deep insight with regard to performance appraisal practice as well as theory.
3. Inform the bank any gaps in its practice of performance appraisal and help to make the necessary adjustment.
4. Helps employees of the bank to know about how they are evaluated and to identify purposes of the performance appraisal of the bank are.
5. The study also serves as a criterion for the partial fulfillment of Master of Arts degree in the field of Human Resource Management.

1.8 Scope of the study

For a reason of time constraint that is fairly expected to occur due to wide geographical coverage of the branches, homogeneity of the contents of the jobs and job description and uniformity of the appraisal format, the study has covered those employees with at least a minimum of one year of experience working at the head office and six selected branches located at the capital city- Addis Ababa only.

The scope of this research does not include other elements of the organization's human resource management programs, nor does it address other elements of the company's overall business practice.

1.9 Organization of the research report

The research report has been organized in five chapters. Chapter one deals with the introduction part of the study. Chapter two deal with review of related literature. This chapter discusses in detail the theoretical aspects of the subject under study. Chapter three deals with methods of the study like the type and design of research, sample and sampling technique: instrument for data collection: procedure for data collection method of data analysis; validity and reliability and ethical consideration. Chapter four has included data presentation, analysis and interpretation. And the last but not the least chapter, chapter five has included summary, conclusion and recommendation.

CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1 Overview of performance appraisal

Competitiveness in many of today's industries is based on the effectiveness of human assets- on the ability of employees to create, to apply their skills and accumulated knowledge, to work effectively together, and to treat customers well. Yes, physical and financial assets are often essential, but in many instances, creativity and human resourcefulness are more important as "differentiators" and as sources of long-term competitive advantage. Perhaps this is the case in many industries (Harvard 2006).

The importance of human assets in business competition explains why every company and every manager needs a system for making the most of the company's people resource. Everyone benefits when an organization has effective performance management:

1. Shareholders observe better results, because the human assets of the organization are top-notch and working in unison toward key goals.
2. Managers are more successful, because their subordinates are doing the right things well.
3. Employees experience greater job security, career advancement, and fatter paychecks, thanks to outstanding performance (Harvard 2006).

In order to check whether employees are giving what is expected of them for their organization or to gain the necessary competitive advantage organizations need to conduct performance appraisal. This study has given answer for different issues that are raised with regard to performance appraisal practice.

Different scholars define performance appraisal more or less in a similar way. Performance appraisal is one of the most important human resource practice. Appraisal is one part-but an important part of the larger system of performance management.

There are different approaches to measure employees performance; comparative, attribute, behavioral, result and the quality approach. Performance standards are used when it is not possible to set time-based targets. Standards are sometimes described as standing or continuing objectives. The performance appraisal process starts from establishing

performance standard and ends with initiating corrective action. Some of the problems that affect performance are rater bias, rater error, situational influence, change over time and indentifying performance measures and criteria for evaluating performance.

There are different reasons for conducting performance appraisal like compensation, documentation, motivation, human resource planning, recruitment and selection etc. effective performance appraisal programs need to have job related criteria, performance expectation, standardization, trained appraisers, open communication and complying with the law. Appraisals can be conducted by supervisors, peers, subordinates, self, customers and 360-degree feedback. To overcome problems in performance appraisal reducing rater errors and bias is one of the option. In most organization performance appraisal conducted twice or once in a year. Traits, behaviors and task outcomes are most commonly rated by appraisers.

2.2 Definitions of performance appraisal

Performance is often defined simply in output terms – the achievement of quantified objectives. But performance is a matter not only of what people achieve but how they achieve it. *The Oxford English Dictionary* confirms this by including the phrase ‘carrying out’ in its definition of performance: ‘The accomplishment, execution, carrying out, working out of anything ordered or undertaken.’ High performance results from appropriate behavior, especially discretionary behavior, and the effective use of the required knowledge, skills and competencies. Performance management must examine how results are attained because this provides the information necessary to consider what needs to be done to improve those results. The concept of performance has been expressed by Brumbrach (1988 as cited in Armstrong 2006) as follows:

Performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results.

This definition of performance leads to the conclusion that when managing performance both inputs (behavior) and outputs (results) need to be considered. It is not a question of simply considering the achievement of targets, as used to happen in ‘management by objectives’ schemes. Competency factors need to be included in the process. This is the so-called ‘mixed

model' of performance management, which covers the achievement of expected levels of competence as well as objective setting and review (Armstrong 2006).

Performance appraisal is a formal method for assessing how well an individual employee is doing with respect to assigned goals. Its ultimate purpose is to communicate personal goals, motivate good performance, provide constructive feedback, and set the stage for an effective development plan (Harvard 2006).

As per Greg and Kenneth (2009) performance appraisal is the process of measuring what employees contribute to the organization. It is the necessary but difficult part of managing others. Indeed, for many managers, performance appraisal is near the top of the list of undesirable duties. What makes this task so tough? One reason managers dislike performance appraisal is the difficulty of capturing all areas of contribution. Employees contribute in a number of different ways, and it is often hard to accurately evaluate their efforts with a numerical score. Another reason is that many employees seem to feel that performance ratings are biased. They see the process as sometimes unfair. A starting point for thinking about performance measure is to consider ways in which evaluations can be inaccurate.

Performance appraisal is the specific and formal evaluation of an employee to determine the degree to which the employee is performing his or her job effectively. Some organizations use the term performance appraisal for this process, while others prefer to use different terms such as performance evaluation, performance review, annual review, employee appraisal, or employee evaluation. The outcome of this evaluation is some type of score or rating on a scale. These evaluations are typically conducted once or twice a year (Angelo and Ricky 2008).

Appraisal practices often include formal review and feedback sessions, and may include procedures for establishing work objectives, conducting self-appraisals, and setting performance goals (Paul and Laurel 2010).

Performance appraisal (PA) is often considered one of the most important human resource practices (Boswell and Boudreau, 2002; Judge and Ferris, 1993) and is one of the more heavily researched topics in work psychology (Fletcher, 2001). PA has increasingly become part of a more strategic approach to integrating HR activities and business policies and is now

a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards (Fletcher, 2001).

2.3 Performance appraisal as part of performance management

Performance management is often conflated with performance appraisal and vice versa. Performance appraisals are concerned with individual performance, whereas performance management looks at individual, team, and organizational performance. The appraisal may be just another HR technique used by an organization, while performance management attempts to link the appraisal process to the wider values and objectives of the firm (Foot and Hook, 2008 as cited on David and Geoffrey 2009). However, appraisals constitute an integral part of the performance management process (David and Geoffrey 2009).

As per Armstrong (2006) it is sometimes assumed that performance appraisal is the same thing as performance management. But there are significant differences. Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast, performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges, and focuses on the future.

Performance appraisal has been discredited because too often it has been operated as a top-down and largely bureaucratic system owned by the HR department rather than by line managers. It has been perceived by many commentators such as Townley (1989 as cited by Armstrong 2006) as solely a means of exercising managerial control. Performance appraisal tended to be backward looking, concentrating on what had gone wrong, rather than looking forward to future development needs. Performance appraisal schemes existed in isolation. There was little or no link between them and the needs of the business. Line managers have frequently rejected performance appraisal schemes as being time-consuming and irrelevant. Employees have resented the superficial nature with which appraisals have been conducted by managers who lack the skills required, tend to be biased and are simply going through the motions. As Armstrong and Murlis (1998) assert, performance appraisal too often degenerated into 'dishonest annual ritual' (Armstrong 2006).

2.4 Performance appraisal methods

We can manage performance by focusing on employee attributes, behaviors, or results. In addition, we can measure performance in a relative way, making overall comparisons among individuals' performance. Finally we can develop a performance measurement system that incorporates some variety of the preceding measures, as evidenced by the quality approach to measuring performance (Noe et al 2008).

2.4.1 The comparative approach

The comparative approach to performance measurement requires the rater to compare an individual's performance with that of others. This approach usually uses some overall assessment of an individual's performance or worth and seeks to develop some ranking on the individuals within a work group. At least three techniques fall under the comparative approach: ranking, forced distribution, and paired comparison (Noe et al 2008).

Ranking

Simple ranking requires managers to rank employees within their departments from highest performer to poorest performer (or best to worst). Alternation ranking, on the other hand, consists of a manager looking at a list of employees, deciding who is the best employee, and crossing that person's name off the list. From the remaining names, the manager decides who the worst employee is and crosses that name off the list and so forth (Noe et al 2008).

Forced Distribution

The forced distribution method also uses a ranking format, but employees are ranked in groups. This technique requires the manager to put certain percentage of employees into predetermined categories. Such performance ranking takes several forms. Most commonly, employees are grouped into three, four, or five categories usually of unequal size indicating the best workers, the worst workers, and one or more categories in between. Forced distribution method forces managers to distinguish between employees, which avoids an entitlement mentality for pay, rewards, and developmental activities. Even if a manager's employees are all above average performers, the manager is forced to rate some employees as "Not Acceptable"(Noe et al 2008).

Paired comparison

The paired comparison method requires managers to compare every employee with every other employee in the work group, giving an employee a score of 1 every time he or she is considered the higher performer. Once all the pairs have been compared, the manager computes the number of times each employee received the favorable decision (that is, counts up the points), and this becomes the employee's performance score (Ibid).

Evaluating the comparative approach

The comparative approach to performance management is an effective tool in differentiating employee performance; it virtually eliminates problems of leniency, central tendency, and strictness. This is especially valuable if the results of the measures are to be used in making administrative decisions such as pay raises and promotions. In addition, such systems are relatively easy to develop and in most cases easy to use; thus, they are often accepted by users (Ibid).

One problem with these techniques, however, is their common failure to be linked to the strategic goals of the organization. Although raters can evaluate the extent to which individuals' performance support the strategy, this link is seldom made explicit. In addition, because of the subjective nature of the ratings, their actual validity and reliability depend on the raters themselves. Some firms use multiple evaluators to reduce the biases of any individual, but most do not. At best, we could conclude that their reliability and validity are modest (Ibid).

2.4.2 The attribute approach

The attribute approach to performance management focuses on the extent to which individuals have certain attributes (characteristics or traits) believed desirable for the company's success. The techniques that use this approach define a set of traits-such as initiative, leadership, and competitiveness- and evaluate individuals on them (Ibid).

Graphic rating scales

The most common form that the attribute approach to performance management takes is the graphic rating scale. List of traits is evaluated by a five-points (or some other number of points) rating scale. The manager considers one employee at a time, circling the number that

signifies how much of that trait the individual has. Graphic rating scales can provide a number of different points (a discrete scale) or a continuum along which the rater simply places a check mark (a continuous scale).

These appraisals consisted of supervisors' rating subordinates on a number of undefined dimensions such as volume of work, quantity of work, job knowledge, dependability, and cooperation (Noe et al, 2008).

Mixed-standard scales

Mixed-standard scales were developed to get around some of the problems with graphic rating scales. To create a mixed-standard scale, we define the relevant performance dimensions and then develop statements representing good, average, and poor performance along each dimension. These statements are then mixed with the statements from other dimensions on the actual rating instrument.

Note that mixed-standard scales were originally developed as trait-oriented scales. However, this same technique has been applied to instruments using behavioral rather than trait-oriented statements as a means of reducing rating errors in performance appraisal (Noe et al, 2008).

Evaluating the attribute approach

Attribute-based performance methods are the most popular methods in organizations. They are quite easy to develop and are generalizable across a variety of jobs, strategies, and organizations. In addition, if much attention is devoted to identifying those attributes relevant to job performance and carefully defining them on the rating instrument, they can be as reliable and valid as more elaborate measurement techniques (Noe et al, 2008).

However, these techniques fall short on several of the criteria for effective performance management. There is usually little congruence between the techniques and the company's strategy. These methods are used because of the ease in developing them and because the same method (list of traits, comparisons) is generalizable across any organization and any strategy. In addition, these methods usually have very vague performance standards that are open to different interpretations by different raters. Because of this, different raters often provide extremely different ratings and rankings. The result is that both the validity and reliability of these methods are usually low (Noe et al, 2008).

2.4.3 The behavioral approach

The behavioral approach to performance management attempts to define the behaviors and employee must exhibit to be effective in the job. The various techniques define those behaviors and then require managers to assess the extent to which employees exhibit them (Noe 2008).

Critical Incidents

The critical incidents approach requires managers to keep a record of specific examples of effective and ineffective performance on the part of each employee. However, many managers resist having to keep a daily or weekly log of their employees' behavior. It is also often difficult to compare employees because each incident is specific to that individual (Noe et al, 2008).

Behaviorally anchored rating scales

A behaviorally anchored rating scale (BARS) builds on the critical incidents approach. It is designed to specifically define performance dimensions by developing behavioral anchors associated with different levels of performance (Noe et al, 2008).

To develop a BARS, we first gather a large number of critical incidents that represent effective and ineffective performance on the job. These incidents are classified into performance dimensions, and the ones that experts agree clearly represent a particular level of performance are used as behavioral examples (or anchors) to guide the rater. The manager's task is to consider an employee's performance along each dimension and determine where on the dimension the employee's performance fits using the behavioral anchors as guides. This rating becomes the employee's score of that dimension (Noe et al, 2008).

Behavioral observation scales

A behavioral observation scale (BOS) is a variation of a BARS. Like a BARS, a BOS is developed from critical incidents. However, a BOS differs from a BARS in two basic ways. First, rather than discarding a large number of the behaviors that exemplify effective or ineffective performance, a BOS uses many of them to more specifically define all the behaviors that are necessary for effective performance (or that would be considered

ineffective performance). Instead of using, say, 4 behaviors to define 4 levels of performance on a particular dimension, a BOS may use 15 behaviors (Noe et al, 2008)..

A second difference is that rather than assessing which behavior best reflects an individual's performance, a BOS requires managers to rotate the frequency with which the employee has exhibited each behavior during the rating period. These ratings are then averaged to compute an overall performance rating (Ibid).

A direct comparison of BOS, BARS, and graphic rating scales found that both managers and employees prefer BOS for differentiating good from poor performers, maintaining objectivity, providing feedback, suggesting training needs, and being easy to use among managers and subordinates (Ibid).

Organizational behavior modification

Organizational behavior modification (OBM) entails managing the behavior of employees through a formal system of behavioral feedback and reinforcement. This system builds on the behaviorist view of motivation, which holds that individuals' future behavior is determined by past behaviors that have been positively reinforced. The techniques vary, but most have four components. First, they define a set of key behaviors necessary for job performance. Second, they use a measurement system to assess whether these behaviors are exhibited. Third the manager or consultant informs employees of those behaviors, perhaps even setting goals for how often the employees should exhibit those behaviors. Finally, feedback and reinforcement are provided to employees (Noe et al 2008).

Assessment centers

Although assessment centers are usually used for selection and promotion decisions, they have also been used as a way of measuring managerial performance. At an assessment center, individuals usually perform a number of simulated tasks, such as leaderless group discussions, in-basket management, and role playing. Assessors observe the individuals' behavior and evaluate their skill or potential as managers (Noe et al 2008).

Evaluation of the behavioral approach

The behavioral approach can be very effective. It can link the company's strategy to the specific behavior necessary for implementing that strategy. It provides specific guidance and

feedback for employees about the performance expected of them. Most of the techniques rely on in-depth job analysis, so the behaviors that are identified and measured are valid. Because those who will use the system develop the measures, the acceptability is also often high. Finally, with a substantial investment in training raters, the techniques are reasonably reliable (Noe et al, 2008).

The major weaknesses have to do with the organizational context of the system. Although the behavioral approach can be closely tied to a company's strategy, the behaviors and measures must be constantly monitored and revised to ensure that they are still linked to the strategic focus. This approach also assumes that there is "one best way" to do the job and that the behaviors that constitute this best way can be identified. (Noe et al 2008).

2.4.4 The Results Approach

As per Noe et al (2008) the results approach focuses on managing the objective, measurable results of a job or work group. This approach assumes that subjectivity can be eliminated from the measurement process and that results are the closest indicator of one's contribution to organizational effectiveness. The researcher examined two performance management systems that use results: management by objective and the productivity measurement and evaluation system.

Management by objectives

Management by objectives (MBO) is popular in both private and public organizations. The original concept came from the accounting firm of Booz, Allen, and Hamilton and was called a "manager's letter." The process consisted of having all the subordinate managers write a letter to their superiors, detailing what their performance goals were for the coming year and how they planned to achieve them(Noe et al 2008).

In an MBO system, the top management team first defines the company's strategic goals for the coming year. These goals are passed on to the next layer of management, and these managers define the goals they must achieve for the company to reach its goals. This goal-setting process cascades down the organization so that all managers set goals that help the company achieve its goals. These goals are used as the standards by which an individual's performance is evaluated (Noe et al 2008).

Productivity measurement and evaluation system (ProMES)

The main goal of ProMES is to motivate employees to higher levels of productivity. It is a means of measuring and feeding back productivity information to personnel.

ProMES consists of four steps. First, people in an organization identify the products, or the set of activities or objectives, the organization expects to accomplish. The organization's productivity depends on how well it produces these products. At a repair shop, for example, a product might be something like "quality of repair." Second, the staff defines indicators of the products. Indicators are measures of how well the products are being generated by the organization. Quality of repair could be indicated by (1) return rate (2) percentage of quality-control inspections passed. Third, the staff establishes the contingencies between the amount of the indicators and the level of evaluation associated with that amount. Fourth, a feedback system is developed that provides employees and work groups with information about their specific level of performance in each of the indicators. An overall productivity score can be computed by summing the effectiveness scores across the various indicators. (Noe et al 2008).

Evaluation of the result approach

The results approach minimizes subjectivity, relying on objective, quantifiable indicators of performance. Thus, it is usually highly acceptable to both managers and employees. Another advantage is that it links an individual's results with the organization's strategies and goals.

However, objective measurements can be both contaminated and deficient contaminated because they are affected by things that are not under the employee's control, such as economic recessions, and deficient because not all the important aspects of job performance are amenable to objective measurement. Another disadvantage is that individuals may focus only on aspects of their performance that are measured, neglecting those that are not.

2.4.5 The Quality Approach

Thus far we have examined the traditional approaches to measuring and evaluating employee performance. Two fundamental characteristics of the quality approach are a customer orientation and a prevention approach to errors. Improving customer satisfaction is the primary goal of the quality approach. Customers can be internal or external to the organization. A performance management system designed with a strong quality orientation can be expected to

- i. Emphasize an assessment of both person and system factors in the measurement system.
- ii. Emphasize that managers and employees work together to solve performance problems.
- iii. Involve both internal and external customers in setting standards and measuring performance.
- iv. Use multiple sources to evaluate person and system factors.

Statistical process control techniques are very important in the quality approach. These techniques provide employees with an objective tool to identify causes of problems and potential solutions. These techniques include process-flow analysis, cause-and-effect diagrams, Pareto charts, control charts, histogram, and scattergrams (Noe et al 2008).

Evaluation of the quality approach

The quality approach relies primarily on a combination of the attribute and results approaches to performance measurement. However, traditional performance appraisal systems focus more on individual employee performance, while the quality approach adopts a systems-oriented focus. Many companies may be unwilling to completely abandon their traditional performance management system because it serves as the basis for personnel selection validation, identification of training needs, or compensation decisions. Also, the quality approach advocates evaluation of personal traits (such as cooperation), which are difficult to relate to job performance unless the company has been structured into work teams (Noe et al 2008).

2.5 Standards of performance appraisal

A performance standard can be defined as a statement of the conditions that exist when a job is being performed effectively. Performance standards are used when it is not possible to set time-based targets. Standards are sometimes described as standing or continuing objectives, because, their essential nature may not change significantly from one review period to the next if the key task remains unaltered, although they may be modified if new circumstances arise (Armstrong and Baron 2003)

As per Armstrong (2009) the criteria for reviewing performance should be balanced between:

- i. Achievements in relation to objectives;
- ii. The level of knowledge and skills possessed and applied (competences or technical competencies);
- iii. Behavior in the job as it affects performance (competencies);
- iv. The degree to which behavior upholds the core values of the organization;
- v. Day-to-day effectiveness.

The criteria should not be limited to a few quantified objectives as has often been the case in traditional appraisal schemes. In many cases the most important consideration will be the job holders' day-to-day effectiveness in meeting the continuing performance standards associated with their key tasks. It may not be possible to agree meaningful new quantified targets for some jobs every year. Equal attention needs to be given to the behavior that has produced the results as to the results themselves (Armstrong 2009).

Realistic, measurable, clearly understood performance standards benefit both the organization and the employee. It is important to establish standards before the work is performed so that all involved will understand the level of accomplishment expected (Mathis and Jackson 1994).

As per Mathis and Jackson (1994) Standards often are established for the following:

- i. Quantity of output.
- ii. Quality of output.
- iii. Timelines of result.
- iv. Manner of performance.
- v. Effectiveness in use of resources.

2.6 Performance appraisal process

As per DeCenzo (2010) performance appraisal process includes the following six steps.

1. Establish performance standards with employees.
2. Communicate expectations.
3. Measure actual performance.
4. Compare actual performance with standards.
5. Discuss the appraisal with the employee.
6. If necessary, initiate corrective action.

Establish Performance Standards

The appraisal process begins with establishment of performance standards in accordance with the organization's strategic goals. These should evolve out of the company's strategic direction and, more specifically, the job analysis and the job description. These performance standards should also be clear and objective enough to be understood and measured. Too often, standards are articulated in ambiguous phrases that tell us little, such as "a full day's work" or "a good job." What is a full day's work or a good job? A supervisor's expectations of employee work performance must be clear enough in her mind so that she will be able to, at some later date, communicate these expectations to her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards (DeCenzo 2010).

Communicate Expectations

Once performance standards are established, it is necessary to communicate these expectations; employees should not have to guess what is expected of them. Too many jobs have vague performance standards, and the problem is compounded when these standards are set in isolation and without employee input. Communication is a two way street: mere information transfer from supervisor to employee is not successful communication (DeCenzo 2010).

Measure Actual Performance

The third step in the appraisal process is performance measurement. To determine what actual performance is, we need information about it. We should be concerned with how we measure and what we measure. Four common sources of information frequently used by managers address how to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure. Selecting the wrong criteria can produce serious, dysfunctional consequences. And what we measure determines, to a great extent, what people in the organization will attempt to excel at. The criteria we measure must represent performance as it was mutually set in the first two steps of the appraisal process (DeCenzo etal 2010).

Compare Actual Performance with Standards

The fourth step in the appraisal process is the comparison of actual performance with standards. This step notes deviations between standard performance and actual performance. The performance appraisal form should include a list and explanation of the performance standards. It should also include an explanation of the different levels of performance and their degree of acceptability against the performance standard. This provides a valuable feedback tool as the manager moves on the next step, discussing the appraisal (DeCenzo et al 2010).

Discuss the Appraisal with the Employee

As we mentioned previously, one of the most challenging tasks facing appraisers is to present an accurate assessment to the employee. Appraising performance may touch on one of the most emotionally charged activities—evaluation of another individual’s contribution and ability. The impression that employees receive about their assessment has a strong impact on their self-esteem and, importantly, on their subsequent performance. Of course, conveying good news is considerably easier for both the appraiser and the employee than conveying bad news. In this context, the appraisal discussion can have negative as well as positive motivational consequences (DeCenzo et al 2010).

Initiate Corrective Action if Necessary

The final step in the appraisal is the identification of corrective action where necessary. Corrective action can be of two types: one is immediate and deals predominantly with symptoms, and the other is basic and delves into causes. Immediate corrective action is often described as “putting out fires,” whereas basic corrective action touches the source of deviation and seeks to adjust the difference permanently. Immediate action corrects problems such as mistakes in procedures and faulty training and gets the employee back on track right away. Basic corrective action asks how and why performance deviated from the expected performance standard and provides training or employee development activities to improve performance. In some instances, appraisers may rationalize that they lack time to take basic corrective action and therefore must be content to perpetually put out fires. Good supervisors recognize that taking a little time to analyze a problem today may prevent the problem from worsening tomorrow (DeCenzo et al 2010).

2.7 Problems affecting performance appraisal

The main problems that arise in conducting performance reviews are:

1. Identifying performance measures and criteria for evaluating performance;
2. Collecting factual evidence about performance;
3. The existence of bias on the part of managers;
4. Resolving conflict between reviewers and the people they review;
5. Defensive behavior exhibited by individuals in response to criticism.

There are no easy answers to these problems, no quick fixes. It is wise never to underestimate how hard it is for even experienced and effective managers to conduct productive performance review meetings. It was the facile assumption that this is a natural and not too difficult process that has bedevilled many performance appraisal schemes over the years. This assumption has certainly resulted in neglecting to provide adequate guidance and training for reviewing managers *and*, importantly, those whom they review (Armstrong 2006).

Basically, the performance evaluation process is seen as a simple process whereby a supervisor or manager only needs to observe the work performance of their staff and give feedback on their performance from time to time. In reality, this process is not that simple. The supervisor or manager as well as the staff often have different opinions on performance evaluation. Some of the factors that lead to the failure of the performance evaluation process, according to Bohlander, (2001), are:

- ✓ The supervisor or manager does not have enough information on employees' real work performance.
- ✓ The standard of measuring performance is not clear.
- ✓ The supervisor or manager does not have the skills to evaluate employee performance.
- ✓ The supervisor or manager is not prepared to evaluate employee performance, as he or she does not want to be seen as a judge who is giving out an unfair sentence.
- ✓ Employees do not receive constant performance feedback.
- ✓ The supervisor or manager is not sincere during the performance evaluation process.
- ✓ Performance evaluation is not focused on employee development.
- ✓ The supervisor or manager uses language that is unclear to the employees during the performance evaluation process.

- ✓ Employees feel that the organization does not allocate enough resources for performance rewards.

The explanations above are able to influence the effectiveness of the performance evaluation process and create a gap in the relationship between supervisor and staff. Performance evaluation activities are also often referred to as an annual activity and focus more on employees' annual salary movement. The disagreement that exists and the misunderstanding of performance evaluation have caused the performance evaluation process to fail. Therefore, support from the top management is important in order for performance evaluation to succeed so that the organization will be able to compete in the market (Khulida 2009).

As per Greg L. Stewart and G. Brown (2009) the following are common problems with performance appraisal measures: rater errors and bias, situational influences, and change over time.

Rater errors

Research suggests that raters commit a number of errors when they rate employee performance. Rating error occur when raters provide assessments that follow an undesirable pattern or when the rater does not properly account for factors that might influence assessments.

Central tendency error: a rating error that occurs when raters give almost all employees scores in the middle of the scale (Greg and Brown 2009).

Contrast error: a rating error that occurs when raters unknowingly allow comparisons among employees to influence ratings (Greg and Brown 2009).

Similar to me: is the error that the rater make when he/she judge those who are similar to him/her more highly than those who are not (Noe etal 2008).

Halo error: a rating error that occurs when raters allow a general impression to influence ratings on specific dimensions of performance.

Horns error: works in the opposite direction to halo error: one negative aspect results in the rater assigning low ratings to all the other aspects (Noe etal 2008).

Recency error: a rating error that occurs when raters place too much emphasis on performance observed right before the measure is taken.

Primacy error: a rating error that occurs when raters place too much emphasis on performance observed at the beginning of the measurement period (Greg and Brown 2009).

Frame of reference training: training that focuses on building consistency in the way different raters observe and evaluate behaviors and outcomes (Greg and Brown 2009).

Rater Bias

Substantial problems occur when rater errors operate in such a way that people with certain characteristics are consistently rated lower than others. Consistently providing lower ratings to people with certain characteristics, such as women and minorities is known as rater bias (Greg and Brown 2009).

Situational influence

Factors that affect performance but that are outside the control of the employee being rated. Research suggests that subjective ratings are frequently contaminated and deficient because raters fail to account for situational influences. However, it is at least possible for raters to adjust subjective evaluations to control for situational factors. Situational influences present a greater problem for objective, outcome-oriented performance measures (Greg and Brown 2009).

Changes over time

Another problem with measurement is that performance may not be consistent across time. Performance can vary over time because of differences in motivation. For example, an incentive such as bonus may motivate employees to achieve high performance for a short period. Measuring this short-term achievement may result in an assessment that is quite different from an assessment that reflects typical performance on most days (Greg and Brown 2009).

2.8 Why organizations conduct performance appraisal?

As just noted, most managers may be unhappy with various facets of the performance appraisal process, but most would agree that they are nevertheless very important (Angelo and Ricky 2008). One reason why appraisals are so important to organizations is that they provide a benchmark for assessing the extent to which *recruiting and selection* process are adequate.

Performance appraisal is also important because it is-or at least should be fundamentally linked to an organization *compensation* system. In theory, organizations prefer to provide greater rewards to higher-performing employees and lesser rewards to lower-performing employees. To provide this compensation on a fair and equitable basis, however, it is important that the organization can differentiate between its higher and its lower performing employees. Managers want to know that they are giving the appropriate rewards to employees for appropriate reasons. Performance appraisal plays a big role in this process (Angelo and Ricky 2008).

Performance appraisal is also important for legal reasons. Organizations must be able to demonstrate that their promotions, transfers, terminations, and reward allocations are based on merit (or the lack thereof), as opposed to some discriminatory factor such as gender or race. Performance appraisal, therefore, is the mechanism by which the organization can provide this *documentation*. Managers must be able to rely on performance appraisal information to demonstrate that all of their important employment related decisions have been based on the actual performance of those affected by the decisions. Without proper performance appraisal, an organization is subject to concerns or charges that there is at least the impression that promotions and other rewards may be based in a factor or factors other than actual performance (Angelo And Ricky 2008).

Performance appraisal also plays an important role in employee *motivation and development*. Most people want to know how well they are doing so that they can correct their deficiencies, capitalize on their strengths, and improve their overall contributions to their jobs. Again, performance appraisal provides this information to employees. An individual who is told that he or she is doing well on three dimensions of his or her job performance but needs to improve on a fourth dimension recognizes how managers see him or her and knows where to allocate additional developmental work and effort in the future (Angelo and Ricky 2008).

Finally performance appraisal provides valuable and useful information to the organization's *human resource planning* process. For example knowing the distribution of qualified employees within the organizational system is an important factor for managers to know. And performance appraisal helps provide this information to managers (Angelo and Ricky 2008).

Schuler (1995) condensed such purposes into two general categories: evaluative and developmental. The **evaluative category** includes:

- i. *Performance measurement*, which establishes the relative value of an individual's contribution to the company and thus provides information that can be used in decisions on layoffs, terminations, and promotions.
- ii. *Compensation*, which determines appropriate pay for performance and equitable salary and bonus incentives based on merit or results.
- iii. *Motivation*, which is the end result of an effective evaluation.

The **developmental category** includes:

- i. *Management development*, which identifies and prepares individuals for increased responsibilities and thus provides a framework for future employee development.
- ii. *Identification of potential*, which identifies candidates for promotion.
- iii. *Feedback*, which informs employees of the organization's standards and how their performance measures up.
- iv. *Human resource planning*, which audits management talent and evaluates the present supply of human resources for replacement planning.
- v. *Communications*, which provides a format for dialogue between superior and subordinate and improves understanding of personal goals and concerns. This can also have the effect of increasing the trust between the rater and ratee.
- vi. *Performance improvement*, which encourages continued successful performance and strengthens individual weaknesses to make employees more effective so that organizations can successfully implement strategies such as quality enhancement.
- vii. *Legal compliance*, which establishes the validity of employment decisions made on the basis of performance based information and provides a defense for management actions such as selection, demotion, or termination.

2.9 The characteristics of an effective performance appraisal program

The basic purpose of a performance appraisal system is to improve performance of individuals, teams, and the entire organization. The system may also serve to assist in making administrative decisions such as pay increases. In addition, the appraisal system must be

legally defensible. Although a perfect system does not exist, every system should possess certain characteristics. An accurate assessment of performance should be sought that permits developing a plan to improve individual and group performance. The system must honestly inform people how they should stand with the organization. The following factors assist in accomplishing this purpose (Mondy et al 1999).

Job related criteria

Before any appraisal is conducted, the standards by which performance is to be evaluated should be clearly defined and communicated to the employee. These standards should be based on job-related requirements derived from job analysis and reflected in the job descriptions and job specifications. When performance standards are properly established, they help translate organizational goals and objectives into job requirements that convey acceptable and unacceptable levels of performance to employees (Bohlander et al 2001).

There are four basic considerations in establishing performance standards: strategic relevance, criterion deficiency, criterion contamination, and reliability (Bohlander et al 2001).

Strategic relevance

Strategic relevance refers to the extent to which standards relate to the strategic objectives of the organization.

Criterion Deficiency

A second consideration in establishing performance standards is the extent to which the standards capture the entire range of an employee's responsibilities. When performance standards focus on a single criterion (e.g. sales revenues) to the exclusion of other important but less quantifiable performance dimensions (e.g. customer service), then the appraisal system is said to suffer from criterion deficiency.

Criterion Contamination

Just as performance criteria can be deficient, they can also be contaminated. There are factors outside an employee's control that can influence his or her performance. A comparison of performance of production workers, for example, should not be contaminated by the fact that some have newer machines than others do. A comparison of the performance of traveling salespeople should not be contaminated by the fact that territories differ in sales potential.

Reliability

Reliability refers to the stability or consistency of a standard, or the extent to which individuals tend to maintain a certain level of performance over time. In rating, reliability may be measured by correlating two sets of ratings made by a single rater or by two different raters. For example, two managers may rate the same individual and estimate his or her suitability for a promotion. Their ratings could be compared to determine interrater reliability.

The criteria used for appraising employee performance must be job related. The uniform guidelines and court decisions are quite clear on this point. More specifically, job information should be determined through job analysis. Subjective factors, such as initiative, enthusiasm, loyalty, and cooperation, are obviously important. Unless they can be clearly shown to be job related, however, they should not be used (Monday et al 1999).

Performance expectations

Managers and subordinates must agree on performance expectations in advance of the appraisal period. Evaluating employees using criteria that they know nothing about is not reasonable.

The establishment of highly objective work standards is relatively simple in many areas, such as manufacturing, assembly, and sales. For numerous other types of jobs, however, this task is more difficult. Still, evaluation must take place, and performance expectations, however elusive, should be defined in understandable terms (Monday et al 1999).

Standardization

Employees in the same job category under the same supervisor should be appraised using the same evaluation instrument. Also important is that appraisals be conducted regularly for all employees and that they cover similar periods of time. Although annual evaluations are most common, employees are evaluated more frequently by many successful firms. Feedback sessions and appraisal interviews should be regularly scheduled for all employees.

A legal aspect of standardization is formal documentation. Employees should sign their evaluations. If the employee refuses to sign, the manager should document this behavior. Records should also include a description of employee responsibilities, expected performance results, and the way these data will be viewed in making appraisal decisions. However,

smaller firms are not expected to maintain performance appraisal systems that are as formal as those used by large organizations (Monday etal 1999).

Trained appraisers

Responsibility for evaluating employee performance should be assigned to the individual or individuals who directly observe at least a representative sample of the worker's job performance. Usually, this person is the employee's immediate supervisor. However, as previously discussed, other approaches are gaining in popularity.

Training in performance appraisal should be an ongoing process to ensure consistency. The training should cover how to rate employees and conduct appraisal interviews. Instructions should be rather detailed and stress the importance of making objective and unbiased ratings (Monday etal 1999).

Open communication

Most employees have a strong need to know how well they are performing. A good appraisal system provides highly desired feedback on a continuing basis. A worthwhile goal is highly to avoid surprises during the appraisal interview. Even though the interview presents an excellent opportunity for both parties to exchange ideas, it should never serve as a substitute for day-to-day communication and coaching required by performance management (Monday etal 1999).

Employee access to results

For many appraisal systems that are designed to improve performance, withholding appraisal results would be unthinkable. Employees would be severely handicapped in their developmental efforts in denied access to this information. Also, employee's review of appraisal results allows that to detect any errors that may have been made. An employee may simply disagree with the evaluation and may want to challenge it. Employees who receive a sub standard appraisal should be offered needed training and guidance. Supervisors must make an effort to salvage marginal employees. Individuals in this category should, however, be told the specific consequences if their performance does not reach an acceptable level (Mondy etal 1999).

Due process

Ensuring due process is vital. If a formal policy does not exist, one should be developed to permit employees to appeal appraisal results they consider inaccurate or unfair. They must have a procedure for pursuing their grievances and having them addressed objectively (Monday et al 1999).

2.10 Who performs the performance appraisal?

Another important aspect of performance appraisal is the determination of who conducts the appraisal and what information will be used. The most common appraisers are supervisors, peers, self-appraisal, subordinates and customers (Angelo and Ricky 2008).

Supervisors are perhaps the most frequently used sources of information in performance appraisal. The assumption underlying this approach is that supervisors usually have the most knowledge of the job requirements and they have the most opportunities to observe employees performing their jobs. At the same time, it should also be recognized that supervisors are not necessarily a perfect source of information (Angelo and Ricky 2008).

Peers, colleagues, and coworkers represent other potential sources of information for performance appraisal systems. An advantage of using peers in a performance appraisal process is that, by definition, they have expert knowledge of job content and they may also have more of an opportunity than does the supervisor to observe the performance of a given worker on a day-to-day basis. Friendship, group norms, and other personal factors may intervene in this situation. And individuals may see their own performance as being significantly different than others perceive it in the group (Angelo and Ricky 2008).

A third source of information in the performance appraisal process is **subordinates** of the individual being appraised. Subordinates are an especially important source of information when the performance of their own manager is being evaluated, and this information is perhaps most useful when the performance appraisal is focused on the manager's leadership potential (Angelo and Ricky 2008).

Another source of information in a performance appraisal process is **self-evaluation**. In many professional and managerial situations, individuals may frequently be asked to evaluate their

own performance. The rationale for this approach is that, more than any other person in the organization, an individual is in the best position to understand his at an appropriate level. Of course, the biggest negative aspect of using self-rating is the tendency on the part of many people to inflate their own performance (Angelo and Ricky 2008).

A final source of information in the performance appraisal system is **customers**. The inclusion of customers might be accomplished through techniques such as having customers fill out feedback forms or respond to mail surveys whenever they use the services of an organization. The advantage of this method is that customers are the lifeblood of an organization and it is very helpful to managers to know the extent to which customers feel that employees are doing a good job. On the other hand, this method may be expensive and may be able to tap only certain aspects of an employee's job (Angelo and Ricky 2008).

One important detail for any manager to recognize is each source of performance appraisal information is subject to various weakness and shortcomings. As a result, many organizations find it appropriate and effective to rely on different information sources when conducting performance appraisal. **360-degree feedback** is an approach to performance appraisal that involves gathering performance information from people on all sides of the manager—above, beside, below, and so forth (Angelo and Ricky 2008).

2.11 Overcoming problems in performance appraisal

To alleviate the problems listed above in the problems of performance appraisal part of the literature review by Armstrong (2006) even if they cannot guarantee to eliminate them the approaches are to:

1. Ensure that the criteria for evaluating performance cover agreed objectives (quantified wherever possible), competences based upon proper role analysis and measures of day-to-day effectiveness, preferably stated as standards of performance.
2. Monitor performance throughout the year in relation to performance plans and agreed objectives, performance standards and behavioral requirements (competencies). Ensure that there is feedback at the time based upon evidence and record any critical incidents as they occur to assist in an overall assessment of performance.

3. Take steps to minimize bias (blue-eyed boy/girl syndrome), although gender, racial or other bias is difficult to eliminate. If the review process does not involve the delivery of judgments in the form of performance ratings, bias may not appear so obviously but it can still exist in subtle ways. Mentors and training can alert individuals to the risk of bias and assessments can be monitored by the manager's manager and HR.

4. Ensure that both managers and their staff understand the positive nature of the process. Train managers in the virtues of building on positives as well as how to make constructive criticisms (not more than two or three at a time) that are based on fact and not opinions about the employee's personality traits.

5. Encourage a positive approach by managers so that, by using constructive criticism rather than attaching blame, they can reduce defensive behavior. Briefing for all those involved on the benefits of the process to both parties should also help. Getting individuals to assess their own performance (self-assessment, as discussed later in this chapter) is another way of reducing defensive behavior.

There are at least three things you can do to minimize the impact of appraisal problems such as bias and central tendency. First, be sure to be familiar with the problems as just discussed. Understanding the problem can help you avoid it (Dessler 1994).

Second, choose the right appraisal tool. Each tool, such as the graphic rating scale or critical incident method, has its own advantages and disadvantages. For example, the ranking method avoids central tendency but can cause ill feelings when employees' performances are in fact all actually "high" (Dessler 1994).

Third, training supervisors to eliminate rating errors such as halo, leniency, and central tendency can help them avoid these problems (Dessler 1994).

Reducing rater errors

One of the problem that happen in appraising employees performance is rater error. To minimize this problem Noe et al (2008) suggested two approaches to reducing rating errors. *Rater error training* attempts to make managers aware of rating errors and helps them develop strategies for minimizing those errors. These programs consist of having the participants view videotaped vignettes designed to elicit rating errors such as "contrast." They then make their ratings and discuss how the error influenced the rating. Finally, they get tips

to avoid committing those errors. This approach has been shown to be effective for reducing errors, but there is evidence that reducing rating errors can also reduce accuracy.

Rater accuracy training, also called *frame-of-reference*, attempts to emphasize the multidimensional nature of performance and thoroughly familiarize raters with the actual content of various performance dimensions. This involves providing examples of performance for each dimension and then discussing the actual or "correct" level of performance that the example represents. Accuracy training seems to increase accuracy, provided that in addition the raters are held accountable for ratings, job-related rating scales are used, and raters keep records of the behavior they observe (Noe et al 2008).

2.12 How often should appraisal be done?

When and how often should employee performance be evaluated is a question that deserves careful consideration. Brumback and Vincent (1970) as cited by Chris write that informal counseling should occur continuously. The manager or the appraiser should discuss an employee's work as soon as possible after he has judged it. He should use good work as an opportunity to provide positive reinforcement and use poor work as a basis for training. According to Brumback and Vincent in most organizations employees are formally evaluated once a year, in others twice a year. New employees are rated more frequently than the older ones e.g. three and six months (Chris 2011).

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 (Chris 2011).

Formal performance evaluations are usually prepared at specific intervals. Although there is nothing magic about the interval, in most organizations, they are made either annually or semiannually. In high-tech organizations, however, the speed of change mandates that a performance period be shorter-perhaps three or four months. The need is to link performance communication to the actual work cycle. Discussions of accomplishments can then keep pace with new goals and priorities. In the current business climate, it may be well for all firms to consider monitoring performance often. Changes occur so fast that employees need to look at objectives and their own role throughout the year to see if they need to be altered. A study by

Hewitt associates found that companies conducting multiple performance reviews had better results in terms of total shareholder return, return on equity, sales growth, and cash flow (Mondy et al 1999).

2.13 Performance review meeting

The performance review meeting is the means through which the five primary performance management elements of agreement, measurement, feedback, positive reinforcement and dialogue can be put to good use. The review should be rooted in the reality of the employee's performance. It is concrete, not abstract, and it allows managers and individuals to take a positive look together at how performance can become better in the future and how any problems in meeting performance standards and achieving objectives can be resolved. Individuals should be encouraged to assess their own performance and become active agents for change in improving their results. Managers should be encouraged to adopt their proper enabling role: coaching and providing support and guidance (Armstrong 2006).

There should be no surprises in a formal review if performance issues have been dealt with as they should have been – as they arise during the year. Traditional appraisals are often no more than an analysis of where those involved are now, and where they have come from. This static and historical approach is not what performance management is about. The true role of performance management is to look forward to what needs to be done by people to achieve the purpose of the job, to meet new challenges, to make even better use of their knowledge, skills and abilities, to develop their capabilities by establishing a self-managed learning agenda and to reach agreement on any areas where performance needs to be improved and how that improvement should take place. This process also helps managers to improve their ability to lead, guide and develop the individuals and teams for whom they are responsible (Armstrong 2006).

The most common practice is to have one annual review (65 per cent of respondents to the 2004 CIPD survey). Twice-yearly reviews were held by 27 per cent of the respondents. These reviews lead directly into the conclusion of a performance agreement (at the same meeting or later). It can be argued that formal reviews are unnecessary and that it is better to conduct informal reviews as part of normal good management practice to be carried out as and when required. Such informal reviews are valuable as part of the continuing process of performance

management. But there is everything to be said for an annual or half-yearly review that sums up the conclusions reached at earlier reviews and provides a firm foundation for a new performance agreement and a framework for reviewing performance informally whenever appropriate (Armstrong 2006).

2.14 What to evaluate?

What aspect of a person's performance should an organization evaluate? In practice, the most common sets of appraisal criteria are traits, behaviors, and task outcomes (Monday et al 1999).

Traits

Many employees in organizations are evaluated on the basis of certain traits such as attitude, appearance, initiative, and so on. However, many of the traits commonly used are subjective and may be either unrelated to job performance or virtually impossible to define. In such cases, the result may be inaccurate evaluations and legal problems as well (Monday et al 1999).

Behaviors

When an individual's task outcome is difficult to determine, a common procedure is to evaluate the person's task-related behavior. For example, an appropriate behavior to evaluate for a manager might be leadership style. For individuals working in teams, developing others, teamwork and cooperation, or customer service orientation might be appropriate.

Desired behaviors may be appropriate as evaluation criteria because of the belief that if recognized and rewarded, they will be repeated. In addition, firms pay people salaries for behaving in certain ways that produce results. People don't do traits; they do behaviors (Monday et al 1999).

Task Outcomes

If ends are considered more important than means, task outcomes become the most appropriate factor to evaluate. This approach is encouraged when a goal-oriented process is used. A problem exists here if the results are not within the control of the individual or team. Another problem might be a firm's failure to recognize the difference between productivity and quality of output. Overemphasizing productivity may result in such a frenzied work pace that mistakes are passed on to the customer. Total focus on quality may generate fantastic

products but also botched delivery dates. The obvious answer is to balance the requirement for speed with the need to do the job right.

Evaluation criteria are not mutually exclusive. In fact, most appraisal systems are a hybrid of these approaches (Mondy et al 1999).

Angelo and Ricky (2008) also said that, although the decisions about what to rate can probably include many factors, three choices are most commonly encountered. All are related to task performance like traits, behaviors, and outcomes.

2.15 Conceptual framework

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2006).

Performance management includes several activities. These are defining performance, measuring performance, and feeding back performance information. First, the organization specifies which aspects of performance are relevant to the organization. These decisions are based on the job analysis. Next, the organization measures the relevant aspects of performance by conducting performance appraisals. Finally, through performance feedback sessions, managers give employees information about their performance so they can adjust their behavior to meet the organization's goals (Noe et al, 2011).

There are different appraisal methods that affect the appraisal practice positively and negatively like: ranking, forced distribution, paired comparison, graphic rating scales, mixed standard scales, critical incidents, behaviorally anchored rating scales, behavioral observation scales, organizational behavior modification, assessment centers, management by objective, ProMES, and quality approach (Ibid).

Standards are sometimes described as standing or continuing objectives, because, their essential nature may not change significantly from one review period to the next if the key task remains unaltered, although they may be modified if new circumstances arise (Armstrong and Baron 2003).

This framework was developed based on the literature review.

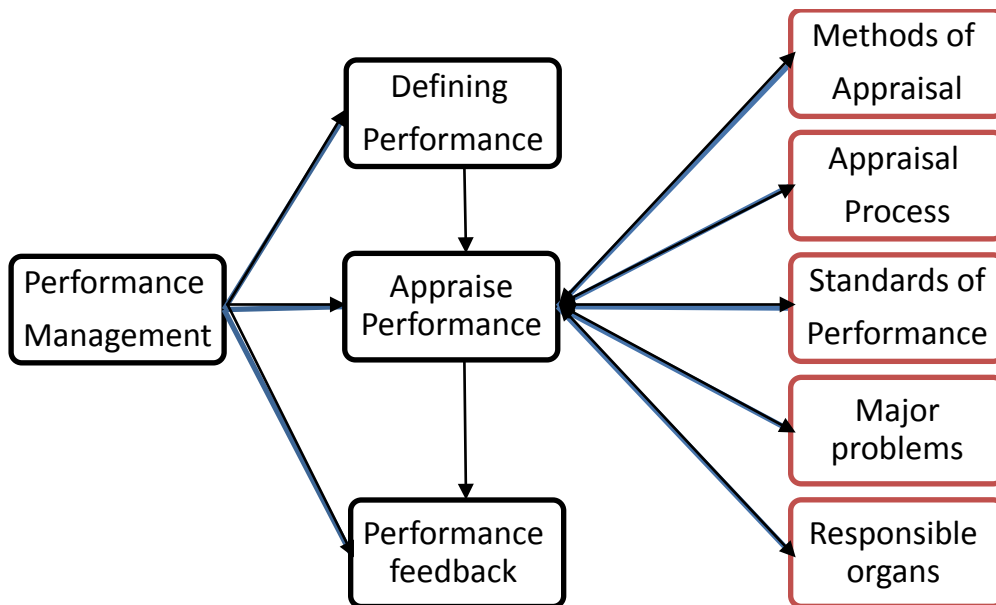


Figure 2.1 Conceptual framework of the study: based on literature review.

This figure in general shows that performance appraisal is one of human resource practice that is conducted in the performance management system. And the performance appraisal practice takes into consideration the methods used for appraisal, the appraisal process, standards of performance, problems of appraisal and responsible organs for conduction appraisal.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

As it is raised in the objective part the major objective of the study was to assess performance appraisal practice. To achieve this objective the researcher has designed the methodology as follows. This part includes research design, sample and sampling technique, instrument for data collection, procedure of data collection, method of data analysis, reliability and validity, and ethicality issue.

3.1 Research design

Since the objective of the study is to assess performance appraisal practice in United Bank S.C. The appropriate type of research to achieve this objective is descriptive research. Because descriptive research is a research type which describes phenomena as they exist and it is used to identify and obtain information on the characteristics of a particular problem or issue (Geoffrey et al, 2005). Descriptive research also helps to describe and assess a certain issue in detail.

Data collected using the questionnaire and interview. The questionnaire includes both close ended questions with predetermined scale for response and open ended questions providing respondents with freedom to express their perception. The measurement scale is ordinal.

This study had make emphasis to measure and focus on variables such as performance appraisal methods, process, standards, problems and the responsible person for conducting performance appraisal, purpose of appraisal, characteristics of effective appraisal and performance review discussion.

3.2 Target Population

The target population of this study was mainly managerial, clerical and non-clerical employees of the bank who have experience of more than or equal to one year. These employees were selected as respondents because they at least face performance appraisal two times in united bank and it is believed that they have enough knowledge about appraisal practice of the bank. Thus, the study excluded those employees who have less than one year experience. In addition, staffs of outlying branches were not considered because of the remoteness of data access.

3.3 Sample and sampling technique

As per the first quarter progress report of the bank (2014/15) total permanent employees of united bank S.C. are 2507 (i.e 242 managerial, 1368 clerical and 897 non-clerical). From these employees 1500 of them work in Addis Ababa and have experience of more than one year. For this study the researcher has taken samples from the total population due to shortage of time, resource and for proper organization of data. Since the scope was delimited to Addis Ababa samples have been taken only from head office and six branches in Addis Ababa (Misrak, T/haymanot, Addisu gebeya, Old airport, Cathedral, and Tana), these six branches were selected randomly.

In order to provide equal chance for the heterogeneous groups and proportionality allocated between clerical, non-clerical and management employees, questionnaires have been distributed to staff members in head office and six selected branches using proportionate stratified sampling method. 110, 167 and 29 questionnaires were distributed among non-clerical, clerical and management employees respectively.

As per Glenn (1992) there are several approaches to determining the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size. A third way to determine sample size is to rely on published tables, which provide the sample size for a given set of criteria.

The first and second approaches for determining the sample size are not appropriate for this study. Since the population of the study are many in number it was difficult to use census, and also imitating the sample size of similar studies was not possible because it was difficult to gate this kind of research that is done in the united bank or other banks. Therefore the researcher has used table for determining sample size, because it is easy and developed by experienced scholars like Krejcie and Morgan (1970).

Since the study was delimited to Addis Ababa city the population size of employees working in Addis Ababa and that have experience of one year and above were 1500. Therefore from the table the sample size for population size of 1500 is 306. 306 were used as sample size for this study. The numbers of staffs who have more than one year experiences were listed as

follows. Misrak branch have 45 staffs, Tana branch have 40 staffs, T/haymanot branch have 32 staffs, Old airport branch have 25 staffs, Cathedral branch have 15 staffs, and Addisu Gebeya have 18 staffs. The total numbers of samples from the branches are 175 employees and the remaining 131 was taken from different departments in head office by using proportionate stratified random sampling technique. The reason for making the number of samples from branches more than head office was based on the proportion of the number of staffs found.

3.4 Tools for data collection

The study used both primary and secondary data sources. Questionnaire and in depth interviews were used as of primary data collection tools. Secondary sources such as, published books, company appraisal forms, and various scholarly written journals and articles were consulted extensively.

3.4.1 Questionnaire

In this study questionnaire was developed in order to collect data from employees that are found in all categories. The type of questions that were raised in the questionnaire was both open ended and close ended with the structured format. The questionnaires were distributed to all employees in the selected branches and head office with experience equal to or more than one year. Because the researcher believe that those employees who have more than one year experience have faced performance appraisal at least twice, they have prior experience and better understanding about the topic under study. The researcher has used questionnaires that were prepared both in Amaharic and English language. The English questionnaire was directly translated into Amharic questionnaire by the researcher and it is approved by HR professionals in the bank for the correctness of the translation. To check the reliability of the Amharic questionnaire the researcher take five samples and make them to fill questionnaires prepared in the two languages at different times and there response shows difference only on few questions and these questions were translated again.

3.4.2 Interview

Interview was used as one tool for collecting data regarding performance appraisal methods, process, standards, problems, responsibilities etc. For the interview the researcher has contacted a senior human resource personnel that was found at the head office. Since

interview is the best way to get depth insight about the issue and help to get answers for questions that are not suitable to get through questionnaire, it helps the researcher very much. Interview is also suitable to raise counter question with regard to the answers that are general, vague, and needs further explanation. Therefore interview was used as one of the major source for collecting data in this study.

3.5 Procedure for data collection

Before the distribution of questionnaires for collecting data it was checked by the advisor of the researcher and those persons who have enough knowledge in the area. When the researcher believes that the questionnaire was sufficient to collect the necessary data it was distributed to respondents and then by making the appropriate follow up the researcher himself collected the instruments from the respondents.

For the data that was collected through interview with head of compensation regarding performance appraisal methods, process, standards, problems, responsibilities etc. Before the interview the researcher read/have background information about the topic area. And also the researcher asked the respondents about the time place and condition of making interview. During the interview the interviewer must follow up the respondent, take the response in the form of note if necessary in form of record. After the interview the interviewer have thanked the interviewee for his/her time, cooperation etc.

3.6 Method of data analysis

Descriptive statistics was used to organize the data gathered through closed ended questions with the help of SPSS version 16. Analysis was done according to the objective of the study. Summary statistics in form of qualitative and quantitative measures, frequencies and percentage were run and interpretations were made. Regarding the interpretation for the variables used on likert scale: measurement was used on the basis of survey 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

All the qualitative data collected from key informants was summarized on a continuous basis to ensure completeness. The data collected through interview and different organizational documents were also summarized, coded and presented in a way that communicates the major finding of the study.

3.7 Validity and reliability

3.7.1 Validity

Validity is the extent to which the research findings accurately represent what is really happening in the situation (Hughey and Mussnug, 1997). Validity is the most important attribute of assessment system. It is concerned with the extent to the evaluation measures the performance it is intended to measure. The clarity of criteria, standards, data collection procedures and the competency of the evaluators all affect validity.

Validity is a measure of the truthfulness of measuring instruments. To ensure content validity, the researcher used questionnaires adopted from previous research work of Dessalegn Asfaw (2012) and some questions were improved according the objective of this study. In additions: The questionnaires were distributed and collected by the researcher in person. And also, interview has been conducted with concerned senior personnel's from human resource department.

3.7.2 Reliability

Reliability refers to the extent to which the data collection techniques will yield consistent findings. To assure this, questions regarding the methods, process, standards, problems and responsible organs have been asked both in the questionnaire and the interview were presented to employees as well as a senior human resource personnel (head compensation). The samples of the pilot test were 30 employees and identified by using simple random sampling.

Internal consistency of items, which is the level of homogeneity of a measures incorporated in the instruments was checked by using cronbach's coefficient alpha and the SPSS results for the measure of the performance appraisal practice are shown in the below table.

Table 3.1 Cronbach's alpha reliability statistics of the questionnaire

Cronbach's Alpha	Number of Items
.795	59

Source: Questionnaire 2015

As indicated in table 3.2, the conbach's alpha test reveals that the instrument's internal consistency as 79.5% which is above acceptable value (i.e 70%). Therefore the research instrument is reliable and the forthcoming findings and conclusions are acceptable.

3.8 Ethical consideration

First of all willingness of united bank employees' and management was asked to conduct the research. After the researcher got consent respondents were confirmed that the information gathered was used only for academic purpose. And also, the researcher guaranteed anonymity and confidentiality of information collected from the individual participants and the organization data obtained in the form of documents and operational manuals through both data collection instrument.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with analysis, interpretation and discussion of the data collected through questionnaire and interview. Responses for measures on the questionnaire are summarized and presented using tables.

From 306 questionnaires distributed, 277 questionnaires were collected. From these questionnaires the one was filled by the respondent by ticking on the agree option on all measures. Therefore, the researcher has excluded this response lowering the number of filled questionnaire to 276 (90.2% response rate).

4.1 Demographic profile of respondents

In this part sex, age, educational background, experience and position title of the respondents were analyzed and interpreted.

4.1.1 Gender and age distribution of respondents

Table 4.1 Sex of the respondent by Age group

			Age of the respondent					Total
			Below 25	25-35	36-45	46-55	Above 55	
Sex of the respondent	Female	Count	29	53	15	6	1	104
		% within Sex of the respondent	27.9%	51.0%	14.4%	5.8%	1.0%	100.0%
	Male	Count	40	89	27	13	3	172
		% within Sex of the respondent	23.3%	51.7%	15.7%	7.6%	1.7%	100.0%
Total		Count	69	142	42	19	4	276
		% within Sex of the respondent	25.0%	51.4%	15.2%	6.9%	1.4%	100.0%

Source: Questionnaire 2015

As can be seen from the table 4.1 above, majority of the respondents are male (172 or 62.3%) and (104 or 37.7%) are female. Since employees of the bank are composed of both sexes this study has got representation from both sexes. In addition, 51.7% of the male respondents fall

in the age group of 25-35 years old and also 51% of female respondents fall in this group. Generally, 76.4% of the respondents are below the age 35. As can be observed in reality many employees in UB are youngsters and this study has got the participation of majority young employees which are under the age of 35.

4.1.2 Educational background of respondents

The table below shows that 10(3.6%) of the respondents are elementary complete, 63(22.8%) respondents are high school complete, 76(27.5%) of the respondents have diploma, 122(44.2%) of the respondents have first degree and 5(1.8%) of the respondents have masters degree and above qualification. This data shows that employees at all levels of educational qualification are represented fairly in this study as per the distribution of educational qualification in the population of the study (As per the data from the HR head).

Table 4.2 Educational Background

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Elementary complete	10	3.6	3.6	3.6
High school complete	63	22.8	22.8	26.4
Diploma	76	27.5	27.5	54.0
First degree	122	44.2	44.2	98.2
Masters degree and above	5	1.8	1.8	100.0
Total	276	100.0	100.0	

Source: Questionnaire 2015

4.1.3 Experience of respondents

The table below shows that 101(36.6%) respondents have experience of three years. But all respondents have experience greater than or equal to one year. Since united bank conducts performance appraisal every six month this indicates that all participants have enough understanding about the bank performance appraisal practice.

Table 4.3 Years of experience of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	33	12.0	12.0	12.0
2	56	20.3	20.3	32.2
3	101	36.6	36.6	68.8
3.5	1	.4	.4	69.2
4	35	12.7	12.7	81.9
5	20	7.2	7.2	89.1
6	3	1.1	1.1	90.2
7	22	8.0	8.0	98.2
10	5	1.8	1.8	100.0
Total	276	100.0	100.0	

Source: Questionnaire 2015

4.1.4 Present position title of respondents

Table 4.4 Present Position title of the respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Managerial	26	9.4	9.7	9.7
Clerical	140	50.7	52.4	62.2
Non clerical	101	36.6	37.8	100.0
Total	267	96.7	100.0	
Missing No response	9	3.3		
Total	276	100.0		

Source: Questionnaire 2015

As per the data presented in table 4.4 most of the respondents are clerical which accounts for 140 (50.7%), 101 (36.6%) are non clerical, 26 (9.4%) are managerial and 9 (3.3%) does not fill their response. This data indicates that employees at all levels of the organization participate fairly in this study but few of them do not give answer for this question.

4.2 Responses on performance appraisal practice

In this part detail analysis on performance appraisal practice was discussed. The issues raised were performance appraisal methods, process of performance appraisal, standards of performance appraisal, major problems that affect employees' performance appraisal, responsible organ in employees' performance appraisal, purpose of performance appraisal, characteristics of effective appraisal and performance review discussion.

4.2.1 Performance appraisal methods

In order to identify the performance appraisal method used by United Bank S.C., respondents were presented with items listed in table 4.5 below. In this sub section responses on different appraisal methods were presented, analyzed and interpreted.

Table 4.5 Performance appraisal methods

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
1.1	The rater rank employees within their departments from highest performers to poorest performers (ranking).	Frequency	90	159	15	10	2	276
		Percentage	32.6	57.6	5.4	3.6	0.7	100
		Valid Percent	32.6	57.6	5.4	3.6	0.7	100
		Cumulative Percent	32.6	90.2	95.7	99.3	100	Mean 1.82
1.2	Employees are ranked in groups that include best workers, worst workers and one or more categories in between.	Frequency	54	157	35	25	5	276
		Percentage	19.6	56.9	12.7	9.1	1.8	100
		Valid Percent	19.6	56.9	12.7	9.1	1.8	100
		Cumulative Percent	19.6	76.4	89.1	98.2	100	Mean 2.17
1.3	The rater compares every employee with every other employee in the work group	Frequency	97	114	45	12	8	276
		Percentage	35.1	41.3	16.3	4.3	2.9	100
		Valid Percent	35.1	41.3	16.3	4.3	2.9	100
		Cumulative Percent	35.1	76.4	92.7	97.1	100	Mean 1.99
1.4	List of traits evaluated by a five points (or some other numbers of points) rating scale. Appraisal consisted of number of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation etc.	Frequency	5	2	15	162	92	276
		Percentage	1.8	0.7	5.4	58.7	33.3	100
		Valid Percent	1.8	0.7	5.4	58.7	33.3	100
		Cumulative Percent	1.8	2.5	8.0	66.7	100	Mean 4.21
1.5	The rater uses behavioral oriented statements representing good, average, and poor performance along each dimension.	Frequency	118	89	30	26	13	276
		Percentage	42.8	32.2	10.9	9.4	4.7	100
		Valid Percent	42.8	32.2	10.9	9.4	4.7	100
		Cumulative Percent	42.8	75.0	85.9	95.3	100	Mean 2.01

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
1.6	The rater keep record of specific examples of effective and ineffective performance on the part of each employee.(critical incidents)	Frequency	95	93	26	39	23	276
		Percentage	34.4	33.7	9.4	14.1	8.3	100
		Valid Percent	34.4	33.7	9.4	14.1	8.3	100
		Cumulative Percent	34.4	68.1	77.5	91.7	100	Mean 2.28
1.7	The rater defines performance dimensions by developing behavioral anchors associated with different levels of performance.	Frequency	92	137	10	32	5	276
		Percentage	33.3	49.6	3.6	11.6	1.8	100
		Valid Percent	33.3	49.6	3.6	11.6	1.8	100
		Cumulative Percent	33.3	83	86.6	98.2	100	Mean 1.99
1.8	The rater manages the behavior of employees through a formal system of behavioral feedback and reinforcement.	Frequency	44	167	33	28	4	276
		Percentage	15.9	60.5	12	10.1	1.4	100
		Valid Percent	15.9	60.5	12	10.1	1.4	100
		Cumulative Percent	15.9	76.4	88.4	98.6	100	Mean 2.21
1.9	Individuals usually perform a number of simulated tasks such as leaderless group discussion, role playing etc (assessment centers).	Frequency	92	127	14	41	2	276
		Percentage	33.3	46	5.1	14.9	0.7	100
		Valid Percent	33.3	46	5.1	14.9	0.7	100
		Cumulative Percent	33.3	79.3	84.4	99.3	100	Mean 2.04
1.10	Subordinate managers write a letter to their superiors, detailing what their performance goals were for the coming year and how they planned to achieve and managers give feedback through the rating period. (MBO)	Frequency	67	191	5	6	7	276
		Percentage	24.3	69.2	1.8	2.2	2.5	100
		Valid Percent	24.3	69.2	1.8	2.2	2.5	100
		Cumulative Percent	24.3	93.5	95.3	97.5	100	Mean 1.89
1.11	The rater measure and feedback productivity information to personnel to motivate employee to higher level of productivity (ProMES).	Frequency	70	152	13	40	1	276
		Percentage	25.4	55.1	4.7	14.5	0.4	100
		Valid Percent	25.4	55.1	4.7	14.5	0.4	100
		Cumulative Percent	25.4	80.4	85.1	99.6	100	Mean 2.09
1.12	Managers and employees work together to solve performance problems. Use multiple sources to evaluate person and system factors. Involve both internal & external customers in setting standards and measuring performance (quality approach).	Frequency	73	127	50	13	3	276
		Percentage	26.4	49.6	18.1	4.7	1.1	100
		Valid Percent	26.4	49.6	18.1	4.7	1.1	100
		Cumulative Percent	26.4	76.1	94.2	98.9	100	Mean 2.04

Source: Questionnaire 2015

As per the data presented on table 4.5 above, 254 (92%) of the respondents agreed on the statement "List of traits evaluated by a five points (some other number of points) rating scale. Appraisal consisted of number of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation etc. (Graphic rating scale)" whereas 15 (5.4%) of the respondents were neutral and 7 (2.5%) of the respondents agree. Respondents below the age of 35 and Males take the greatest proportion from those agreed. This data infers that in United Bank S.C. list of traits are evaluated by five points rating scale in which appraisal

consisted of number of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation etc or Graphic rating scale is the method used for evaluating employees performance. The performance evaluation form of the bank divides the result into five categories like 4.51-5.00, 3.51-4.50, 2.51-3.50, 1.50-2.50 and below 1.5. The net result is determined by multiplying the result by the weight and dividing to the total weight.

In addition to the response collected through questionnaire the response through interview assured that the company uses graphic rating scale method to evaluate employee's performance.

4.2.2 Performance appraisal process

As portrayed on table 4.6 below, respondents' perception regarding performance appraisal process was gathered using the listed measures. One of the measure was "The appraisal process begins with the establishment of performance standards in accordance with the organization strategic goals". The responses regarding this statement were 84 (30.4%) disagree, 33 (12%) neutral and 159 (57.6%) agree that the appraisal process begins with the establishment of performance standards in accordance with the organization strategic goals. This infers that the first process of performance appraisal (establishing performance standards) practiced in the case company. In investigating whether the bank uses clear performance criteria (standards) that are set before preceding the performance appraisal process, most of the respondents 169 (61.2%) disagreed while only 26 (9.4%) neutral and 81 (29.3%) of the respondents agreed . This indicates that the performance criteria (standards) of the bank are not clear and not set before preceding the performance appraisal process.

Respondents level of agreement regarding the statement "The performance appraisal process communicates performance expectation of the organization to employees before measuring actual performance." The result was 178 (64.5%) disagreement, 17 (6.2%) neutral response and 81 (29.4%) agreement. This points to that the performance appraisal process of the bank does not communicate performance expectation of the organization to employees before measuring actual performance. Therefore the second step of performance appraisal process which is communicating expectation is not taking place in United Bank S.C.

79 (28.6%) disagreement, 12 (4.3%) neutral response and 185 (67.1%) agreement was the response collected with regard to the statement "The appraiser try to measure employees actual performance by using personal observation, statistical reports, oral reports and written

reports before comparing actual performance with standards." Since most of the respondents show their agreement the bank applies measurement of actual performance step (The 3rd step in the appraisal process).

Table 4.6 Performance appraisal process

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
2.1	The appraisal process begins with establishment of performance standards in accordance with the organization strategic goals.	Frequency	18	66	33	139	20	276
		Percentage	6.5	23.9	12.0	50.4	7.2	100
		Valid Percent	6.5	23.9	12.0	50.4	7.2	100
		Cumulative Percent	6.5	30.4	42.4	92.8	100	Mean 3.28
2.2	Clear performance criteria (standards) are set before preceding the performance appraisal process.	Frequency	10	159	26	74	7	276
		Percentage	3.6	57.6	9.4	26.8	2.5	100
		Valid Percent	3.6	57.6	9.4	26.8	2.5	100
		Cumulative Percent	3.6	61.2	70.7	97.5	100	Mean 2.67
2.3	The performance appraisal process communicates performance expectation of the organization to employees before measuring actual performance.	Frequency	15	163	17	78	3	276
		Percentage	5.4	59.1	6.2	28.3	1.1	100
		Valid Percent	5.4	59.1	6.2	28.3	1.1	100
		Cumulative Percent	5.4	64.5	70.7	98.9	100	Mean 2.61
2.4	The appraiser try to measure employee actual performance by using personal observation, statistical reports, oral reports and written reports before comparing actual performance with standards.	Frequency	3	76	12	168	17	276
		Percentage	1.1	27.5	4.3	60.9	6.2	100
		Valid Percent	1.1	27.5	4.3	60.9	6.2	100
		Cumulative Percent	1.1	28.6	33.0	93.8	100	Mean 3.43
2.5	Performance appraisal process taking place in the organization exactly evaluate the employees performance against pre determined performance standards.	Frequency	72	118	7	64	15	276
		Percentage	26.1	42.8	2.5	23.2	5.4	100
		Valid Percent	26.1	42.8	2.5	23.2	5.4	100
		Cumulative Percent	26.1	68.8	71.4	94.6	100	Mean 2.39
2.6	The performance appraisal procedure & process of the bank allows employees to receive feedback about their job performance	Frequency	48	148	5	66	9	276
		Percentage	17.4	53.6	1.8	23.9	3.3	100
		Valid Percent	17.4	53.6	1.8	23.9	3.3	100
		Cumulative Percent	17.4	71.0	72.8	96.7	100	Mean 2.42
2.7	Corrective actions identified finally to make necessary adjustment to gaps on the result of evaluation.	Frequency	12	171	37	48	8	276
		Percentage	4.3	62.0	13.4	17.4	2.9	100
		Valid Percent	4.3	62.0	13.4	17.4	2.9	100
		Cumulative Percent	4.3	66.3	79.7	97.1	100	Mean 2.53

Source: Questionnaire 2015

Most of the respondents i.e 190 (68.9%) disagree that performance appraisal process taking place in the organization exactly evaluate the employees performance against pre determined performance standards. But 7 (2.5%) responses were neutral and the remaining 79 (28.6%)

respondents agree. This infers that the fourth step in the appraisal process (comparing actual performance with standards) is not taking place in the case company.

As per the data presented on the table above there is no room for employees to discuss the appraisal with the evaluators. The reason to say this is that 196 (71%) disagree, 5 (1.8%) neutral response and 75 (27.2%) agreement. Therefore the performance appraisal procedure and process of the bank does not allow employees to receive feedback about their job performance due to this the 5th step also is not practice in United Bank S.C.

In addition to the above five steps in the appraisal process employees also asked their level of agreement on the sixth step. Accordingly 183 (66.3%) disagree, 37 (13.4%) neutral and 56 (20.3%) of the respondents agree on the point corrective actions identified finally to make necessary adjustment to gaps on the result of evaluation. Since most of the respondents disagree, the final step in the appraisal process (Initiate corrective action) is not practiced in the case company.

Apart from the questionnaire response the result of interview with one of the HR head was as follows. The appraisal process begins with establishing clear performance standards. Then human resource department notify heads of departments and branches one month before the final submission date. Assistant managers would fill the evaluation form and get it approved by the manager then it will be given to the staffs to look the result, put his/her comment and sign on it. Then branches and departments send filled appraisal forms to human resource department. Finally the human resource department looks and accepts any grievances from employees but the department doesn't take any corrective action still. This implies that the organization does not have formally structured performance appraisal process with regard to the theory.

4.2.3 Standards of performance appraisal

In this section respondents were asked to put their level of agreement on issues concerning performance standards. Their response whether performance standards address quality, quantity, timelines, cost effectiveness, strategic relevance and reliability were analyzed and interpreted.

As per the data presented on table 4.7 below most of the respondents, 175 (63.4%) agree that standards of performance appraisal address quality such as accuracy, appearance, usefulness, or effectiveness. But 86 (31.2%) disagree and 15 (5.4%) of the respondents are neutral. This infers that the bank's performance standards address quality issues such as accuracy, appearance, usefulness or effectiveness.

The other measure regarding performance standards was whether performance appraisal addresses quantity like how much the employee or work unit is expected to produce. Responses regarding this measure revealed that 90 (32.6%) disagree, 12 (4.3%) neutral and 174 (63%) agree that standards address quantity. This implies that the performance appraisal standards of the bank address quantity issues.

193 (69.9%) of the respondents feel that standard of performance appraisal addresses timelines or how quickly, when or by what date the employee or work unit is expected to produce the work. The remaining 3 (1.1%) neutral and 80 (29%) disagree that standards address timelines. This data indicate that the performance appraisal standards of the bank address timelines issue.

Table 4.7 Standards of performance appraisal

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
3.1	I know that standards of performance appraisal address quality such as accuracy, appearance, usefulness, or effectiveness.	Frequency	21	65	15	132	43	276
		Percentage	7.6	23.6	5.4	47.8	15.6	100
		Valid Percent	7.6	23.6	5.4	47.8	15.6	100
		Cumulative Percent	7.6	31.2	36.6	84.4	100	Mean 3.4
3.2	I know that standard of performance appraisal addresses quantity like how much the employee or work unit is expected to produce	Frequency	31	59	12	167	7	276
		Percentage	11.2	21.4	4.3	60.5	2.5	100.0
		Valid Percent	11.2	21.4	4.3	60.5	2.5	100.0
		Cumulative Percent	11.2	32.6	37.0	97.5	100	Mean 3.22
3.3	I feel that standard of performance appraisal addresses timelines or how quickly, when or by what date the employee or work unit is expected to produce the work.	Frequency	11	69	3	182	11	276
		Percentage	4.0	25.0	1.1	65.9	4.0	100
		Valid Percent	4.0	25.0	1.1	65.9	4.0	100
		Cumulative Percent	4.0	29.0	30.1	96.0	100	Mean 3.41
3.4	I understand that standards of performance appraisal addresses cost effectiveness or cost control.	Frequency	14	62	18	175	7	276
		Percentage	5.1	22.5	6.5	63.4	2.5	100
		Valid Percent	5.1	22.5	6.5	63.4	2.5	100
		Cumulative Percent	5.1	27.5	34.1	97.5	100	Mean 3.36

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
3.5	I am sure that standards of performance appraisal consider strategic relevance or address the extent to which standards relate to the strategic objective of the organization.	Frequency	26	67	43	101	39	276
		Percentage	9.4	24.3	15.6	36.6	14.1	100
		Valid Percent	9.4	24.3	15.6	36.6	14.1	100
		Cumulative Percent	9.4	33.7	49.3	85.9	100	Mean 3.22
3.6	I believe that performance appraisal of the organization achieves, stability or consistency or the extent to which individuals tend to maintain a certain level of performance over time (reliability).	Frequency	43	168	33	29	3	276
		Percentage	15.6	60.9	12.0	10.5	1.1	100
		Valid Percent	15.6	60.9	12.0	10.5	1.1	100
		Cumulative Percent	15.6	76.4	88.4	98.9	100	Mean 2.21
3.7	I can tell that there is/are no clearly identified standards.	Frequency	68	154	13	39	2	276
		Percentage	24.6	55.8	4.7	14.1	0.7	100
		Valid Percent	24.6	55.8	4.7	14.1	0.7	100
		Cumulative Percent	24.6	80.4	85.1	99.3	100	Mean 2.11

Source: Questionnaire 2015

Responses regarding the statement "I understand that standards of performance appraisal addresses cost effectiveness or cost control." 76 (27.6%) disagree, 18 (6.5%) neutral response and 182 (65.9%) agree that standards of performance appraisal addresses cost effectiveness or cost control. This response points out that performance appraisal standards of the bank take into consideration cost effectiveness or cost control.

Most of the respondents (50.7%) are sure that standards of performance appraisal consider strategic relevance or address the extent to which standards relate to the strategic objective of the organization. The remaining 93 (33.7%) respondents disagree and 43 (15.6%) respondents were neutral. This implies that standards of performance appraisal considers strategic relevance or addresses the extent to which standards relate to the strategic objective of the organization.

On the other hand 32 (11.6%) agree, 33 (12%) neutral and 211 (76.4%) disagree that performance appraisal of the organization achieves, stability or consistency or the extent to which individuals tend to maintain a certain level of performance over time (reliability). This infers that the performance appraisal practice of the bank lacks reliability or it does not achieve stability, consistency or the extent to which individuals tend to maintain a certain level of performance over time.

As per the data presented on the table 4.7 above most of the respondents (222/80.4%) disagree with the statement that says "I can tell that there is/are no clearly identified standard." The remaining employees response was 13 (4.7%) neutral response and 41 (14.8%) agree. This data indicates that the bank does not have clearly identified standards.

Most of the respondents that agree to the measure standards address quality, quantity, timeliness, cost effectiveness and strategic relevance fall under the categories of first degree holders, between age of 25-35, male, clerical and have experience of three years.

In addition to this the interview response also said that "The bank have standards that that meet the requirement."

4.2.4 Major problems that affect the employees' performance appraisal

In this section respondents were asked to indicate there level of agreement regarding performance appraisal problems that occur in United Bank Share Company. There response is presented, analyzed and interpreted as follows.

Responses regarding the statement "The supervisor or manager does not have enough information on employee's real work performance" were 108 (39.1%) disagree. 17 (6.2%) neutral and 151 (54.7%) agree. Since most of the respondents agree, the supervisor or manager of United Bank Share Company does not have enough information on employee's real work performance.

Further analysis shows that most of the respondents (59.8%) disagree that the supervisor or manager does not have the skills to evaluate employees' performance. The other 45 (16.3%) are neutral and 66 (23.9%) agree. This indicates that most of the respondents believe that the supervisor or manager of united bank S.C have the skills to evaluate employees' job performance.

Table 4.8 Major problems that affect the employees' performance appraisal

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
4.1	The supervisor or manager does not have enough information on employee's real work performance.	Frequency	10	98	17	131	20	276
		Percentage	3.6	35.5	6.2	47.5	7.2	100
		Valid Percent	3.6	35.5	6.2	47.5	7.2	100
		Cumulative Percent	3.6	39.1	45.3	92.8	100	Mean 3.19
4.2	The supervisor or manager does not have the skills to evaluate employee performance.	Frequency	23	142	45	58	8	276
		Percentage	8.3	51.4	16.3	21.0	2.9	100
		Valid Percent	8.3	51.4	16.3	21.0	2.9	100
		Cumulative Percent	8.3	59.8	76.1	97.1	100	Mean 2.59
4.3	Performance evaluation is not focused on employee development	Frequency	17	70	32	138	19	276
		Percentage	6.2	25.4	11.6	50.0	6.9	100
		Valid Percent	6.2	25.4	11.6	50.0	6.9	100
		Cumulative Percent	6.2	31.5	43.1	93.1	100	Mean 3.26
4.4	The rater consistently provide lower rating to people with certain characteristics, such as women and minorities (rater bias)	Frequency	23	135	18	89	11	276
		Percentage	8.3	48.9	6.5	32.2	4.0	100
		Valid Percent	8.3	48.9	6.5	32.2	4.0	100
		Cumulative Percent	8.3	57.2	63.8	96.0	100	Mean 3.33
4.5	The rater evaluate factors that affect performance but that are outside the control of the employee being rated.(situational influence)	Frequency	7	74	26	159	10	276
		Percentage	2.5	26.8	9.4	57.6	3.6	100
		Valid Percent	2.5	26.8	9.4	57.6	3.6	100
		Cumulative Percent	2.5	29.3	38.8	96.4	100	Mean 3.33
4.6	I feel that the rater take into consideration the performance of the employee throughout the evaluation period rather than looking the short term achievement or failure. (change over time)	Frequency	27	163	9	62	15	276
		Percentage	9.8	59.1	3.3	22.5	5.4	100
		Valid Percent	9.8	59.1	3.3	22.5	5.4	100
		Cumulative Percent	9.8	68.8	72.1	94.6	100	M=2.55
4.7	I observe that the rater most of the time influenced by specific dimension of performance (halo/horns).	Frequency	6	73	12	171	14	276
		Percentage	2.2	26.4	4.3	62.0	5.1	100
		Valid Percent	2.2	26.4	4.3	62.0	5.1	100
		Cumulative Percent	2.2	28.6	33.0	94.9	100	M=3.41
4.8	I observe that the rater depends more on the recent actions than the distant ones when he/she evaluates employees.	Frequency	18	72	13	162	11	276
		Percentage	6.5	26.1	4.7	58.7	4.0	100
		Valid Percent	6.5	26.1	4.7	58.7	4.0	100
		Cumulative Percent	6.5	32.6	37.3	96.0	100	M=3.28
4.9	I feel that supervisors rate employees similarly in all dimensions of performance	Frequency	19	150	16	82	9	276
		Percentage	6.9	54.3	5.8	29.7	3.3	100
		Valid Percent	6.9	54.3	5.8	29.7	3.3	100
		Cumulative Percent	6.9	61.2	67	96.7	100	M=2.96
4.10	Most of the time, I understand that performance appraisal in my organization mainly depends on attitude, appearance, and personality.	Frequency	0	168	42	56	10	276
		Percentage	0	60.9	15.2	20.3	3.6	100
		Valid Percent	0	60.9	15.2	20.3	3.6	100
		Cumulative Percent	0	60.9	76.1	96.4	100	M=2.67

Source: Questionnaire 2015 Where M-mean

As per the data presented on the above table most of the respondents 157 (56.9%) believe that performance evaluation of the bank is not focused on employee development. The other 32 (11.6%) give neutral response and 87 (31.5%) disagree. Therefore this data infers that the performance evaluation practice of the case company does not focus on employee development.

In investigating whether the rater consistently provide lower rating to people with certain characteristics, such as women and minorities (rater bias), most of the respondents (158/57.2%) disagree, 18 (6.5%) neutral response and 100 (36.2%) agree. Since most of the respondents disagree this indicates that the rater does not consistently provide lower rating to people with certain characteristics, such as women and minorities (rater bias is not a problem in the case company).

In addition responses regarding the statement "The rater evaluate factors that affect performance but that are outside the control of the employee being rated (situational influence)" were 81(29.3%) disagree, 26 (9.4%) neutral and 169 (61.2%) agree. This response infers that situational influence is one of the problems that affect the performance appraisal practice of United Bank Share Company.

Further analysis shows that 190 (68.8%) of the respondents disagree with the measure "I feel that the rater take into consideration the performance of the employee throughout the evaluation period rather than looking the short term achievement or failure (change over time)." The remaining 9 (3.3%) responses were neutral and 77 (27.9%) agree. This data implies that the rater take into consideration short term achievement or failure rather than looking the performance of the employee throughout the evaluation period.

Most of the respondents (185/67.1%) observe that the rater most of the time influenced by specific dimension of performance (halo/horns). The remaining 12 (4.3%) were neutral and 79 (28.6%) disagree the existence of halo/horns error. This data indicates that the halo/horns error is one of the problems that affect united bank S.C performance appraisal practice.

Employees of United Bank Share Company observe that the rater depends more on the recent actions than the distant ones when he/she evaluates employees. The reason to say this was that 173 (62.7%) agree with this statement, 13 (4.7%) neutral and 90 (32.6%) disagree.

Therefore recency is one of the problems that were happening in the case company performance appraisal practice.

Most of the respondents (169/61.2%) disagree with the statement "I feel that supervisors rate employees similarly in all dimensions of performance." On the other hand 16 (5.8%) neutral and 91 (33%) agree that supervisors rate employees similarly in all dimensions of performance. Since most of the respondents disagree the problem of evaluating similarly in all dimensions is not taking place in the bank.

Responses regarding the measure "Most of the time, I understand that performance appraisal in my organization mainly depends on attitude, appearance, and personality" were 168 (60.9%) disagree, 42 (15.2 %) neutral and 66 (23.9%) agree. This data infer that most of the time performance appraisal does not depend on attitude, appearance, and personality.

As per the response from the interview major problems that affect performance appraisal practice of the bank are subjectivity, raters focus on recent actions, raters conduct appraisal for formality only and the raters does not have direct knowledge about the appraisal. This implies that even if the bank has policy or guideline regarding appraisal practice the real practice faces the aforementioned problems.

4.2.5 Responsible organs in employees' performance appraisal

Under this part statements measuring the responsible organ in employees' performance appraisal practice were presented for employees to put their level of agreement. Accordingly 66 (23.9%) disagree, 14 (5.1%) neutral and 196 (71%) agree that the immediate supervisors are responsible to performance appraisal in United Bank S.C. Since most of the respondents agree immediate supervisors are responsible to performance appraisal in United Bank S.C, supervisors are responsible to conduct appraisal in the case company.

On the other hand most of the respondents or 199 (72.1%) disagree that performance appraisal among peer is common in United Bank S.C. the remaining 18 (6.5%) were neutral and 59 (21.4%) agree. This data implies that peer appraisal is not conducted in United Bank S.C. or peers are not source of performance information in the case company.

Table 4.9 Responsible organs in employees' performance appraisal

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
5.1	Immediate supervisors are responsible to performance appraisal in United Bank S.C.	Frequency	16	50	14	139	57	276
		Percentage	5.8	18.1	5.1	50.4	20.7	100
		Valid Percent	5.8	18.1	5.1	50.4	20.7	100
		Cumulative Percent	5.8	23.9	29.0	79.3	100	Mean 3.62
5.2	Performance appraisal among peer is common in united bank	Frequency	72	127	18	37	22	276
		Percentage	26.1	46.0	6.5	13.4	8.0	100
		Valid Percent	26.1	46.0	6.5	13.4	8.0	100
		Cumulative Percent	26.1	72.1	78.6	92.0	100	Mean 2.31
5.3	Subordinates have the chance to evaluate their supervisors or managers performance	Frequency	37	192	47	0	0	276
		Percentage	13.4	69.6	17.0	0	0	100
		Valid Percent	13.4	69.6	17.0	0	0	100
		Cumulative Percent	13.4	83	100	-	-	Mean 2.04
5.4	Individual employees assess their own performance appraisal	Frequency	18	109	33	96	20	276
		Percentage	6.5	39.5	12.0	34.8	7.2	100
		Valid Percent	6.5	39.5	12.0	34.8	7.2	100
		Cumulative Percent	6.5	46.0	58.0	92.8	100	Mean 2.97
5.5	Customers of United Bank S.C have chance to appraise employees performance.	Frequency	27	180	38	31	0	276
		Percentage	9.8	65.2	13.8	11.2	0	100
		Valid Percent	9.8	65.2	13.8	11.2	0	100
		Cumulative Percent	9.8	75.0	88.8	100	-	Mean 2.26
5.6	Appraisers use different information sources such as supervisors, customers, subordinate, colleagues and customers to evaluate employees performance(360 degree FB	Frequency	64	172	0	40	0	276
		Percentage	23.2	62.3	0	14.5	0	100
		Valid Percent	23.2	62.3	0	14.5	0	100
		Cumulative Percent	23.2	85.5	85.5	100	-	Mean 2.06

Source: Questionnaire 2015

Responses regarding the statement "Subordinates have the chance to evaluate their supervisors or managers performance" were 229 (83%) disagree and 47 (17%) neutral. Since most of the respondents disagree and the number of respondents agrees are zero in number this data indicates subordinates do not have the chance to evaluate their supervisors or managers performance in United Bank S.C.

As per the data presented on the table above 116(42%) agree, 33 (12%) neutral and 127 (46%) disagree that individual employees assess their own performance. Even if the number of respondents disagrees greater than the number of respondents agree there difference was in few respondents. Therefore to make sure this response the interview with human resource department revealed the existence of self evaluation, but all employees does not participate in

this method. The self evaluation only includes those representatives from different sections in a branch or department. For example the participants from branch are the cash supervisor/senior teller, assistant branch manager, auditor and loan officer. The form is filled and sent online every three month.

To investigate whether customers of United Bank S.C have chance to appraise employees performance or not 207 (75%) disagree, 38 (13.8%) neutral and 31 (11.2%) agree. This data infers that customers of united bank S.C. do not have the chance to evaluate employees' job performance.

Responses on the statement "Appraisers use different information sources such as supervisors, customers, subordinate and colleagues to evaluate employees performance (360 degree feedback)" were 236 (85.5%) disagree and 40 (14.5%) agree. This response implies that appraisers in the bank do not use different information sources such as supervisors, customers, subordinates, and colleagues to evaluate employees' performance. Or it can be briefly said that 360 degree feedback in not practiced in the case company.

The interview result revealed that first of all the responsible organ in the appraisal practice is the human resource department of the bank. Assistant branch managers are those who fill appraisal results for employees in branches and it is approved by branch managers. Employees also participate in the process by looking their results, describing their grievance on the form and putting their signature on the appraisal form. Few employees fill the CSA (Control Self Assessment) form online.

4.2.6 General issues in performance appraisal

In this section data regarding purpose of appraisal, characteristics of effective appraisal, performance review discussion and frequency of appraisal were presented, analyzed and interpreted.

As per the data presented on the table below most of the respondents (69.2%) agree that the performance appraisal system of the bank have purpose. The remaining 15 (5.4%) disagree and 70 (25.4%) neutral response. This implies that the performance appraisal system of the bank have purpose.

Table 4.10.1 Performance appraisal purpose

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
6.1	The performance appraisal system of the bank have purpose	Frequency	0	15	70	163	28	276
		Percentage	0	5.4	25.4	59.1	10.1	100
		Valid Percent	0	5.4	25.4	59.1	10.1	100
		Cumulative Percent	0	5.4	30.8	89.9	100	Mean 3.74
6.2	Your organization collects information through performance appraisal and practically uses it to make personnel decisions for such things as raises, promotion, termination, and layoff	Frequency	10	168	32	56	10	276
		Percentage	3.6	60.9	11.6	20.3	3.6	100
		Valid Percent	3.6	60.9	11.6	20.3	3.6	100
		Cumulative Percent	3.6	64.5	76.1	96.4	100	Mean 2.59
6.3	United Bank S.C. prefer to provide greater rewards to higher performing employees and lesser rewards to lower performing employees.(compensation)	Frequency	5	67	13	148	43	276
		Percentage	1.8	24.3	4.7	53.6	15.6	100
		Valid Percent	1.8	24.3	4.7	53.6	15.6	100
		Cumulative Percent	1.8	26.1	30.8	84.4	100	Mean 3.57
6.4	The purpose of performance appraisal in united bank is basically to identify and prepare individuals for increased responsibilities.	Frequency	37	192	2	43	2	276
		Percentage	13.4	69.6	0.7	15.6	0.7	100
		Valid Percent	13.4	69.6	0.7	15.6	0.7	100
		Cumulative Percent	13.4	83.0	83.7	99.3	100	Mean 2.21
6.5	The HR department follows up seriously the training needs identified during appraisals.	Frequency	44	167	31	30	4	276
		Percentage	15.9	60.5	11.2	10.9	1.4	100
		Valid Percent	15.9	60.5	11.2	10.9	1.4	100
		Cumulative Percent	15.9	76.4	87.7	98.6	100	Mean 2.21
6.6	The appraisal data are used by the HR department for other development decisions like job-rotation, job enrichment and the like.	Frequency	58	123	39	56	0	276
		Percentage	21.0	44.6	14.1	20.3	0	100
		Valid Percent	21.0	44.6	14.1	20.3	0	100
		Cumulative Percent	21.0	65.6	79.7	100	-	Mean 2.34

Source: Questionnaire 2015

Respondents response about the statement "Your organization collects information through performance appraisal and practically uses it to make personnel decisions for such things as raises, promotion, termination and layoff" were 178 (64.5%) disagree, 32 (11.6%) neutral and 66 (23.9%) agree. This shows that United Bank does not practically uses the appraisal information collected to make personnel decisions such as raises, promotions, termination and layoff.

Most of the responses regarding the measure "United Bank S.C. prefer to provide greater rewards to higher performing employees and lesser rewards to lower performing employees (compensation purpose)" were 72 (26.1%) disagree, 13 (4.7%) neutral and 191 (69.2%) agree. This data indicates that the bank uses appraisal results to make compensation decisions.

In investigating whether the purpose of performance appraisal in united bank is basically to identify and prepare individuals for increased responsibilities, most of the respondents (83 %) disagree, 0.7 % neutral response and 16.3% agree. This infers that the purpose of performance appraisal in the bank does not try to identify and prepare individuals for increased responsibilities.

Similarly most of the respondents (211/76.4%) disagree that, the HR department follows up seriously the training needs identified during appraisals. The other 31(11.2%) respondents were neutral and 34 (12.3%) agree. This infers that the human resource department of the bank does not follow up seriously the training needs identified during appraisal.

In addition respondents were asked to put their level of agreement regarding the statement "The appraisal data are used by the HR department for other development decision like job-rotation, job enrichment and the like." But responses shows that 181 (65.6%) disagree, 39 (14.1%) neutral and 56 (20.3%) agree. Since most of the respondents disagree appraisal data is not used for development decisions like job-rotation, job enrichment and the like.

In addition to the responses collected through questionnaire the interview response revealed that the purposes of performance appraisal are the following:

- ✓ Bonus payment: the bank identifies the amount of profitability bonus to be paid for its employees based on the evaluation result that an employee get throughout the fiscal year.
- ✓ Promotion decisions: the bank uses appraisal results to make promotion decisions. The weight of appraisal result to make promotion decision is 20%.

But the bank does not use appraisal results to make administrative decisions like termination and layoff. And it also not makes developmental decisions like training, job rotation, job enrichment and the like based on appraisal results.

The table below presents measures and responses that deal with characteristics of effective performance appraisal practice.

Table 4.10.2 Characteristics of effective performance appraisal

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
6.7	The standards for appraising employees' performance are based on job-related requirements derived from job analysis and reflected in the job description and job specification.	Frequency	68	154	15	39	0	276
		Percentage	24.6	55.8	5.4	14.1	0	100
		Valid Percent	24.6	55.8	5.4	14.1	0	100
		Cumulative Percent	24.6	80.4	85.9	100		Mean 2.09
6.8	Managers and subordinates agree on performance expectations in advance of appraisal period.	Frequency	65	170	1	39	1	276
		Percentage	23.6	61.6	0.4	14.1	0.4	100
		Valid Percent	23.6	61.6	0.4	14.1	0.4	100
		Cumulative Percent	23.6	85.1	85.5	99.6	100	Mean 2.06
6.9	Employees of United Bank S.C that are found in the same job category under the same supervisor are evaluated using the same evaluation instrument.	Frequency	9	70	12	170	15	276
		Percentage	3.3	25.4	4.3	61.6	5.4	100
		Valid Percent	3.3	25.4	4.3	61.6	5.4	100
		Cumulative Percent	3.3	28.6	33	94.6	100	Mean 3.41
6.10	Appraisers gate training on how to rate employees & conduct appraisal interviews.	Frequency	41	150	13	65	7	276
		Percentage	14.9	54.3	4.7	23.6	2.5	100
		Valid Percent	14.9	54.3	4.7	23.6	2.5	100
		Cumulative Percent	14.9	69.2	73.9	97.5	100	Mean 2.45
6.11	Employees of United Bank S.C are allowed to see their performance appraisal results.	Frequency	0	0	15	193	68	276
		Percentage	0	0	5.4	69.9	24.6	100
		Valid Percent	0	0	5.4	69.9	24.6	100
		Cumulative Percent	0	0	5.4	75.4	100	Mean 4.19
6.12	Employees allowed to appeal appraisal results they consider inaccurate or unfair through a formal policy.	Frequency	23	71	43	127	12	276
		Percentage	8.3	25.7	15.6	46.0	4.3	100
		Valid Percent	8.3	25.7	15.6	46.0	4.3	100
		Cumulative Percent	8.3	34.1	49.6	95.7	100	Mean 3.12

Source: Questionnaire 2015

Responses regarding the statement "The standards for appraising employees' performance are based on job-related requirements derived from job analysis and reflected in the job description and job specification" were 222 (80.4%) disagree, 15 (5.4%) neutral and 39 (14.1%) agree. Therefore this data shows that the standards for appraising employees' performance are not based on job-related requirements derived from job analysis and does not reflected in the job description and job specification.

As per the data presented on the table 4.10.2 above most of the respondents (85.1%) disagree with the measure managers and subordinates agree on performance expectations in advance of appraisal period. The remaining 1 (0.4%) neutral and 40 (14.5%) agree. Since most of the

respondents disagree, managers and subordinates do not agree on performance expectations in advance of appraisal period.

Most of the respondents (67%) agree that "Employees of United Bank S.C that are found in the same job category under the same supervisor are evaluated using the same evaluation instrument (There is standardization)." But 12 (4.3%) were neutral responses and 79 (28.6%) disagree. This indicates that employees of United Bank S.C that are found in the same job category under the same supervisor are evaluated using the same evaluation instrument.

In investigating whether appraisers gate training on how to rate employees and conduct appraisal interviews, 191 (69.2%) disagree, 13 (4.7%) neutral response and the remaining 72 (26.1%) agree. This data infers that appraisers of the bank does not gate training on how to rate employees and conduct appraisal interviews or it can be said that the appraisers are not trained well.

Majority of the respondents (94.5%) agree that, employees of United Bank S.C are allowed to see their performance appraisal results. The remaining 15 (5.4%) were neutral responses. This data shows that employees of united bank are allowed to see their performance appraisal results or employees of the bank have access to results.

Responses regarding the measure "Employees allowed to appeal appraisal results they consider inaccurate or unfair through a formal policy" were 94(34.1%) agree, 43 (15.6%) neutral and 139 (50.3%) disagree. This data revealed that employees of the bank are not allowed to appeal appraisal results they consider inaccurate or unfair through a formal policy.

In addition to responses collected through questionnaire interview responses revealed that the bank gives training to appraisers only one time. Employees of the bank have access to results of appraisal and there is a formal policy to appeal for unfair appraisal results but it is not practiced well. There is no any practice to agree on performance expectation in advance of appraisal period between managers and subordinates.

The data presentation, analysis and interpretation below deal with performance review discussion and appraisal frequency. Accordingly most of respondents (64.5%) disagree that, my supervisor provide a continuous feedback on my performance. The remaining 42 (15.2%)

were neutral and 56 (20.3%) agree. This data infers that employees of the bank do not get continuous feedback on their performance.

Table 4.10.3 Performance review discussion and appraisal frequency

S.N	Questions	Response rate	Level of agreement					Total
			SD	D	N	A	SA	
6.13	My supervisor provide a continuous feedback on my performance	Frequency	10	168	42	56	0	276
		Percentage	3.6	60.9	15.2	20.3	0	100
		Valid Percent	3.6	60.9	15.2	20.3	0	100
		Cumulative Percent	3.6	64.5	79.7	100		Mean 2.52
6.14	The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussion.	Frequency	18	143	37	72	6	276
		Percentage	6.5	51.8	13.4	26.1	2.2	100
		Valid Percent	6.5	51.8	13.4	26.1	2.2	100
		Cumulative Percent	6.5	58.3	71.7	97.8	100	Mean 2.66
6.15	Performance review discussions are taken seriously by managers and sufficient time is spent in these discussions.	Frequency	27	163	9	62	15	276
		Percentage	9.8	59.1	3.3	22.5	5.4	100
		Valid Percent	9.8	59.1	3.3	22.5	5.4	100
		Cumulative Percent	9.8	68.8	72.1	94.6	100	Mean 2.55
6.16	The number of times appraisal conducted in united bank S.C is enough.	Frequency	68	154	13	39	2	276
		Percentage	24.6	55.8	4.7	14.1	0.7	100
		Valid Percent	24.6	55.8	4.7	14.1	0.7	100
		Cumulative Percent	24.6	80.4	85.1	99.3	100	Mean 2.11
6.17	There is no any performance review discussions in United Bank S.C	Frequency	27	151	22	67	9	276
		Percentage	9.8	54.7	8.0	24.3	3.3	100
		Valid Percent	9.8	54.7	8.0	24.3	3.3	100
		Cumulative Percent	9.8	64.5	72.5	96.7	100	Mean 2.57

Source: Questionnaire 2015

As per the data presented on the above table most of the respondents (58.3%) disagree on the measure that says "The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussion." The other 37 (13.4%) were neutral and 78 (28.3%) agree. Since most of the respondents disagree, the appraisal system does not allow the presence of open communication between appraiser and appraisee at time of performance review.

In investigating whether performance review discussions are taken seriously by managers and sufficient time is spent in these discussions, 190 (68.8%) disagree, 9 (3.3%) neutral and 77 (27.9%) agree. This data infer that the performance review discussions of the bank does not taken seriously by managers and sufficient time is not spent in these discussions.

Responses regarding the statement "The number of times or frequency of appraisal conducted in United Bank S.C is enough" were 222 (80.4%) disagree, 13 (4.7%) neutral and 41 (14.8%) agree. This data indicates that the number of times appraisal conducted in United Bank is not enough or conducting appraisal two times in a year in the case company is not sufficient.

The last but not the least statement in the questionnaire was "There is no any performance review discussion in United Bank S.C." Responses regarding this statement were 178 (64.5%) disagree, 22 (8%) were neutral and the remaining 76 (27.6%) agree. This data infers the absence of performance review discussion in the case company.

As per the policy of the bank performance review discussions should be held after appraisal results given to employees or it is the last phase in the appraisal process. But the real practice revealed that performance review discussions are only held if it is initiated by an employee with grievance. And these few discussions lack formality (Interview 2015).

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

In this chapter, major findings are going to be summarized and the subsequent conclusions are made. Based on the conclusion, recommendations are forwarded in relation to literatures reviewed to better enhance the organization performance appraisal practice.

5.1 Summary of major findings

As per the data gathered through questionnaire and interview the summary of major findings are presented in this section as follow.

1. Majority of the respondents agree that list of traits are evaluated by five points rating scale. They also believe that appraisal consisted of number of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation etc.
2. Respondents indicated that the appraisal process begins with establishment of performance standards in accordance with the organization strategic goals. But the performance standards are not clear. The performance appraisal process does not communicate performance expectation of the organization to employees before measuring actual performance. The appraiser try to measure employee actual performance by using personal observation, statistical reports, oral reports and written reports before comparing actual performance with standards. The appraisal process does not compare actual performance with standards, discuss appraisal with the employee and initiate corrective action.
3. It is also found that the bank have properly identified standards for performance appraisal that addresses quality, quantity, timelines, cost effectiveness and strategic relevance. But most of the respondents do not believe that the performance appraisal of the bank achieves, stability or consistency or the extent to which individuals tend to maintain a certain level of performance over time. In other word it lacks reliability.
4. In relation to major problems that affect the employees performance appraisal the analysis has indicated that: the supervisor or managers does not have enough

information on employee's real work performance, performance evaluation is not focused on employee development, the rater evaluate factors that affect performance but that are outside the control of the employee being rated, the rater does not consider change over time, the raters most of the time influenced by specific dimension of performance and the rater depends more on recent actions than the distant ones. Additional findings indicate that performance appraisal practice of the bank is more of subjective and raters conduct appraisal for formality only. On the other hand the analysis also indicated that the raters have sufficient skills, the absence of rater bias, supervisors does not rate employees similarly in all dimensions of performance and appraisal in the case company does not depend on attitude, appearance, and personality.

5. Regarding the responsible organ in employees' performance appraisal practice or to answer the question Who is responsible? Respondents points out that above all the HR department is the responsible organ and supervisors evaluate employees' performance semi annually. In addition few selected employees evaluate their performance quarterly and Managers are evaluated by their supervisors at head office. Apart from this most of the respondents agree that peers, subordinates, customers and 360 degree feedback are not common appraisers of performance United Bank S.C.
6. Most of the respondents said that the Bank performance appraisal have purpose, these are for Compensation (eg. Bonus payment and annual increment) and to make promotion decisions. But most of the respondents believe that the appraisal result is not used for personnel decisions like termination and layoffs, does not prepare individuals for increased responsibilities, the HR department does not follow up training needs identified through appraisal and it is not used for developmental decisions.

On the subject of characteristics of effective performance appraisal, most of the respondents agree that: employees have access to results, employees allowed to appeal unfair appraisal results and there is standardization in using appraisal forms. Apart from this appraisers does not get sufficient training, absence of performance expectation and standards does not depend on job description and job specifications.

Respondents indicated that the performance review discussions conducted only when an employee come up with grievance. Most of the respondents also indicated that supervisors do not provide continuous feedback and the absence of open communication. According to the data most of the employees believe that conducting appraisal twice in a year is not sufficient to effectively measure employees' performance.

5.2 Conclusion

Since performance appraisal is one of the human resource management practices that help employers to know what their employees are doing and to measure their contribution to the organization, this study have gone through different steps to reach these last laps. Based on the major findings stated above, the following conclusion has been reached and the recommendation will follow.

The performance appraisal method currently practiced in United Bank Share Company is the graphic rating scales method. But other methods like ranking, forced distribution, paired comparison, mixed standard scales, critical incidents, BARs, organizational behavior modification, assessment centers, MBO, ProMES and quality approach are not practiced in the case company.

Even if the real performance appraisal practice of the company shows that the appraisal process begins with establishing clear performance standards, it does not follow performance appraisal processes set by different scholars. The performance standards of the bank address quality, quantity, timelines, cost effectiveness and strategic relevance issues. However the performance appraisal practice of UB lack reliability or it is not able to maintain certain level of performance over time.

Even if the bank's performance appraisal practice have some strengths on its standards and absence of rater bias, but there are lots of problems like subjectivity, situational influence, halo/horns etc.

The ultimate responsibility of conducting performance appraisal twice in a year falls on the shoulder of the human resource department of the bank. Supervisors like assistant branch managers takes the lion share by filling appraisal forms for each employees and few selected

employees (representatives of different sections) evaluate their own performance quarterly in addition to the appraisal filled by their supervisor. Branch managers also participate by filling appraisal forms for international banking officers, loan officers and their secretaries. Peers, subordinates, customers and 360 degree feedbacks are not common appraisers in United Bank S.C.

The purposes of performance appraisal in the case company are: to pay bonus, to give annual salary increment and to make promotion decisions. But the appraisal result is not used to make administrative and developmental decisions. Appraisers do not get sufficient training, absence of performance expectation and standards do not depend on job description and job specifications.

Employees of the bank have access to results, allowed to appeal unfair appraisal results and there is standardization in using appraisal forms. Apart from this Performance review discussions conducted only when an employee come up with grievance. Supervisors do not provide continuous feedback for employees and there is absence of open communication. In addition conducting appraisal twice in a year is not sufficient to effectively measure employees' performance.

5.3 Recommendation

Performance appraisal (PA) is often considered one of the most important human resource practices. PA has increasingly become part of a more strategic approach to integrating HR activities and business policies and is now a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. To better enhance the performance appraisal practice of the case company the following recommendations are forwarded:

1. Attribute-based performance methods are the most popular methods in organizations. Even if the most common form that the attribute approach to performance management takes is the graphic rating scale, this method have vague performance standards that are open to different interpretations by different raters. Because of this, different raters often provide extremely different ratings and rankings. The result is that both the validity and reliability of these methods are usually low. A direct

comparison of BOS, BARS, and graphic rating scales found that both managers and employees prefer BOS for differentiating good from poor performers, maintaining objectivity, providing feedback, suggesting training needs, and being easy to use among managers and subordinates. Since BOS gives better solution than graphic rating scale for different problems United Bank faces in its appraisal practice like subjectivity, vague performance standards, lack of reliability etc., the Behavioral observation scales (BOS) method is suggested by the researcher to use as appraisal method.

2. The major drawback of the appraisal practice of the bank is it does not use appraisal processes that are developed scientifically by scholars but it uses traditional process that are aimed only to conduct appraisal. Scholars like DeCenzo suggest that performance appraisal process includes the following six steps.
 1. Establish performance standards with employees.
 2. Communicate expectations.
 3. Measure actual performance.
 4. Compare actual performance with standards.
 5. Discuss the appraisal with the employee.
 6. If necessary, initiate corrective action.

The researcher also suggests that the aforementioned six steps will be helpful for UB to create effective performance appraisal practice in the future.

3. The performance standards of the bank address most of the requirements. It addresses quality of output, quantity of output, timelines of results, cost effectiveness and strategic relevance. Therefore the bank needs to keep up on addressing these issues in the future again for its success. And it has to work on reliability by making the standards clear and creating awareness on employees and supervisors.
4. The finding shows that the UB performance appraisal practice is challenged by a lot of problems like: performance evaluation not focused on employee development, situational influence, not considering change over time, halo/horns, recency, subjectivity, conducting appraisal for formality and raters lack information. Since most of the problems belong to the category rater error the appropriate solution to alleviate these problems are consecutive rater error training and rater accuracy training. Rater error training attempts to make managers aware of rating errors and

helps them develop strategies for minimizing those errors. These programs consist of having the participants view videotaped vignettes designed to elicit rating errors such as "contrast." They then make their ratings and discuss how the error influenced the rating. Finally, they get tips to avoid committing those errors. Rater accuracy training, also called frame-of-reference, attempts to emphasize the multidimensional nature of performance and thoroughly familiarize raters with the actual content of various performance dimensions. Accuracy training seems to increase accuracy, provided that in addition the raters are held accountable for ratings, job-related rating scales are used, and raters keep records of the behavior they observe.

To minimize the problem of subjectivity the bank need to Ensure that the criteria for evaluating performance cover agreed objectives (quantified wherever possible), competences based upon proper role analysis and measures of day-to-day effectiveness, preferably stated as standards of performance. To solve the problem "performance evaluation is not focused on employee development" the company needs to use appraisal results for identifying training needs, job rotation, job enrichment and increased responsibilities.

5. As per the value statement of the bank "The customer is United Bank's lifeline." Since customers are lifelines of the bank they have to participate by filling at least some comments on each employees' performance, who have direct contact in giving service to the customers. Branch managers evaluation form is filled by their supervisors at head office but employees who have day to day work related contact with them does not say anything about their performance. Since employees (subordinates) have knowledge on the day to day performance of managers they have to participate in evaluating them.
6. Organizations conduct performance appraisal for different purposes like performance measurement, compensation, motivation, management development, identification of potential, feedback, human resource planning, communications, performance improvement, termination, layoff, job rotation, legal compliance etc. But the purposes of performance appraisal in UB are: to pay bonus, to give annual salary increment and to make promotion decisions. To improve its performance appraisal practice the bank needs to use the results beyond the aforementioned three purposes.

Therefore the bank should use appraisal result to make most of administrative and developmental decisions.

If United Bank S.C. needs to have effective performance appraisal practice the criteria/standards should be job related, managers and subordinates should agree on performance expectations in advance of appraisal period and appraisers should get training. Training in performance appraisal should be an ongoing process to ensure consistency. The training should cover how to rate employees and conduct appraisal interviews. But the company needs to keep up on its good practice like standardization, employee access to results and due process.

United Bank needs to have performance review discussion that is conducted at least on the two appraisal periods with all employees. The review should be rooted in the reality of the employee's performance. It should be concrete, not abstract, and it allows managers and individuals to take a positive look together at how performance can become better in the future and how any problems in meeting performance standards and achieving objectives can be resolved.

Formal performance evaluations are usually prepared at specific intervals. Although there is nothing magic about the interval, in most organizations, they are made either annually or semiannually. But remembering things that happen during the six months or a year period is very difficult for appraisers. Therefore, it is recommended that reviews be conducted three to four times a year for most employees.

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Appendices

ADDIS ABABA UNIVERSITY
College of Business and Economics
School of Commerce BAIS department-Graduate studies program

Questionnaire

Dear respondent,

I am an MA student at Addis Ababa University College of Business and Economics School of Commerce and I am collecting data for my thesis. The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "**Assessment of performance appraisal practice in United Bank Share Company.**" as partial fulfillment to the completion of Master of Arts degree in Human Resource Management program at Addis Ababa University. In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you of confidential treatment of your answers and would like to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time in filling this questionnaire.

Directions

- No need to write your name.
- Answer by making a \surd or 'X' mark

Part I - Demographic profile of the respondents

1. Sex: Male Female
2. Age: Below 25 25-35 36-45 46-55 Above 55
3. Educational Background: Elementary complete High school complete
Diploma First Degree Masters degree and above
4. Years of experience (in present organization) _____
5. Your present position title _____

PART II - Questions on performance appraisal

Please read each statements in this part carefully and show the extent of your agreement on the statements by putting "√" or "X" mark in the boxes using the following rating scales(likert scales): Strongly agree (SA)=5, Agree(A)=4, Neutral(N)=3, Disagree(D)=2, and Strongly disagree(SD)=1.

1. Questions related with performance appraisal methods.

S.N	Questions	SD	D	N	A	SA
1.1	The rater rank employees within their departments from highest performers to poorest performers (ranking).					
1.2	Employees are ranked in groups that include best workers, worst workers and one or more categories in between.					
1.3	The rater compares every employee with every other employee in the work group					
1.4	List of traits evaluated by a five points (or some other numbers of points) rating scale. Appraisal consisted of number of dimensions such as volume of work, quality of work, job knowledge, dependability, cooperation etc.					
1.5	The rater uses behavioral oriented statements representing good, average, and poor performance along each dimension.					
1.6	The rater keep record of specific examples of effective and ineffective performance on the part of each employee.(critical incidents)					
1.7	The rater defines performance dimensions by developing behavioral anchors associated with different levels of performance.					
1.8	The rater manages the behavior of employees through a formal system of behavioral feedback and reinforcement.					
1.9	Individuals usually perform a number of simulated tasks such as leaderless group discussion, role playing etc (assessment centers).					
1.10	Subordinate managers write a letter to their superiors, detailing what their performance goals were for the coming year and how they planned to achieve and managers give feedback through the rating period. (MBO)					
1.11	The rater measure and feedback productivity information to personnel to motivate employee to higher level of productivity (ProMES).					

1.12	Managers and employees work together to solve performance problems. Use multiple sources to evaluate person and system factors. Involve both internal & external customers in setting standards and measuring performance (quality approach).					
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Please indicate any suggestion that you think important with question 1.

2. Questions related to the process of performance appraisal

S.N	Questions	SD	D	N	A	SA
2.1	The appraisal process begins with establishment of performance standards in accordance with the organization strategic goals.					
2.2	Clear performance criteria (standards) are set before preceding the performance appraisal process.					
2.3	The performance appraisal process communicates performance expectation of the organization to employees before measuring actual performance.					
2.4	The appraiser try to measure employee actual performance by using personal observation, statistical reports, oral reports and written reports before comparing actual performance with standards.					
2.5	Performance appraisal process taking place in the organization exactly evaluate the employees performance against pre determined performance standards.					
2.6	The performance appraisal procedure & process of the bank allows employees to receive feedback about their job performance					
2.7	Corrective actions identified finally to make necessary adjustment to gaps on the result of evaluation.					

Please indicate any suggestion that you think important with question 2.

3. Questions related to standards of performance appraisal

S.N	Questions	SD	D	N	A	SA
3.1	I know that standards of performance appraisal addresses quality such as accuracy, appearance, usefulness, or effectiveness					
3.2	I know that standard of performance appraisal addresses quantity like how much the employee or work unit is expected to produce					
3.3	I feel that standard of performance appraisal addresses timelines or how quickly, when or by what date the employee or work unit is expected to produce the work.					
3.4	I understand that standards of performance appraisal addresses cost effectiveness or cost control.					
3.5	I am sure that standards of performance appraisal considers strategic relevance or addresses the extent to which standards relate to the strategic objective of the organization.					
3.6	I believe that performance appraisal of the organization achieves, stability or consistency or the extent to which individuals tend to maintain a certain level of performance over time (reliability).					
3.7	I can tell that there is/are no clearly identified standards.					

Please indicate any additional suggestion that you think important with question 3.

4. Questions about major problems that affect the employees performance appraisal

S.N	Questions	SD	D	N	A	SA
4.1	The supervisor or manager does not have enough information on employee's real work performance.					
4.2	The supervisor or manager does not have the skills to evaluate employee performance.					
4.3	Performance evaluation is not focused on employee development					
4.4	The rater consistently provide lower rating to people with certain characteristics, such as women and minorities (rater bias)					
4.5	The rater evaluate factors that affect performance but that are outside the control of the employee being rated.(situational influence)					
4.6	I feel that the rater take into consideration the performance of the employee throughout the evaluation period rather than looking the short term achievement or failure. (change over time)					

4.7	I observe that the rater most of the time influenced by specific dimension of performance (halo/horns).					
4.8	I observe that the rater depends more on the recent actions than the distant ones when he/she evaluates employees.					
4.9	I feel that supervisors rate employees similarly in all dimensions of performance					
4.10	Most of the time, I understand that performance appraisal in my organization mainly depends on attitude, appearance, and personality.					

Please indicate any suggestion that you think important with question 4.

5. Questions related with the responsible organ in employees performance appraisal.

S.N	Questions	SD	D	N	A	SA
5.1	Immediate supervisors are responsible to performance appraisal in United Bank S.C.					
5.2	Performance appraisal among peer is common in United Bank S.C.					
5.3	Subordinates have the chance to evaluate their supervisors or managers performance					
5.4	Individual employees assess their own performance appraisal					
5.5	Customers of United Bank S.C have chance to appraise employees performance.					
5.6	Appraisers use different information sources such as supervisors, customers, subordinate, colleagues and customers to evaluate employees performance(360 degree FB					

Please indicate any suggestion that you think important with question 5.

6. Questions that raise general issues in performance appraisal

S.N	Questions	SD	D	N	A	SA
6.1	The performance appraisal system of the bank have purpose					
6.2	Your organization collects information through performance appraisal and practically uses it to make personnel decisions for such things as raises, promotion, termination, and layoff					
6.3	United Bank S.C. prefer to provide greater rewards to higher performing employees and lesser rewards to lower performing employees.(compensation)					
6.4	The purpose of performance appraisal in united bank is basically to identify and prepare individuals for increased responsibilities.					
6.5	The HR department follows up seriously the training needs identified during appraisals.					
6.6	The appraisal data are used by the HR department for other development decisions like job-rotation, job enrichment and the like.					
6.7	The standards for appraising employees' performance are based on job-related requirements derived from job analysis and reflected in the job description and job specification.					
6.8	Managers and subordinates agree on performance expectations in advance of appraisal period.					
6.9	Employees of United Bank S.C. that are found in the same job category under the same supervisor are evaluated using the same evaluation instrument.					
6.10	Appraisers gate training on how to rate employees & conduct appraisal interviews.					
6.11	Employees of United Bank S.C. are allowed to see their performance appraisal results.					
6.12	Employees allowed to appeal appraisal results they consider inaccurate or unfair through a formal policy.					
6.13	My supervisor provide a continuous feedback on my performance					
6.14	The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussion.					
6.15	Performance review discussions are taken seriously by managers and sufficient time is spent in these discussions.					
6.16	The number of times appraisal conducted in united bank S.C is enough.					
6.17	There is no any performance review discussions in United Bank S.C					

Please indicate any suggestion that you think important with question 6. _____

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Sample size determination table

Table for Determining Sample Size from a Given Population					
N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note: N is population size S is sample size

Source. ROBERT V. KREJCIE and DARYLE W. MORGAN (1970) *Determining sample size for research activities*.