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College of Business and Economics

School of Graduate Studies

Department of Public Administration and Development Management

Assessment of Performance Evaluation System and Practices: The case of Bank of
Abyssinia

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Assessment of Performance Evaluation System and Practices: The Case of Bank of
Abyssinia

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This is to certify that the thesis prepared by Goshu Andarge entitled " Assessment of performance evaluation system and practices in Bank of Abyssinia S.C "which is partial fulfillment of the requirements for Degree of Masters in Public Management and Policy(MPMP),complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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I, the undersigned, declare that this thesis's my original work and has not been presented for Degree in any other University and that all sources of material used for the thesis have been dully acknowledged .

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Acronym and Abbreviation

HR-----Human Resource

HRM-----Human Resource Management

PA-----Performance Appraisal

PE-----Performance Evaluation

PES----- Performance Evaluation

SPSS-----Statistical Package for Social Sciences

BoA----- Bank of Abyssinia

S.C-----Share Company

Abstract

Right from its establishment, Bank of Abyssinia has been implementing employees' performance evaluation system whereby manager or immediate supervisors are involved in the evaluation process. The main objective of this study is to evaluate the performance system and practices in Bank of Abyssinia Share Company. In order to achieve the objective, the specific objective of this study is to assess how performance evaluation process is systematic, to assess fairness and objectivity, to assess performance feedback and coaching system, to identify the challenges of performance evaluation and to what extent measures taken by the management to improve performance evaluation system. The researcher has used a combination of mixed approach which are both qualitative and quantitative and descriptive research method was used. The data collection tools were interview and questionnaire. Total of 294 employees have been taken as a sample and the response rate was 90%. The researcher has used purposive and disproportionate stratified sampling method. Questionnaires were distributed among clerical and management employees. The study found out that Bank of Abyssinia uses to measure employees' job performance on December and June. The bank does not follow systematic evaluation process, lack of fairness and objectivity, lack of formal performance feedback and coaching, lack of self-evaluation and the performance standards of the bank. Bank of Abyssinia also faces so many challenges on its performance evaluation practice, most of them are rater's error like recency, halo/horns, lack of capacity of raters to take, etc and the remaining is the problem of the system. The HR department of the bank takes the ultimate responsibility for evaluation and supervisors take the lion share by filling evaluation forms for most of the employees. The evaluation result from this research study in Bank of Abyssinia used only for making promotion, bonus payment, transfer, and annual increment decisions. Formal Performance feedback and coaching 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 evaluation practice of Bank of Abyssinia S.C. has problems and weaknesses that need to be improved. Since some recommendations are drawn from the findings are, the bank has to establish strong and systematic written policy, guidelines used in performance evaluation process and system, fair approval practices should be adopted by the management in order to raise performance of its employees.

Chapter One

Introduction

1.1 Background of the study

Performance evaluation is a significant management tools that provide for the assessment of the quality of an employee's performance in an organization (Grote, 2002).Performance evaluation has progressively become part of a more tactical approach to incorporate HR duties and business policies and may currently be perceive as a common term covering a diversity of duties through which organizations try to evaluate employees and increase their ability improve performance and allocate rewards. Performance evaluation is widely used prescribed appraisal in several companies to decide employees' performance in relation to the success of organizational objectives, and to stay on ways for potential progresses.

Performance evaluation is the method by which employees are evaluated for the intention of increasing their progress or prepare a managerial decision. The important thing in this definition is that performance evaluation is considered as a managerial tool for making easy managerial decision associated to human resource (Wexley and Andgary, 1988).Employee evaluation is decisive to the operation of an organization plus to the improvement of employees. The organization wants to rank its employees. Employees must have their occupation received so that they can be recognized when appropriate. The execution of a successful performance evaluation programmed but, is problematical by the complex task of getting a strictly fair and correct evaluation of an employee's performance. (Wexley and Andgary, 1988).

Performance evaluation is a process to evaluate how each employee are executing and how they can develop their work performance and provide additional things to the whole organizational performance. If performance is accomplished with better intensions to administer and progress performance of individual employees with appropriate evaluation method, criteria, and principle, it will direct to improve organizational competence, efficiency and productivity.

Employee performance evaluation has been experienced by many organizations since centuries; it is one of the main significant requirements for productive human resource strategy of

organization. An organization's achievement or failure is greatly determined by valuable and well-organized consumption of resources at its disposal, such as human, financial, material, and information resources. Among these four resources, the human resource is the most significant part and crucial of all resources for the continued existence of an organization.

Financial sectors particularly Banks require to provide great concentration to their employees' performance and evaluation because they are primary who stand for the bank facing those celebrated customers. Beside, employees are accountable to generate good reflection about the bank to those customers so as to make the bank to be a leader in such competitive business situation. Consequently people have become the major cause of competitive advantage (Walters, 1995).

According to Ivancevich, (2004) It is significant to consider that people do the effort and produce ideas that demonstrate the organizational service. Hence, it is established that resources remain unused except the human element is involved. The level of human resource involvement should be assessed in the progress of a business and the system is known as Performance evaluation. Performance evaluation is advantage for both employees and managers. Managers gain from understanding their employees' weak points and strength. Understanding the employees aids to build crucial control for inadequate performing employee by providing training and development so as to get better his/her performance prior to rushing to penalty. It also aids to make reward and encouragement readily presented for those who performed well. In addition it is not only significant to employee's problem detection, but also significant to the organization for effective consumption of human resource by distinguishing well-performing employees from best for consumption of manpower, to get effectiveness and efficiency. Employees gain by receiving comment about their performance of specific period in time, to progress themselves on their poor performance or to improve their good quality. An organization's performance management structure assists to achieve its short and long time objectives by serving management and employees perform their works more efficiently and effectively, and performance evaluation is one element of this system (Bacal, 1999). Performance evaluation scheme summarize the general development that an individuals or group has made as consequence of being trained and to be in agreement on the latest objectives that should be set. Performance evaluation system (PES) is an essential Human Resource Development (HRD) instrument planned and exploit for the all

roundgrowth and development of employees and organizations. The information produced from these performance evaluation systems in general aids the management to put into practice certain administrative and developmental decision concerning selection, assignment, promotion, rewards training and execution. Performance evaluation is significant for employees' inspiration, thoughts and performance improvement, communicating organizational goals, and encouraging positive interaction among management and workforce (James and Manuel, 2009). The entire exercise is made to stay employee initiated in order that, the staff can develop their efficiency both in terms of quality and quantity with the intention that they can provide effectively for the short term and long term objectives of the organization. An organization's performance management system also aids to achieve its short and long term goals and objectives by serving management and staffs do their works more efficiently and effectively, moreover performance evaluation is one element of this system (Bacal, 1999).

Performance Management is an essential element of HRM and characterizes a significant system for managers to aid employees to attain objectives which are vital to an organization. According to Armstrong and (Baron ,2000), performance management is a planned and incorporated approach to carry persistent accomplishment to organizations by developing performance of the individuals who work in them and by improving the capacity of groups and individuals contribution. Performance evaluation is component of Performance Management (Bacal, 1999). Information acquired through the evaluation method can be used as a source for human resources management, bonus, carrier planning and promotion, succession planning, dismissal, procedure validation, criteria for selection, merit increment, transfer, termination, and criteria for selection procedure validation by means of different evaluation system. The effectiveness and achievement of an organization therefore rests on the individuals who shape and employ within the organization. Thus employees are the primary who stands for an organization need to provide great consideration to their performance.

As employees are one of the major important resources of the organization that can do things take place, the experience of performance evaluation is an integral and inseparable component of the organization's existence .carrying out performance evaluation aids an organization to reward and encourage successful performers and distinguish unproductive performers to developmental programs. These days, performance evaluation is one of the main essential elements of several

organizations' aims for competitive advantage through continuous performance progress (Bratton, 2012). With respect to this literature this research concentrated on the measurement of performance evaluation system and practices on employee performance the case of bank of Abyssinia.

1.2 Background of bank of Abyssinia

Bank of Abyssinia is one of the privately owned banks in Ethiopia that was established on February 15, 1996 as a share company in accordance with the commercial code of Ethiopia of 1960 and the licensing and supervision of banking business proclamation no 84/1994 with 131 shareholders, 25 million subscribed capital, 50 million authorized capital, and 18 million paid up capital, its work force was 32 and had only one branch. at this time the bank has the total workforce of 5005 employees, of which 3258 (65.10%) are male and 1747(34.9%) are female (607 managerial, 1755 clerical ,1123 non clerical ,15 temporary clerical and 1505 outsourced) and has 233 branches ,750,387 account holders ,the total deposit as of June 2017 reached 20.7 billion, the total outstanding loans and advance of the bank as of June 2017 reached 14.1 billion and a remarkable attainments registered a gross profit after tax of birr 704.5 million. Bank of Abyssinia has a plan to be devoted to best realize stakeholders" values through improved financial intermediation by deploying highly motivated capable and disciplined employee as well as state of the art of modern technology.(Bank of Abyssinia 2016/2017 annual report).

Vision, mission and core value of Bank of Abyssinia.

Vision

- To be the bank of choice for customers ,employees ,and shareholders

Mission

- To provide customer-focused financial services through competent, motivated employees and modern technology in order to maximize value to all stakeholders.

Core values

- Putting customer first
- Committed to excellence
- Being honest and accountable
- Working together as a team

- Caring for our community

The performance management system is one of the main purposes of HR department of the bank. The bank executes performance evaluation two times in a year and there are three types of standardized forms, that is Supervisor, clerical and non-clerical employees.

The problems of performance evaluation occur when the outcome of the evaluation fail to show the real performance of the employees, which in turn, directs to incorrect managerial decisions that can greatly affect the existence of the employees. Accordingly, this paper attempt to evaluate the employees' performance evaluation and practices of Abyssinia Bank S C. it is helpful for the bank to observe the difficulty taking place in relation with employees' performance evaluation and aids to take corrective action to defeat the cause and effects known.

1.3 Statement of the Problem

Although very few researches have been conducted by BOA and other researchers on performance evaluation system of BOA, Samuel, (2014), to the best of the researcher's knowledge, measurement of performance evaluation system of bank of Abyssinia had not been much addressed. Hence, realizing this gap, this study attempted to assess performance evaluation. So, it's the researcher's belief that this research shall contribute to narrow the knowledge gap in this view.

Majority of the organizations whether they are public or private, large or small, manufacturing or service apply performance evaluation, with different degrees of accomplishment, as a means of attaining a diversity of human resource management goals (Armstrong, 2009).

Walters (1995) clarify the major Performance evaluation confronts in the performance evaluation process: Some of the most familiar problems are, deciding the most quantifiable or measurable terms of evaluation criteria, shortage of ability of rater or assessor, generate a rating tool, the staff are not gave with performance feedback at the expected time, mistakes in rating and evaluation, it is not easy to identify employee training requirements, there is fewer contact between the staffs and administration and the extent of clarity and trust among manager and subordinate. Hence, it is the effect of that performance evaluation is of excellence thus working

as an instrument of worker performance. Due to numerous problems within the evaluation and response of the evaluation system, several areas require unit placed on employees to perform although not corresponding returns, e.g., force to complete the targets while not the essential tools to measure their performance. This has critical extended the amount of frustration as diversity of research carried on performance evaluation in commercial institutions has failed to describe the right outcome. However, such researches have failed to mark on the influence of performance evaluation quality on performance of employees (william and Fletcher, 2002). In the investment management corporations in an African country, performance evaluation as an essential instrument however, the standard of performance evaluation cannot be watched and its influence on employees' performance.

Few institutions are setting high attention on performance evaluation to discover the strength and weakness of their workforce to progress their efficiency, which successively aids the organizations to increase competitive advantage by means of human resources. These organizations have recognized that a highly sensitive performance evaluation method can be helpful for measurement of employee training requirements, response and suggestion for performance progress, employee merit appraisal, deciding of employee salary (Levin, 1986).

To reveal, poor performance evaluation consequences in managers' unpredictability, evaluators' bias, job frustration/low confidence of employees, contradiction of response, poor employee/managers' relationship, obstruct professional growth, reduce opportunity for merit raises. These happen because of inappropriateness of the criteria utilizes to evaluate the performance of the staffs, shortage of handling and knowledge of the evaluators, bias on individual personal impressions, unfair treatment of a person or group on the basis of prejudice, and bias of the raters, failure to give feedback as to the outcome of the performance evaluation. Given that, the above stated problems are inherent in almost in all organizations where there is a formally planned performance evaluation system and there are expectations about the continuation of those stated difficulties at bank of Abyssinia S.C.

According to research conducted by Solomon, (2016) about performance appraisal system in Abay Bank share company indicate that the performance appraisal system factors has great impact on employee motivation due to lack of fairness, lack of employee participation in

formulating standards ,giving less attention for performance evaluation .From observation like Abaybank sc. Bank of Abyssinia also characterized by these challenges of performance evaluation system.

Since, the above stated problems are observed in the organization the researcher wants to make those problems the main point for this study. It was also essential to identify problem raised and objection existing by the bank's employees at different positions subsequent to the bank failed to carry out performance evaluation. Therefore, it was tried to fill this gap by reviewing the performance evaluation system and practice on employee performance the case of bank of Abyssinia S.C and provide responses to the following research questions.

1.4 Research questions

1. To what extent the performance evaluation process of bank of Abyssinia is systematic?
2. What are the perception of employees on the fairness and objectivity of performance evaluation practice in the bank of Abyssinia?
3. What are the challenges of performance evaluation practice of the bank?
4. To what extent do employees receive the feedback and coaching on their performance in Bank of Abyssinia share company?
5. What are the measures taken by the management to improve the performance evaluation system and practices of the bank?

1.5. Objective of the study

General objective:

The major objective of this research is to assess and make analysis on the performance evaluation system and practices of the case of bank of Abyssinia.

Specific objective:

To this end the study addresses the following specific objectives:-

1. To assess how systematic is the performance evaluation process of bank of Abyssinia
2. To assess the perception of employees on the fairness and objectivity of performance evaluation practices in the bank of Abyssinia
3. To investigate the challenges of performance evaluation practice of employees.
4. To assess the extent to which employees receive feedback and coaching on their performance in Bank of Abyssinia.
5. To assess the measures taken by management to improve the performance evaluation system and practices of the Bank.

1.6 Significance of the Study

The major beneficiary of this research is for academic purpose, future research, it is also important in offering the organization with the possible solutions and measures to be carried to develop the presented performance evaluation system .It also advantage for the organization in discovering the actual feelings of their employees towards the systems and the causes for it and prove if the system correctly connected with other human resource occupation.

1.7 Scope or Delimitation of the Study

The research was carried out to assess the practice of performance evaluation system in Bank of Abyssinia S.C. The research were composed from the Head Office and selected Addis Ababa branches whose experience is greater than one year and employees who are involved in the day-to- day activities of the Bank. Therefore, the study were limited to an assessment of performance evaluation system in Bank of Abyssinia share company head office and selected 60(sixty) Addis Ababa branches only.

1.8 Limitation.

The findings of the study were interpreted in light of the limitations encountered while undertaking the research work. These include

- Time, as stated on the scope of the study due to time constraint the study were conducted on head office and purposively selected branches only, which otherwise was more comprehensive and exhaustive if it would have been included the employees at the branches.

- Due to the confidential nature of the performance evaluation, made difficult to get or access documents for the researcher;
- Participants in some cases reservation to clearly discuss the realities, lack of transparency and reluctance on the side of the participants;
- Opinion, the data obtained through both mechanisms was dependent on participants personal opinions
- Experience , on top of the above limitations ,the researchers' lack of prior exposure in the area of research work might have created impact on the final output and limited the research study to this end.

1.9 Organization of the Paper

This research paper has been organized in to five Chapters, chapter one is an introductory chapter which describes the introduction, back ground of the study, back ground of the organization,statement of the problem, research questions, objectives of the study, significance of the study ,scope of the study ,and organization of the paper are presented. Chapter two consists of reviews of related literature. Chapter three presents the research design and methodology.in this chapter the research approach , population, sampling method, data collection ,data analysis methods are described .The forth chapter deals with data presentation analyses, and interpretation of the research focus on the major finding of the research . Finally the fifth chapter consists of the summary of finding, conclusion and recommendations drawn based on the overall findings.

CHAPTER TWO

2. REVIEWS OF RELATED LITERATURE

2.1 Introduction

The main objective of this chapter is to provide a brief theoretical and practical thought about employees' performance evaluation system and practices in business organizations particularly banks. The research begins with providing emphasize on performance evaluation; according to the definition provide by various scholarly. Then, historical emergence of performance evaluation, objectives of performance evaluation, major problems encounter in the practice of performance, methods of performance evaluation; performance criteria's, benefits of performance evaluation, performance evaluation processes, perception of employees on performance evaluation and reviews identified the problems of the literature has tried to assess the factors influencing the outcomes of performance evaluation, finally , the researcher have attempted to summarize the results of the reviews of the literature as it is related to the subject areas are enclosed under this chapter.

2.2 Theoretical Review

2. 2.1 Meaning and Definition of Performance Evaluation System

Before defining performance evaluation one has to know what Performance management is. According to Armstrong(2009), Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a way of obtaining improved outcomes by understanding and administering performance in an arranged structure of planned objectives, principles and competency prerequisites. Performance management is occupied with: setting individual objectives to organizational goals and supporting individuals to sustain mutual core values; make possible anticipations to be defined and checked in terms of accountabilities and responsibilities (expected to do), ability (expected to have) and behaviors (expected to be); given that opportunities for those to recognize their own objectives and build up their ability and competencies. Toppo and Trusty (2012), their article entitled "From Performance appraisal to Performance Management" when talking about the coming out of performance evaluation declared that official evaluation of employee's

performance is supposed to have been came out for the first time during the First World War, when at the instance of Walter Dill Scatt, the US Army: developed the “Man-to-man” ranking system for measuring military workforce. This early employee’s measuring system was known as “merit rating”. From the army this thought got into the business sector and was limited to hourly-paid staff. During 1920s, relative wage scales for hourly-paid personnel were assumed in industrial sector and every worker to be ranked in contrast to others for deciding wage rates.

According to (Longenecker,1997)performance evaluation is two rather one words that frequently elicit a mass of strong responses, feelings, and thoughts, when come jointly in the organizational situation of a formal evaluation process. Most organizations all over the world apart from whether they are big or small, governmental or nongovernmental, manufacturing or service use performance evaluation, with deferent degrees of accomplishment, as a method to attain a diversity of human resource management goals. Organizations use various methods and have different objectives for performance evaluation, frequently resulting various misunderstanding as to the factual purpose of performance evaluation systems. Though, at its central, the performance evaluation procedure admits an organization to assess and measure an individual employee’s behavior and activities over a definite period of time (Wiese, 2000). As described by Yong (1996)Performance evaluation as an evaluation and rating exercise attempted by an organization on all its human resources either periodically or yearly, on the results of performance based on the job content, job requisite and individual behavior in the position. Hence, HR development, starts with the orientation given for new recruits, HR training and development, and moreover includes the basic information to transfers technological changes. Recommending development of all employees including managers and executives is appraisal of Employee’s performance evaluation Practice.

2.2.2. History of Performance Evaluation System

Performance evaluation was a commonly used management instrument in businesses around the 1980’s. Earlier modern uses of performance evaluation had been limited to Army Officers and Senior management, (Taylor, 2005). Though, evaluation has been there all over in the past and has progressed radically from time to time. Some of the previous indication of Performance evaluation was noticed in the 3rd century when a Chinese philosopher Sin Yu criticized a unfair

evaluator of the Wei Dynasty on the grounds that the Imperial evaluator of Nine Grades rarely ranks men by their merits but always ranks them based on his like and dislike (Patten, 1977). Evaluation was viewed additionally in 1648 when it was declared that the Dublin Evening Post evaluated legislators using a rating scale based on individual qualities (Wiese, 2000). After that Evaluation turned to a more official process, first in the 1800's when a General in the US Army presented an evaluation of his soldiers to the War Department. The Army General used an international ranking that defined his men as for instance a good-natured man" or a rogue detested by all" (Bellows and Estep, 1954).

The first registered assessment method in industry was by Robert Owen in New Lanark Mills, Scotland around 1800. He utilized character books and blocks to grade employees. The character book recorded each employee's every day report. The blocks were painted with different color on each side to interpret an appraisal of the employee grading them from strong to weak. These blocks were then exposed in the staff's office. Owen was glad with the how the blocks progressed the employees actions (Cardy&Leonard, 2011). Following the achievement of the evaluation system utilized in the Armed Forces, higher management of the huge US organizations wanted to try this method inside their organizations, and so appointed many of these people who were related with the exercise used in the Army. The methods for ranking developed eventually from International ranking towards Man-to-Man ranking and after that to Trait based Rating. These evaluation methods tended to keep out top management and also utilized the same types for all staffs regardless of ability and responsibilities. They tended to concentrate on previous events rather than of future goals and were all the time carried out by the manager with little contribution from the employee (Wiese, 2000). Because of this a change was brought about in the tools and accordingly the vital incident and enforced alternative methods were brought. These instruments were more progressed and essential than the prior approaches, but their complexity implied that they aren't readily applied in today's world (ibid).

The quality of performance evaluation in an industry context was increasing and by the early 1950s, 61 percent of organizations carried out performance evaluations regularly, contrasted to only 15 percent instantly after the Second World War (Spriegel, 1962). (Smith and Kendall 1963) produced the Behaviorally Anchored Rating Scales (BARS) speculated to be better optional evaluation tools in several. This substituted numerical or adjective ratings utilized in the

graphic or quality rating scales, with behavioral examples of real work conducts. BARS means supervisors could rank employees on evident behavioral elements, instead of on scale. The main benefit of such events is that the evaluator has to build some evidence about the employee. The evaluator is draw more in the part of observer and fewer in the part of judge (Schwab andetal, 1975). Various spin-offs to BARS have been developed since. The involvement of these progresses has been a stress on the behavioral grounds of performance ratings“ (Wiese, 1998).

One of the most powerful actions in the development of performance evaluation was the legal requirements that altered how evaluations could be conducted. The performance of the 1964 Civil rights Act in the United States, which barred managerial act on the basis of sex, religious beliefs, color, etc., directed to a legal practice for Performance evaluation. This legal restraint was the ultimate blow to subjective, mannerism based approaches (Banner & Cooke, 1984). This means that the use of personal appeal traits in Performance evaluation and the connections among evaluation and human resource effects had become directly regulated. This transform has brought a huge part in the change towards Performance evaluation as they are at this time, where there are various ethical concerns to receive into deliberation.

2.2.3 The Performance Evaluation Process

The mainpurpose of performance evaluation is to makeunquestionable that workforces are performing their jobs effectively. In order to realize the purpose of performance evaluation administrations should carefully plan evaluation systems and follow a series of steps as demonstrated bellow(Decenzo&Robbins ,2005),

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

1. Establish Performance Standards.

The first stage in evaluating performance is to pinpoint performance standard. A standard is allowed or specific criterion alongside which actual performance can be matched (Baird, et.al,(1990) Employees job performance standards are established based on the job descriptions. Employees are expected to effectively perform the duties stated in the job descriptions from the broad criteria against which employee's performance is measured.

2. Communicating Standards to Employees.

For the evaluation system to achieve its determinations, the employees must understand the criteria against which their performance is measured. As Decenzo&Robbins ,2005, stated to hold employees responsible, a written record of the standards should exist and employees should be advised of those standards before the evaluation follows. Providing the chance for employees to clearly understand the performance standards will increase their inspiration and obligation towards their jobs.

3. Measuring Performance.

As soon as employees have been employed their persistent performance and development should be checked in a organized way. This is the accountability of the immediate supervisor to observe the work performance of assistants and evaluate it against the previouslyconventional job performance standards and condition. The intention of performance measure is to identify departure from anticipated performance level (Decenzo&Robbins,2005).

4. Comparing Performance with Standard.

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

5. Discussing Appraisal with Employees.

For the appraisal system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitments towards their jobs, and support of the evaluation feedback. In other words, employees must understand it, must feel it is fair, and must be work oriented enough to care

about the results (Glueck, 1978). After the evaluation, the rater must describe work related progress in a manner that is mutually understandable. According Werther and Davis(1996).

In sum, it is important that employees should be fully aware that the ultimate purpose of performance appraisal system is to improve employee's performance, so as to enhance both organizational goal achievement and the employee's satisfaction

6. Initiating Corrective Action.

The organization has numerous alternative afterwardsevaluating performance and recognizing job deviation from job related principlesCorrective action can be of two kinds; one is instant and deals principally with indications, and the other is basic and looks into causes. Instant remedial action is frequently explained as putting out fires, where basic remedial action arrives to the cause of deviation and gives the impression to correct the difference constantly. Instant action adjusts something right now and acquires things back on pathway

Basic remedial action inquires how and why performance varied. In some cases appraisers may apologize that they don't have the time to obtain basic remedial action and then must be content to continuously put on fires. Good managers identify that consuming a little time to investigate the problem these days may save more time tomorrow when the difficulties may get heavier.

2.2.4 Guidelines for systematic and Effective Performance Evaluation System

- **Employee participation:** whatever the case may be, if the employees see the evaluation method as biased, not fair and misses validity, and then it may not have the probability to accept the result of the system by the employees. Involvement gives a chance to the employees to increase their influence into the evaluation course. Performance principles, standards for evaluation and the evaluation structure itself all can be formulated with the help of employees. Better employee involvement brings a pressure of collaboration and teamwork that make easy the growth of a coaching or counseling relationship, in doing so minimizing evaluation related anxiety and conflict between evaluator and evaluate (ibid). (Armstrong, 2009) commended that having a dialogue session among the employees and manager, regarding to the evaluation system, if any difficulty occurs, that can be talked about in the dialogue session without delay not months later when the employee's performance has been assigned rate and documented in private file.

- **Developing performance standards:** Standards to be prepared to that evaluation must be necessary for job duties and responsibilities. Once again, employees involvement developing reliability, validity, practical and fair performance standards.
- **Goal setting:** Goal setting is dominant motivational means. Goal setting comprises performance objectives that are particular, more or less challenging and conventional. Goal setting in performance evaluation has been related with greater evaluation approval and improved performance (Cardy and Dobbins et al., 1990).According to Pichler, (2012) providing employees a series of goals to be performed in the course of a year. When evaluation held annually, rate the employees' improvement in attaining these goals
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- **Sound performance appraisal interview:** If the evaluation interview is behaved poorly, the effectiveness of the evaluation method is missing. The interviewers have to be conscious about sympathy to employee desires for privacy and discreetness. It is of greatest importance to give full concentration during the interview and keep sufficient time for an entire discussion of the subjects (Roberts, 2003). To persuade employees to take part in the evaluation, Roberts, (2003) recommended request open-ended questions, i.e., the questions that cannot be replied with a simple yes, or no. Specially, he proposed instead of inquiring a question like, "Do you like your work?" asking like, "How do you see about working in this organization?" The second question needs a more caring and informative response
- **Self-evaluation:** This needs to adjust employees' general complaint "Our assessment method does not require any measurement of me into account. I wish to contribute my

opinion on what I have executed and where I might progress. Self- assessment allows employees a chance to systematically evaluate their accomplishments. Researches have pointed that self-assessment enhances employees' perceived appropriateness on the evaluation system. Employees can assess themselves by implementing their own assessment type and delivering the draft for exchange of views with the assessor. Obisi(2011), stated that employees who have a chance to appraise their own performance frequently arise with innovative solutions that would not have coated in the one-sided managerial assessment. (Ibid)If employees mark their own assessment; they do the rating and contain their remarks, then we see it together in detail. It solves the argument over who is correct and who is incorrect and enables us to focus on what's significant. It's important for employees to communicate their opinion about their performance in writing.

- **Management Feedback:** supervisor's reaction is needed for a commonsensible reason. When employees works good, they anticipate positive reaction; conversely, if the poor performers do not obtain any helpful reaction which tell them to progress, they will imagine that the current stage of performance is accepted in the company and they may not put further efforts to develop,Rahman and Shah,(2012). To have successful performance evaluation system, there must be official and unofficial performance response. (Roberts 2003, p. 93) . (Ibid) Feedback is necessary in acquiring the greatest gains from goal addressing. With no feedback, employees are not able to make modifications in job performance or accept positive support for successful job conduct. Successful performance feedback is well-timed, definite, behavioral in nature, and accessible by a convincing source. Performance feedback is successful in altering employee job performance and increase employee job satisfaction and performance. In the feedback, what the employee is working correct should be underlined. Emphasis also should be given on employee's strength. Present a short record of areas where the employee requires to progress, draw attention to the most significant ones to be better first.
- **Develop user-friendly procedure:** evaluation criteria and ranking procedure must not be complicated and they should be understandable by both supervisors and employees.

Performance criteria should include the main aspects of employee's work. But any key aspect is overlooked, it transmits the message that it is insignificant and can't be noticed.

- **Design relevant and specific appraisals:** occasionally employees criticize on evaluation method by saying "Our organization applies the identical evaluation for all posts. I think that the things I'm evaluated on don't relate with what I perform from day to day" (ibid). Evaluation method will be achievable only when the things measured deal with the requirements and important duties on the work. The criterion used should be precise and directly connected to the work.
- **Evaluator training:** The research done by the American Management Association describe that the major cause for employee and supervisor's disagreement with the performance evaluation forces is that a lot of supervisors are inadequately trained in how to present reaction to employees Mark, (2009). The individual who carries out the evaluation practice should obtain a broad training in setting goal, determining performance standards, dealing interviews, giving advice, keep away from ranking biases, etc. He/she should be knowledgeable how to carry out evaluations correctly, constantly, reasonably and neutrally. Particularly, high level management have to be conscious about the capability of the raters as stated by (Longenecker, 1978), an assessment may propose that a evaluators who always gives everyone high evaluations would be committing a leniency error. Conversely, evaluators who rated most employees low may commit fallen prey to the stringency error, and who rated many employees in the average of the level may be presenting the error of central tendency..

2.2.5 Employees' Perceptions on Fairness and Objectivity of Performance Evaluation

Employee perceptions of the fairness of their performance evaluations are helpful in deciding the achievement of performance evaluation systems (Erdogan, et al 2001). A huge amount of literature shows whether performance evaluation is productive based on ranking correctness and qualitative views of the evaluation, but it is logical to assume that employees' perception to the evaluation system could have just as much power on the achievement of an evaluation system (Cawley, 1998). An organization might build the most accurate and complicated evaluation system, but if the system is not familiar by the employee, its success will be restricted.

Fletcher, (2004) listed the three things that employees being evaluation looked for in a performance evaluation, these are: perceiving the evaluation as precise and fair, the quality of the existing association with the assessment and the impact of the evaluation on their rewards and happiness. According to Levin, (1986), performance evaluation system is fair if:

1. It provides adequate notice
2. Fair hearing which requires a formal review of meeting in which an employee is informed of a tentative assessment of his/her performance and employees are permitted to challenge the assessment; and
3. Judgment based on evidence that requires the organization to apply performance standards consistently across employees.

Subordinates responses to Performance evaluation may be a means of assessing their viewpoint towards the system (Cawley et al,1998). The main responses that can be measured are their satisfaction from the assessment, the usefulness; whether they felt they were fairly evaluation, how aggravated they were from the evaluation and the exactness of the system.

Kressler,(2003) notifies that employees are probably adopt and give meaningfully to the Performance evaluation proposal if they recognize it as an opportunity for individual progress, a chance to be observable and show skills and capabilities and an opportunity to network with others, however if employees perceive Performance evaluation as an irrational effort by management to attempt to nearer supervisor and obtain control over tasks they perform, they won't receive the proposal as with no trouble.

The achievement of any HR involvement in organization is closely dependent on employees' perception of that involvement" (Rahman& Shah, 2012). For performance evaluation to be successful and helpful, it is critical that those participating, the evaluator and the evaluate are both gaining from it and get the process a helpful tool, without this, it would not be possible for the system to work.

Performance evaluation isn't about the forms, the final goal of performance evaluation is to permit employees and supervisors to progress constantly and to avoid barriers to job accomplishment, in other words, to make everyone (Pettijohn, et al. 2001) recognize involvement and perceptions of justice as vital to employees' perceptions of job satisfaction and organizational commitment. They generalize that Performance evaluation Systems can be used mainly to develop work motivation employees' levels of job satisfaction and organizational commitment.

Generally Performance evaluation should be fair and objective and aligning employees to organizational goals. Fairness is emphasized more and trust will be developed if management acts fairly, equitably and consistently and if intentions and reasons for decisions are communicated to employees.

2.2.6 Objectives of Performance Evaluation

Ikramullah, et al, (2012), indicated that performance evaluation systems are being utilized for function of administrative decisions connecting to (promotion, salary, termination or retention, layoff) and developmental determinations like (furnishing evaluate with regular performance feedback, training of employees, determining employees strengths and weaknesses' employees' transfers). Similarly, Ikramullah, et al, (2012), acknowledged the following four goals of performance evaluation systems:

- Between employees (advancement to senior positions, adjusting pay package, distinguishing the low performer, termination from service).
- Within an employee (employee training requirements, detecting strengths & weaknesses, etc).
- System maintenance (organizational objectives achievement, facilitate in assessment of human resources system, organizational requirements for training and developmental requests of organization).
- Documentation (documenting human resources measures and having evidence in case of legal actions).

There are possibly many goals for undertaking performance evaluation. Grote,(2002), his writings assessing the condition of performance evaluation demonstrated the following goals.

- Enhance the communication among supervisor and assistant through the use of feedback between them;
- Identification of the extent for performance development and the way to attain this;
- Identification of employees training and development requirements;
- Identification of the possibility of employees for future promotion, or for retention or termination – all for progression planning functions;
- As the foundation for payment and reward, on the basis of performance;
- As a dominant way of managerial power, through the placing of goals in a hierarchal approach and a review of achievement or failure in attaining these.

Ikramullah et al (2012),confirmed that when Performance evaluation system is perceived as meaningless function, then it misses value in an institute and termed as confusing activity. The system exploiters (i.e. evaluator and evaluate) think the system as a requirement of evaluation form filling, which has no great consequence or implications for their improvement and rewards. so, in Performance evaluation system of an organization evaluation ranking must be connected with HR decisions, so that exploiters perceive that the system has some usefulness and it is not a useless practice of form filling. Fletcher (2004) conceives that the general purpose of Performance evaluation is Motivating employees, progression planning and distinguishing prospective, encouraging manager subordinate conversation and formal appraisal of disappointing performance. However, Khan, (2007) said that the fundamental goals of performance evaluation is to make easy management in functioning administrative decisions connecting to promotions, dismissals, layoffs and encouragement. From functioning the performance evaluation, management then have to build alternatives in connection to retention, potential coursework and training and developmental needs (Hillman, et al 1990). According to Obisi (2011), Organizational performance and its consequential effectiveness can only be accomplished when individuals are constantly evaluated. This explains why approximately all organization conducts out some structure of performance evaluation either on its own or as element of their performance management system.

2.2.7 Challenges Encounter in the Practices of Performance Evaluation of Employees

The use of ranking and other methods in Performance evaluation system suppose that the human observer is logically objective and correct but evaluators' memories are somewhat imperfect and evaluators' give to their own sets of expectations about people expectations that may or may not be valid. Regardless of the fact that a absolutely correct Performance evaluation system is only an ideal we can aim for, with all actual evaluation falling short of this ideal, among the different factors that significantly hinder evaluation is Bias. Bias is merely a personality-based tendency, either toward or next to something. In the case of performance assessment, bias is toward or next to an individual employee. All persons have biases, but managers particularly cannot afford to let their biases to enter into their evaluation of subordinates in the firm Ivancevich, (2004). This is too simple to say, but very hard to do. Biases make the evaluation process subjective rather than objective, and certainly give the probability for a shortage of uniformity in consequence on various groups of employees (ibid). So to defeat the bias problem, the evaluator requires for being objective and not allowing their feelings of liking or disliking pressure on the individual appraisal. Kressler, (2003)

The following widespread problems happened at the time of performance appraisal Decenzo & Robbins, (2005)

- **Recency vs. primacy Error:** Recency denotes to the nearness or proximity to evaluation time. Primacy is the reverse of recentness. It denotes to a circumstances where an employee's primary feeling influences his/her rater's evaluation result regardless of whether the employee has been able to stay with the early feeling or not.
- **Leniency error:** various raters have an attitude to be moderate in their rating by passing on higher rates every time. Regularly damaging one is assigning constantly small rates. Some appraise high (positive leniency) and others appraise low (negative leniency).
- **Halo error:** This is the trend for an evaluator to allow the measurement of an individual on one attribute influence his or her assessment of that individual on other qualities. An individual may be good in one attribute but is entirely rated as generally good. Halo effect takes place when attribute are not obviously defined and are unknown.

- **Similarity error:** This happens when assessor rates others in similar way that the assessor perceives him or herself.
- **Central tendency errors** the lack of enthusiasm to use the boundaries of a rating scale and to sufficiently differentiate between employees being rated. They adopt play safe policy due to answerability to management or shortage of knowledge about the work and/or the employee rated or the evaluators' short of awareness in their job.
- **Inflationary pressures:** influence of sameness and fright of revenge for low ratings directs to less discrimination between rated employees.
- **Inappropriate substitutes for performance:** Effort, appearance, enthusiasm, and others are less applicable for similar works than others.
- **Attribution Theory:** ratings are affected based on whether individuals' performance is because of internal factors they can manage and external factors which they cannot control. If low performance is accredited to internal control, the appraisal is more abrasive than when it is accredited to external control.

2.2.7.1 Challenges Resulting from the System of Performance Evaluation

Problems can be originate from the system of evaluation which involves the purpose of the evaluation it wants to serve, managements system, forms used and process used to make up the system. According to Levin, (1986) many of the problems in performance evaluation stem from the evaluation technique it self-the purpose it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system. The problems of performance evaluation are associated to the forms and procedures that make up the performance evaluation system (ibid). The form used to record the performance of the employees is blamed if it is burdensome not custom built and if employees did not participate in the design of the form of assessment (ibid). According to Deborah, and et al.(1997). Organizations need to have a systematic framework to ensure that performance evaluation is "fair" and "consistent"(ibid). In their study of "designing effective performance evaluation system", they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria.

They further reasoned that the system should help to create an inspired and devoted workforce. (Ibid) The system should have a framework to provide appropriate training for supervisors, raters, and employees, a system for frequent view of performance, accurate record keeping, a clearly defined measurement method, and a several rater group to perform the evaluation

2.2.7.2 Challenges Arising from the Rates

The problems of performance evaluation can also be recognized to the ratees, and involves the example of; their attempt to create unnecessary impression and work area ingratiation is one of the major problems with respect to rates. According to Mark,(2009), while discussing impression management, organizations occasionally exist in which subordinates gain credit for pushing ahead with management plans that are absurdly wrong, in pursuit of aims which are completely pointless, stifling criticism either of purpose or of method with cries of “commitment” and “loyalty”. Ingratiation English has a rich vocabulary to describe workplace ingratiate including words listed in dictionaries as “not in polite use” – which implies that the behavior is widely recognized, but not widely popular. Research suggests however that ingratiation does not always succeed in obtaining good performance ratings. Unsubtle ingratiation may sometimes be too blatant to be reliable, or palatable.

- Ingratiation and other impression management techniques also contaminate appraisal ratings, and make them less accurate reflectors of true worth to the organization. Besides undermining performance appraisal, and selection research, this tends to be bad for morale, when staff see persons whose true performance is poor, but who are good at ingratiating themselves, get merit awards, or promotion, or other marks of favor.

2.2.8 Methods of Performance Evaluation

Currently organizations use several systems to measure performance. Mathis and Jackson, 1997, p.352) designated that there are three methods for assessing performance evaluation. These are relative standards, absolute standards, and objectives.

- **Relative Standards** In this approach, employees are measure against other employees. These techniques are relative standards. The most known of the relative method are individual ranking and paired, comparison group order ranking.
- **Individual ranking:** In this category of evaluation, employees are rated from maximum to minimum. It is suggested that variation between the first and second worker is identical to variation between the twentieth and twenty first workers. In this way, the supervisor compares each individual with other than work standards Fletcher, (2004).
- **Paired comparison:** In this method, individuals are compared with all others in pairs. The number of comparison can be compute as

$$(N. (N-1))/2$$

N represents the number of employees

Following all the comparisons, the best person is decided for each quality (Mondy, 2008)

Group order ranking: In this method, individuals are sited into a particular category, such as “top one-third”. For example, if the evaluator has fifteen employees, only five can be in the top third and two must be classified to the bottom third (Decenzo, andRobine, 2005).

- In the absolute standards, as performance evaluation method, the employees are compared to a standard, and their evaluation is autonomous of any other individual in a workmate (ibid).The following methods are included in this group:
- **The essay evaluation:** It is the easiest measuring method in which supervisor writes details about individuals strong and weak sides, earlier performance, positional and implication for his (her)progress at the last part of assessment period. This type of assessments frequently includes characters of other methods to cause their flexibility. This system mostly mixes with other methods. In easy evaluation we try to stress on characteristics (Mondy ,2008).
- **The critical incident** evaluation: It stresses on main factors which make variation in performing a job proficiently. This method is more convincing for the reason that it is more associated to occupation and based on employee’s performance than behaviors. The advantage of this system is to attempt to determine employee’s performance in term of

occurrences and special incident which occur in job performance. These occurrences called decisive incident. In this method, the supervisor writes down the both negative and positive performance of individuals behavior in evaluation term (Mondy,2008).

- **The checklist:** In this method, the supervisor has a list of situations and instructions and compares it among employees. The listing is an arrangement of employee's behavior and performance. The outcome can be quantifiable and provide weight to characteristics. Responses of checklist are frequently "Yes" or "No" (Decenzo, 2005, as cited by Jafari etal., 2009).
- **The graphic rating scale:** This is the most frequently used system of performance assessment since they are less time-taking to build and manage and permit for quantitative investigation and comparison. It is a level that lists some behavior and sort of performance of each employee. Then, employees are rated by deciding a score which indicates their performance stage. The advantage of this system can be improved by using it in combination with the essay evaluation system (Mondy, 2008)
- **Forced choice:** This method was developed following a great deal of studies carried for the military services in the period of World War II. It is a technique in which the assessor should rate employees work characteristics among two or more states. Each state may be well prepared or not. The function of assessor is to decide which state has describing relevantcircumstance of employee most (Mondy,2008).
- **Behaviorally anchored rating scales (BARS):** This system substitute traditional numerical anchors methods with behavioral model of actual work characteristic. BARS allow the supervisor to rate employees based on visible behavioral attributes. The components of this method are effect of combination of key components of vital occurrence and procedural ranking scale evaluation methods (Wiese, 2000).
- **Objectives;** this approach to evaluation makes use of objectives. Employees are assessed on how well they performed a particular set of objectives that have been decided to be vital in the effective accomplishment of their work. This approach is commonly cited to as Management by Objectives (MBO). Management by objectives is a practice that transfers organizational goals in to individual goals. It contains of four steps: goal setting, action planning, self-control and periodic reviews (Ingham, 1998).

Methods which enhance success of performance evaluation systems would be significant. But, it is not likely to get one obvious solution to this difficulty. Simply an examination of the situation could be essential. The end result concerning the use of the different methods is that, what is significant about the various evaluation techniques is not the difference in the outcomes, but the importance and acceptableness of the system by employees and managers (Mathis and Jackson, 1997).

Performance evaluation has become an effect, occasionally even a considerable one, on the employee's welfare. It has assuming on income, future job, encouragement and, of course, also self-esteem, safety and position Kressler, (2003). Whether the outcomes are precise or not, there must be response on performance evaluation to staff. This will enhance the recognition level and decrease problems of communication and perception.

2.2.9 Criteria used to conduct Performance Evaluation

The criteria or criterion that management select to assess, when evaluating employee performance, will have a main influence on what employees perform. In general, the subject to be assessed is decided according to job description. The subject to be assessed can be brought up in the form of contribution to organizational goals (measures) like costs savings, production, return on capital, etc. Mathis and Jackson (1997) confirmed that criterion for measuring job performances may be categorized as, behavioral based, outcome based or trait-based as discussed below.

- **Individual task outcomes:** measure works associated to results like number of customers obtains service, quantity of deposits circulated, amount of transactions posted, number of tickets created, number of new accounts opened, etc.
- **Behaviors:** assess apparent physical activities and actions. In many cases, it is hard to identify specific results that can be directly referable to an employee's activities. This is principally correct of personnel in employees' positions and individuals whose work assignments are basically part of a group effort. In the second case, the group's performance may be readily evaluated, but the role of every group member may be hard or not possible to identify evidently. In such cases, it is not unusual for management to assess the employee's behavior. Accordingly a bank clerk may be measured on the basis

of such behaviors as the excellence of his/her customer services, his/her way of communication with workmates and customers, etc.

- **Traits:** Trait based criteria identify a subjective nature trait such as “creativity” or “pleasant personality”, “initiative,” and have little to do with the particular work. Such traits have a tendency to be confusing, and courts have admitted that assessment based on traits such as “flexibility” and “general manner” is too ambiguous to employ as the basis for performance-based HR-determination. If the criterion used focus exclusively on actions rather than output (results), or on behavior traits rather than performance, the assessment may not be well experienced Ivancevich(2004). In general, criterions are important when they compute employees on the most imperative aspects of their works. Mathis and Jackson (1997) again supplemented that jobs frequently include a lot of responsibilities and tasks, and so appraising performance frequently needs more than one measurement. If the performance criteria exclude some significant job duties, they are lacking. If some immaterial measurements are included in the criteria, the criteria are said to be contaminated. Managers use insufficient or contaminated criteria for appraising performance much more than they should.

Performance evaluation has a vital function in Performance Management Systems; it is normally the vehicle behind which the organizational goals and objectives are interpreted into an individual’s objective. It also remains the principal method of discussing and acting on the development of the personality (Fletcher, 2004). Performance evaluation systems are successful when they are founded on goals that are mutually set and are determined by an organization’s business strategy (Lawler, 2012). Performance evaluation from a social-psychological viewpoint as contrasting to the customary tool for measurement is getting more accepted, regarding Performance evaluation as a communication and social process.

2.2.10 Continuous Performance Feedback and Coaching

Another most important factor that increases the usefulness of performance evaluation is to provide feedback to employees regarding their performance. discussions enhances the effectiveness and efficiency of performance evaluation that clarifies the linkage between the design and evaluation, by providing chances for employees to get feedback on how they are

doing as getting informed has positive influence on their incentive and improvement (Bacal, 1999). Generally, performance evaluation is very much concerned with interrelationships between managers and subordinates, between managers and teams, between members of teams, and between individuals and groups and other participants (Armstrong, 2004), which reveals effective two way interaction as a basis for effective PE system. For challenging objectives to lead to high performance, they need to be go along with by adequate feedback. Feedback is the establishment of information to people on how they have performed in terms of results, events, critical incidents and significant behaviors. Feedback can be positive when it tells people that they have done well, constructive when it provides advice on how to do better, and negative when it tells people that they have done badly. Feedback in performance evaluation is positive in the sense that its aim is to point the way to further development and improvement (Greer, 2003). The performance feedback to employees generally aims at cultivating performance effectiveness through motivating behavioral change. Performance feedback not only generates modification in job performance but also improve evaluator's organizational commitment. Roberts (2003) also stated that without feedback, employees are incapable to make changes in job performance or receive positive reinforcement for effective job behavior. For feedback to improve performance evaluation of employees it must be timely, specific, and behavioral in nature and presented by a credible source (ibid).

Coaching plays significant role for addressing concerns and matters related to individuals performance to safeguard that employees contributions are in line with the organization's expectations. .

It is through the process of coaching that managers can be able to deliver support expected at to help employees become conscious of how well they are performing, their improvement areas, and what do they need to learn; delegating people to handle new tasks or enlarged areas of work with suitable guidance and monitor performance accordingly; get managers and individuals to use the situations as learning opportunities ;and providing guidance on how to carry out specific tasks as necessary on the basis of helping people to learn. (Armstrong, 1998).

As described under the Frankfurt School of Finance and Management training material on coaching for success, the coaching process provides the chance for managers to know the

strengths and weakness of employees and work with the employees to sort out the opportunities and ways to maximize the strengths and improve the weakness. For a performance management system to be effective, employee growth and performance must be continuously supervised concentrating on the outcomes realized as well as performances demonstrated by individual employee and team dynamics affecting the work environment. The systematic feedback between the supervisor and employee supported by the supervisor's continuous observation and documentation pertaining to how well the employee is meeting his or her established performance objectives is one major ingredient for the overall effectiveness of the performance appraisal to be conducted at the end of the appraisal period.

Management's feedback is necessary for a shared sense reason. When the employees do good jobs, they expect a pat on their backs (positive feedback); on the other hand, if the poor performers do not receive any constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve Williams, et al., (2005).

2.2.11 The 360 Performance Evaluation

360 degree, also well-known as multi-source assessment or multi rater feedback or multilevel feedback has been defined by (ward, 1997) as a systematic collection and feedback of performance data on an individual from a number of stakeholders .The feedback comes from the subordinates ,peers and managers in the organizational hierarchy as well as self-assessment.It provides an understanding on how an employee is perceived from different perspectives. Feedback is more difficult to ignore when it is repeatedly offered by multiple sources .The 360 degree review process is alleged to be superior to traditional forms of appraisal and feedback because it provide more complete and accurate assessment of the employees' competencies behaviors and performance outcomes (Bozeman, 1997).

According to Rasheed, et al (2011),) 360-degree appraisal might be useful tool in enriching performance appraisal and enhancing its acceptance ,but this will only be the case if the evaluator and the generally take in additional source of feedback as important and advantageous.

2.3.Reviews of Empirical Studies

Performance evaluation seems simple however researches inform us that it is frequently used in performance feedback and recognize each employee's effectiveness and weaknesses (Ruddin, 2005). For instance, researches were done applying a direct effects model to examine communication frankness based on various samples, such as perceptions of 229 employees of public listed organizations in Klang Valley, and perceptions of 133 employees of international organizations in Malaysia (Darehzereshki, 2013). Results of these research ascertained that perceived rate of result and perceived reasonable management had improved when the supervisor able to obviously provide explanations about the evaluation system objectives, policies and procedures, as well as effectively giving response in deciding employee performance rate.

Also some other studies have broadly examined the effect of the social consideration of performance evaluation on employee responses to these evaluations (Pichler, 2012). For example, employees' satisfaction with the performance evaluation procedure as a whole, the performance evaluation response, or employees' evaluations of the supposed quality, justice, and equality of the performance evaluation rule (Greenberg, 1986). Moreover, employee contribution in the performance evaluation process is absolutely associated to the satisfaction with the performance evaluation system, perceived fairness, and recognition of this a practice (Cawley et al., 1998). The connection among performance evaluation worth measured by communication, clarity, fairness and trust, of the performance evaluation process and job satisfaction and obligation based on a sample of more than 2,300 Australian non-managerial staffs of a large community sector business (ibid). They detect that employees who account a low performance evaluation feature (lowest levels of trust in supervisor, poor communication, and short of precision about expectations, sensitivity of a lesser extent of fair performance evaluation process) also account lesser degree of job satisfaction and dedicate great extent. Reliability and fairness impacted job perform and employees motive to a great extent. Additionally, allocable fairness impacted job performance to a reasonable extent. The research ascertained that ideas and findings, non-attendance/dalliance and timeliness had enhanced for the last five years. The research found that evaluation initiate employees by clearing up goals and arranging obvious future goals with preparation for exercise and progress needs to set up the performance objective. Communication allows employees with the opportunity of exercising a stage of process manage.

Belief in supervisors is significant for deciding satisfaction with the evaluation system. evaluation based on personal behavior have little worth for providing analytical response to employees or for planning training and development programs to restructure recognized skill inadequacies. This days research studies have also connected performance evaluation to performance of employees as Decenzo and Robins, (2005) revealed performance evaluation practices have a considerable and positive result on the performance of employees. (Najeeb ,2011) made a research on Performance evaluation in Habib Bank Limited and said that clear evaluation system is very important to an organization and the outcome of the evaluation influence the performance of every employee greatly.

In general lot of researches have been done regarding performance appraisal practice, but very few research was done to assess performance appraisal practice in Bank of Abyssinia Share Company. Therefore in this study the researcher assessed in detail the performance evaluation process of the bank, perception of employees, problems of performance evaluation and measures taken by management to improve the performance evaluation system of the bank to examine performance evaluation system and practice of the Bank.

CHAPTER THREE

3. Research design and methodology

3.1 Introduction

The main objective of this research study was to assess the practical application of the employee's performance evaluation system and practices in Bank of Abyssinia .The research design, research method, and source of data. Sampling techniques, target population, data collection tools/instruments and data analysis procedures are briefly discussed under this chapter.

3.2 Research Design/Approach

In this study the researcher conducted a mixed research which is combination of both quantitative and qualitative approaches to obtaining data for the desired results of bank of Abyssinia and the study was also employed a descriptive method, in an attempt to explain the practical application of the performance evaluation system in the selected Abyssinia Bank. This descriptive method set out to describe and to interpret what is going on. According to Best, (1970) this method is concerned with the conditions that exists; practices that prevail ,such researches are more concerned with real facts. To this effect, the study was tried to describe the performance evaluation practice of the bank under study.

To find out the existing conditions in employee performance evaluation system and practices in Bank of Abyssinia s.c ,it is essential to explore a depth research for this bank .Thus, the researcher chooses a mixed research approach to make the study.The researcher has made broad reviews on secondary data documents and detailed interviews. The research study was carried out in Bank of Abyssinia s.c head office and 60(sixty) selected Addis Ababa branches. Respondents were selected on the criteria which demands at least one year experience and permanent .Thus, it was believed to give them enough exposure to the performance appraisal system and practices of Bank of Abyssinia. The interview mainly stressed higher officials of the bank as they are the one involved in the constructing and arranging the job description and evaluation format and the evaluation process throughout the organization respectively. The

questionnaire was provided to 294 employees .If questionnaire was self-administered by the researcher and all selected participants were in person provided the questionnaire with a hard copy.

3.3 Sources of Data

In order to respond the expected research questions, the research tried to undertake mainly based on the data that gathered from both Primary and secondary source of data. Primary sources were employed due to their importance to gather data that aid in achieving the research goals. Primary data were collected through questionnaires of both types (closed-ended and open-ended) that were distributed to staff of the bank. Structured interview was maintained with officials. The interview discussion questions was intended to know the officials perceptive of performance evaluation system and practices at the Bank and to improve liableness of the data. Questionnaires were utilize to gather the necessary primary data for they are the most appropriate ones for the objective and interview was used so as to accumulate data that cannot be acquired through questionnaires and to balance reliability of the data gathered using questionnaires. Secondary data significant for this study work were gathered from the Bank's evaluation form. The literature reviews were also completely based on secondary sources, which are associated studies that were specified by various researchers and writers on the area under research.

Secondary data were carried out by reviewing documents such as journals, books, magazines Bank of Abyssinia annual reports,evaluation document citing to appropriate published materials that associate to Performance evaluation and practice of Bank of Abyssinia S.C

3.4 Data Collection Method

It is very important to use most applicable method to gather all essential data and information from various sources. So, the methods such as structured interview and questionnaire were used to gather primary data on performance evaluation system and practice of BOA.

Questionnaire helps to evaluate perception of employee on fairness and objectivity of the system, identify problems on the system and helps to evaluate the extent of its logicalness and it assists to score respondent answer.structured interview also used and allow the researcher to develop

focused, conventional and two way communications approach to collect data and helps to get in-depth information.

3.4.1 Questionnaire

The questions were structured with both open ended and closed ended type. Closed ended questions were adopted from other researches or designed by the researcher based on the research objective and open ended questions in order to give participants opportunity to express their feeling, perception, encountered problems related to the employees performance evaluation system and practice of the organization. The Questionnaires has two parts the first part deals with Demographic profile of respondents and the second part contained questions regarding the subject matter in the organization. The researcher carried out self-administered data collection methods and thus certainly contributed to the high response rate of 90% (only 10% respondents failed to return the questionnaire within the specified time frame.

3.4.2 Interviews

The interviews were conducted with the selected officials on a face to face basis; an interview guide was also developed. This had a great help to collect in-depth information to supplement and cross check responses obtained via questionnaires. The human resource department, result management and customer management (branch operations) were participated in the interview. five supervisory level personnel participated in the interview session. the primary concern was to obtain in depth information from those who have the ability to provide the needed information on the research subject. Since the performance evaluation format & job description and the evaluation process is normally crafted and administered by human resource department. due to this supervision function, supervisor of this department should have a broad understanding of the process of performance evaluation as well as an understanding of the benefits and challenges of the performance evaluation process at their respective ends.

3.5 Population, Sampling Methods, and Sample Size

3.5.1 Population of the Study.

The total population of this research consists of the bank of Abyssinia staffs at head office and branches, and as of June 2017 annual report shows the total employees reached 5005 of which 3258 (65.10%) are male and 1747(34.9%) are female (607 managerial, 1755 clerical, 1123 non clerical ,15 temporary clerical and 1505 outsourced) (Annual Bank of Abyssinia , 2016/17 report).

3.5.2 Target Population

Kothari, (2004), define target population as the list of elements from which sample size is actually drawn. The target population of this study is permanent staff of bank of Abyssinia S.C who works in different posts of managerial and non-managerial clerical position at head office and selected Addis Ababa city branches and who have more than one year experience which is 1249 employees .The basis for choosing these employees as target population is because they have a minimum of one time performance evaluation experience in bank of Abyssinia s.c

3.5.3 Sampling Technique and Sample Size

It was impractical to collect data on the whole population, considering the size as well as the time and financial resources available to the researcher, Hence the need to select a sample that will represent the whole population The study used stratified random sampling and purposive sampling method which is appropriate for selecting samples from the population. The sixty area Addis Ababa city branches which selected purposely from total Addis Ababa branches) along with the 17 departments in the head office and 2 Addis Ababa districts(West Addis district and East Addis district) were used to identify the participants that were selected to represent the population. A stratified random sampling allows us to take into account the different subgroups of people in the population (such as divisions, departments, and branches with respective positions) and helps guarantee that the sample accurately represents the population on specific characteristics. The researcher was started by dividing the population into subsamples or strata and the strata were based on employees groups as managers group, directors group, supervisors

group, specialists and officers groups. And these groups were taken from head office and selected city branches and have greater than one year work experience.

For the purpose of administering the questionnaires disproportionate stratified and purposive sampling was employed to select representative units of measurement. The sampling frame was divided into non-overlapping groups or strata, and sample was taken from each stratum. Stratified sampling was deemed appropriate as it ensured better representativeness of the population and reduced the probable sampling error as it ensured that different groups in the population were adequately represented Kothari, (2004).

Given the limitation of accessibility of time and other resources the sample size was determined by taking 5% sample error as follows: based on “Small Sample Techniques “developed by the National Education Association (NEA). Using the following formula,

$$S = \frac{X^2 NP (1 - P)}{d^2 (N - 1) + X^2 P (1 - P)}$$

S = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level

($1.96 * 1.96 = 3.84$).

N = the population size

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (0.05^2).

$$S = \frac{3.84 * 1249 * 0.50(1 - 0.5)}{0.0025 * (1249 - 1) + 3.84 * 0.5(1 - 0.5)}$$

Sample size 294

Total sample size is 294 to select these samples stratified random sampling method was applied

3.6 Data Presentation and Analysis Technique

Data analysis is a valuable and well-organized method of analyzing large group of data gathered from different sources. According to Marczyc (2005), in descriptive studies precise and complete description facts is the primary focus of the study. Accordingly, descriptive statistics was employed to describe the data. The researcher also suggested that, the most basic method and the starting point foundation of all statistical analysis, is frequency distribution and percentage. Thus, for the purpose of this study descriptive statistics like frequency distributions and percentages were used after the data collected code was assign for it and recorded using excel and analyze the collected data using the descriptive statistic aided by statistical package for social science (SPSS), because of its usefulness in analyzing large amount of data and integrating an extensive range of statistical procedure designed for social studies (Kothari, 2004). Moreover chart and tables were utilized to present data collected from primary sources. Data which was gathered from interview and secondary source was analyzed using qualitative method and integrated in the data discussion and interpretation part of the research.

Then, the outcomes were simply examined and interpreted to evaluate performance evaluation system and practices at bank of Abyssinia S.C. Results from the interview and open ended questions ,were also used in addition to the close ended questions Finally conclusions were depicted based on the data analysis and interpretations.

3.7 Ethical Consideration

To conduct any activities the researcher discussed with the offices, the study were not begin until permission is obtained. The study provided due consideration to ethical issues such as confidentiality and transparency. So as to make the study ethically acceptable, an effort was made to first brief the study participants on the research objective and importance of the study to the respondents. The subjects were also confirming that their answer would be used only for the purpose of the research and therefore would be kept confidential.

CHAPTER FOUR

4. Presentation, Analysis, and Interpretation of Data

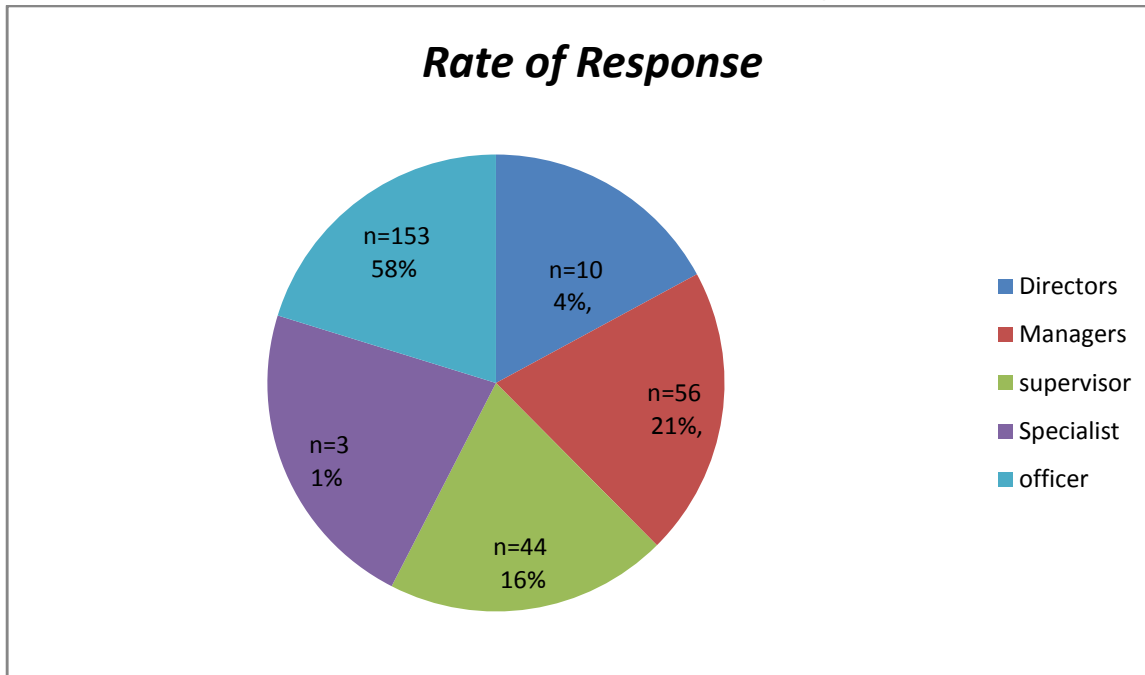
4.1 Introduction

This chapter deals with the presentation, analysis, and interpretation of the study in relation to the assessment of performance evaluation system and practices the case of bank of Abyssinia .The data has been collected through questionnaire from employees and interviews conducted with the higher officials discussion to arrive at meaningful results. The data collected are analyzed using SPSS and presented by using chart and tables. The chapter presents an analysis of the information designed to respond to the research objectives as outlined in the study.The issues discussed in this chapter includes; the respondents' demographic characteristics, systematic performance evaluation process, fairness and objectivity, problems in evaluation process and ongoing feedback and coaching respectively .There are three sections presented in the questionnaire.

4.2 Rate of Response

The data collection tool was distributed to respondents in all the strata, as per the proportion of the population /employees in each stratum. As per the sampling design 294 questionnaires were distributed.From the total distributed questionnaires 266(90)% questionnaire were found to be completed correctly and used for further analysis and the remaining 28(10%) questionnaires were not returned.As can be seen from the chart about 4% are directors, about 21% are managers,and16% are supervisors and the remaining 1%and 58% are specialist and officers respectively. These generalized data points out that majority of the respondentsareofficers.After receiving the questionnaires a thorough verification process was done before going to further analysis to check for completeness and consistency of the questionnaire

Chart4.2 - Summary of Questionnaire Distribution and Percentage of Collection.



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As indicated in the above chart 4.2 out of the total 294 questionnaires distributed 266(90%)responses were collected and the remaining 28 (10 %)were not collected due to different reasons. From these we can draw a conclusion is that adequate number of responses was returned that enables the researcher to assess performance evaluation system and practices of the bank.

4.3. Demographic Characteristics of Respondents

The demographic characteristics of respondents are discussed under gender (sex), educational level, age, job category, and employee's experience .This was analyzed to ascertain the demographic characteristics of the respondents used for the current study. The various findings relative to the respondents' demographic characteristics are presented and discussed with the aid of frequency, percent, tables and diagrams shown below:

Table 4.3. Demographic Characteristics of Respondents

| NO | VARIABLES | FREQUENCY | PERCENTAGE | |
|-------|-------------------------|------------|------------|------|
| 1 | Gender | Female | 117 | 44 % |
| | | Male | 149 | 56% |
| | | total | 266 | 100% |
| 2 | Age | 18-25 | 64 | 24% |
| | | 26-35 | 107 | 40% |
| | | 36-45 | 84 | 32% |
| | | Above 46 | 11 | 4% |
| Total | | 266 | 100% | |
| 3 | Educational Back Ground | Diploma | 8 | 3% |
| | | BA/BSC | 194 | 73 % |
| | | MA/MSC | 64 | 24% |
| | | PHD | 0 | 0 |
| | | TOTAL | 266 | 100% |
| 4 | Positions | Director | 10 | 4 % |
| | | Manager | 57 | 21% |
| | | Specialist | 3 | 1 % |
| | | Supervisor | 41 | 15 % |
| | | Officer | 155 | 58 % |
| Total | | 266 | 100% | |
| 5 | Work Experience | 1-5 | 88 | 33 % |
| | | 6-10 | 93 | 35% |
| | | 11-15 | 69 | 26% |
| | | Above 15 | 16 | 6 % |
| | Total | | 266 | 100% |

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As it can be seen from table 4.3 out of 266 respondents 56% or (n=149) of respondents participated in the study are male employees and 44% (n=117) respondents are female employees. respondents who are in the age group of 18-25 years covers 24% or (n=64) ,in the age group 26-35 are 40%or (n=107),in the age group of 36-45 are 32% or(n=84) and above 46 years of age are only 4% or (n=11)of the total respondents are male and This implies that majority of BoA employees are male and most of the respondents have been working in bank from six to ten years of experience and one to five years of experience respectively.Regarding educational status, the above table clearly indicates that respondents,24%(n=64) are MA or MSC (Master's degree) holders ,73%(n=194) represents are BA/BSC (Bachelor's degree) holders,3%(n=8) were diploma holders .The data obtained reveals that none of them have PhD holder among respondents .It could be said that most employees of BoA have first degree followed by masters of second degree .This implies that BoA has qualified man power that has potential for the development of both individual and organizational performance with regard to the position of respondents as shown in the above

table, majority of respondents are officers, 155(58%) followed by Manager, supervisor. Director, and Specialist, which represents 57(21%), 41(15%), 3(1%), respectively. This reveals that most of the employees are officer's staff.

4.4 Analysis of Employees' Response on Systematic way of Performance Evaluation process of the Bank

One of the specific objectives of the study was to find out the systematic or effectiveness of the evaluation process. To do this, respondents were asked to rate the questions under the following heading: As shown below on table 4.4 statement one asked employees have adequate understanding of the mission, strategy and objectives of Bank of Abyssinia 67(25.19%) and 76(28.57%) of the respondents agreed and strongly agreed respectively, whereas 51(19.17%) of the respondent disagreed and 47(17.67%) of them said they strongly disagreed and 25 (9.40) of the respondent said indifferent. The findings indicates that majority of BoA staff have adequate understanding of the overall BoA's mission, strategy and objectives. Since majority of respondents have adequate knowledge on mission, strategy and objective of BOA, helps for effective performance of their duties and responsibilities. On the other hand as can be inferred from the same table 4.4 statement two asked employees participate in setting performance evaluation process with their immediate supervisor. Large number of respondents that is 69(25.94%) and 80(30.08%) responded that they strongly disagreed and disagreed respectively .while 55(20.68%) and 44(16.54%) of the respondents agreed and strongly agreed respectively and 18(6.77%) neutral or un responsive. This shows that only 99(37.22 %) of the staff participated in the formation of performance evaluation process. Participation gives a chance to the employees to increase their influence into the evaluation process. Performance principles, standards for evaluation and the evaluation structure itself all should be formulated with the help of employees. Otherwise, whatever the case may be, if the employees see the evaluation method as biased, not fair and it may not have the probability to accept the result of the system by the employees.

As indicated in the same table 4.4 statement three respondents asked - criteria provided under performance evaluation are aligned with the objective / goal of the bank 65(24.44%) and 78(29.32%) of the respondents strongly disagreed and disagreed respectively and 27(10.15%)

indifferent while 50(18.8%) and 46 (17.29%) agreed and strongly agreed respectively. Most of the respondents disagreed and a few respondents agreed, the rest very few respondents neutral (unresponsive). From this we can conclude that in BOA the criteria provided under performance evaluation doubtful or not aligned with the objective. Hence evaluation should be aligned because successful Performance evaluation criterion aids the organization to attain its objectives by developing productive employees,

Regarding statement four table 4.4 asked -standards are prepared to the performance evaluation, 82(30.82%), 90(33.83%) strongly disagreed and disagreed respectively and 30(11.28%) neutral, whereas 35(13.26%),29(10.9%) agreed and strongly agreed. Here majority 172(64.64 %) of the respondents answered that standard for performance evaluation is not prepared. From this we can conclude that performance evaluation may not be standardized and objective enough to be understood and measured. performance evaluation should form standards in agreement with the organization's strategic objectives and acquire from company's strategic trend more clearly the job analysis and the job description. As a result the performance evaluation will be obvious and objective enough to be understood and measured..

Among respondents of Statement number five in the same table 4.4 that 101(37.97%),125(46.99%) strongly disagreed and disagreed 22(8.27%) neutral, in contrast 10(3.76%),8(3.01%) are agreed and strongly agreed respectively. Above 85% of the respondents disagreed with the performance system of the bank allow self -assessment system. Self-assessment allows employees a chance to systematically evaluate their accomplishments and enhances employees' perceived appropriateness on the evaluation system. McCarthy 2000) stated that employees who have a chance to appraise their own performance frequently arise with innovative solutions that would not have coated in the one-sided managerial assessment. It also solves the argument over who is correct and who is incorrect and enables to focus on what's significant. By not using self- assessment system the bank lost those advantages.

As it can be observed from the same table 4.4 statement number six, 55(20.68%), 62(23.30%) strongly disagreed and disagreed and 30(11.28%) neutral .in contrast 59 (22.18%),60(22.56%) agreed and strongly agreed respectively .

Table 4.4 -Employees Response on Systematic way of Performance Evaluation process of the Bank

| No | Items | | Strongly disagree | Disagree | neutral | Agree | Strongly agree | total |
|----|--|-----------|-------------------|----------|---------|-------|----------------|-------|
| 1 | I have adequate understanding of the mission, strategy and objectives of Bank of Abyssinia. | frequency | 47 | 51 | 25 | 76 | 67 | 266 |
| | | percent | 17.67 | 19.17 | 9.40 | 28.57 | 25.19 | 100 |
| 2 | In BoA employees participate in setting performance evaluation process with their immediate supervisor | frequency | 69 | 80 | 18 | 55 | 44 | 266 |
| | | percent | 25.94 | 30.08 | 6.77 | 20.68 | 16.54 | 100 |
| 3 | The criteria provided under performance evaluation are aligned with the objective / goal of the bank | frequency | 65 | 78 | 27 | 50 | 46 | 266 |
| | | percent | 24.44 | 29.32 | 10.15 | 18.80 | 17.29 | 100 |
| 4 | Standards are prepared to the performance evaluation | frequency | 82 | 90 | 30 | 35 | 29 | 266 |
| | | percent | 30.82 | 33.83 | 11.28 | 13.16 | 10.90 | 100 |
| 5 | Performance evaluation system allows self-evaluation | frequency | 101 | 125 | 22 | 10 | 8 | 266 |
| | | percent | 37.97 | 46.99 | 8.27 | 3.76 | 3.01 | 100 |
| 6 | Performance evaluation process encourages cooperation & team spirit | frequency | 55 | 62 | 30 | 59 | 60 | 266 |
| | | percent | 20.68 | 23.30 | 11.28 | 22.18 | 22.56 | 100 |
| 7 | Performance evaluation makes me better understand what I should be doing | frequency | 58 | 79 | 18 | 61 | 50 | 266 |
| | | percent | 21.80 | 29.70 | 6.77 | 22.93 | 18.80 | 100 |
| 8 | The objectives and processes of performance evaluation were described clearly to you. | frequency | 60 | 73 | 14 | 62 | 57 | 266 |
| | | percent | 22.56 | 27.44 | 5.26 | 23.31 | 21.43 | 100 |
| 9 | information generated through performance evaluation is used to motivate subordinate through recognition and support | frequency | 64 | 70 | 15 | 69 | 48 | 266 |
| | | percent | 24.06 | 26.32 | 5.64 | 25.94 | 18.05 | 100 |
| 10 | Performance evaluation process helps supervisor to manage people better | frequency | 66 | 78 | 20 | 62 | 40 | 266 |
| | | percent | 24.81 | 29.32 | 7.52 | 23.31 | 15.04 | 100 |
| 11 | Performance evaluation system links the organizational goal with my personal goals | frequency | 81 | 98 | 9 | 46 | 32 | 266 |
| | | percent | 30.45 | 36.84 | 3.38 | 17.29 | 12.03 | 100 |
| 12 | The performance criteria used to measure my performance are clearly defined | frequency | 69 | 76 | 19 | 65 | 37 | 266 |
| | | percent | 25.94 | 28.57 | 7.14 | 24.44 | 13.91 | 100 |
| 13 | It is clear about how performance is to be measured | Frequency | 58 | 81 | 24 | 70 | 33 | 266 |
| | | percent | 21.80 | 30.45 | 9.02 | 26.32 | 12.41 | 100 |
| 14 | PE establishes a clear connection between Performance and Rewards | frequency | 74 | 88 | 16 | 58 | 30 | 266 |
| | | percent | 27.82 | 33.08 | 6.02 | 21.80 | 11.28 | 100 |

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From the above findings we can draw a conclusion about 49 % of respondents agreed on performance evaluation process encourages cooperation and team spirit..One of the requirements for performance evaluation is employees' involvement/ participation because better employee involvement brings a pressure of cooperation /collaboration and teamwork that make easy the performance evaluation, in doing so minimizing evaluation related anxiety and conflict between evaluator and evaluation.

As illustrated from the above table 4.4 statement number seven 58(21.80%), 79(29.70%), strongly disagreed and disagreed respectively and 18(6.77%) neutral, while 61(22.93%) 50(18.80%)agreed and strongly agreed respectively, it can be conclude that(52%) of employees disagreed that performance evaluation makes them better understand what employees should be doing. Mostly standards in performance evaluation are expressed in confusing phrases that states for employees a little, because of that the performance evaluation may not be sufficiently obvious in his/her mind so that they are not better understand what he/she doing.

With regard to statement eight with the same table 4.4 about 60(22.56%) of respondents strongly disagreed 73 (27.44) disagreed and 57(21.43%) and 62 (23.31%) agreed and strongly agreed and a few respondents are neutral 14(5.26%) that the objectives and processes of performance evaluation were described clearly to employees. It is essential to describe the objectives and processes of performance evaluation for employees because there is some anticipation from them. For that reason it should not be part of the employees' occupation to estimate what is anticipated of them. From the finding we can say that the performance evaluation in the bank is not clearly describe for employees and they can't estimate the anticipation.

As per statement nine the same table 4.4 majority of respondents strongly disagreed 64(24.06%) and 70 (26.32%) disagreed when asked employees on information generated through performance evaluation is used to motivate subordinate through recognition and support. On the contrary 69(25.94%) and 48(18.05%) agreed and strongly agreed and others 15(5.64) are neutral. This also shows most of respondents disagreed that information generated through performance evaluation is used to motivate subordinates through recognition and support. Management should motivate employees by providing recognition and support.

Regarding statement ten table 4.4 more than 50% of respondents which is 66(24.81%), 78(29.32%) strongly disagreed and disagreed respectively, and 20(7.52%) are neutral on the contrary 62(23.31%) and 40(15.04%) are agreed and strongly agreed on performance evaluation process helps supervisor to manage people better. This shows majority of respondent's response disagreed with the statement. So, performance evaluation system should help supervisor to manage employees.

According to Statement eleven table 4.4 most of respondents 81(30.45%), 98(36.84%) strongly disagreed and disagreed respectively on performance evaluation system links the organizational goal with personal goals. and 9(3.38%) neutral. On the other hand, 46 (17.29%), 32(12.03%) agreed and strongly agreed on the same statement. Since, majority of the respondents disagree with the statement performance evaluation system not linked the organization goal with their personal goal.

As observed from the same table 4.4 on statement twelve 69(25.94%), 76(28.57%) are strongly disagreed and disagreed respectively and only 19(7.14%) neutral or indifferent while 65(24.44%), 37(13.91%) agreed and strongly agreed on the statement. In general majority of respondents said disagreed with the statement. This will lead to measure what it is not intended, biased, which results to de-motivate the employees and ultimately performance will not be optimized. Clearly defined performance criteria enhance the likelihood of getting correct information. The criteria we evaluate signify performance as it was commonly see in the first steps of the evaluation process. Therefore the actual measurement or grading system used to rate employee's performance needs to be designed carefully in developing a rating system, a clear definition of each level of performance must be provided and disseminated to all employees. Employees and all supervisors must clearly believe that a rating higher than average is available and will be given if appropriate. This again will help the employees to clearly understand that the measurement system is accurately reflecting the true level of performance for every employee (Boice and Kleiner, 1997)

In connection with table 4.4 statement number thirteen on the basis of employees is clear about how their performance is to be measured are 58(21.80%), 81(30.45%) strongly disagreed and disagreed, 24(9.02%) neutral and 70(26.32%) agreed, and 33(12.41%) strongly agreed. This

implies most of respondents disagreed on the statement .It is necessary to have clear measurement of performance. To decide what definite performance is, it is essential to obtain information about it. We should be anxious with how we measure and what we measure. But in this organization the finding show that majority of respondents are disagreed about is the clarity of performance measurement.

As it can be demonstrated on table 4.4 statement fourteen Most of the respondents strongly disagreed and disagreed respectively which are 74(27.82%), 88(33.08%) when asked performance evaluation establishes a clear connection between performance and rewards 16(6.02%) neutral while 58(21.80%)and 30(11.28%) agreed and strongly agreed respectively. Here also majority of the respondents which is 60.9% disagreed. It indicates that BOA should not apply satisfactory Performance evaluation system to produce well prepared performance rewarding. Therefore the individual performance and participation for attaining the objectives should take into account when the rewards provide, enlarge the engagement of employees and give a chance of participation of employees in achieving required object

The results were obtained from the interview conducted with officials. Respondents were asked do you believe that the employees understand the vision, mission, goals and values of the organization? Our bank vision,mission and values is on the notice board but few staffs didn't understand. The HR official indicated with the interview also strengthen the result obtained from the respondents that there is a discrepancy exists in the alignment of the performance appraisal process .And as per the questions asked what process do you follow in conducting performance evaluation, HR department notify heads of departments and branch manager fifteen days before the final submission date. Deputy manager or immediate supervisor filled the evaluation form and get it approved by the manger or higher supervisor then it will be given to the staff member to put his or her comment and sign on it. The length of evaluation period covers twice a year going as of December 31st and as of June 30. The purpose of performance evaluation system in Bank of Abyssinia is to make decision on promotion,bonus,transfer and salary increment. When officials asked do employees assess themselves before managers do the final review?No ,but we have a plan to implement for self- evaluation system. Finally when question asked that employees participate in setting objectives and are they aligned with strategic objectives the officials said that there is no objectives are set except managers have action plan .No alignment with strategic

goals. Is the performance measurement done against set objectives ? No it is rated based on the questions in the form which are similar for all employees. This lack of coherence makes it difficult to evaluate and link individual performance and its contribution towards the achievement of higher level results

To sum up, the items mentioned in the process of performance appraisal i.e. adequate understanding of the mission, strategy and objectives of Bank of Abyssinia (BoA, goal setting process is carried out jointly by the employees and their immediate supervisor, criteria provided under performance evaluation are aligned with the objective / goal of the bank, Performance goals have specific timeframe. Performance evaluation process encourages cooperation & team spirit , objectives and processes of performance evaluation were described clearly, Performance evaluation makes better understand what is to be done , information generated through performance evaluation is used to motivate subordinate through recognition and support, Performance evaluation process helps supervisor to manage .people better ,Performance evaluation system links the organizational goal with my personal goals ,performance criteria used to measure performance are clearly defined, Employee is clear about how their performance is to be measured, performance evaluation establishes a clear connection between Performance and Rewards .With regard to the factors that affect performance evaluation in BoA 's objective setting(lack of measurable ones), employee and supervisor relationship creating biasness and issue of similar positions which may not be equally planned and evaluated and judged by different supervisors differently. This being the case, poor ratings may be inflated while strong performance may be rated low which creates inconsistency and validity problem. The other interviewee also responded that staff knowledge of performance management especially with merit based payment would be another factor as employees may view appraisals in terms of money that they would gain instead of performance. Another factor would be manager's tendency for subjectivity and lack of records or evidences, as a result, many consider appraisal as time consuming and dislike doing formal performance appraisals. Another is the issue of favoritism to those who shares same cultural background. The other factor pointed out is the educational background of supervisors which influence on the staff performance follow-up and potential to enter into disagreement with specialist staff because of lack of knowledge and skill to understand employee's especial area of work. The other factor

revealed is that supervisors tend to focus on the gap instead of achievement and they lack evidence based review.

Finally, regarding any suggestion to improve performance management practice of BoA, the interviewees responded that objective setting has to be SMART, continuous coaching should be provided in that manager's skill need to be enhanced on coaching and mentoring, and improve record management

4.5 Analyses of Employees' Perceptions on Fairness of Performance Evaluation

Among the total respondents of table 4.5 statement one 63(19.92%) 68(25.56%) strongly disagreed and disagreed regarding on the question asked the performance evaluation process and performance review is transparent system and 22(8.27%) neutral while the remaining respondents 59(22.18%)and 54(20.30%)agreed and strongly agreed on it, coming to the judgment made of employees performance majority of respondents disagreed that judgment made about their performance evaluation process is transparent . An organization might build the most accurate and complicated evaluation system, but if the system is not familiar by the employee, its success will be restricted. Since it can be hard to satisfy everyone in the process of rating and human being by very nature has a hard time of accepting criticism .therefore might not accept the judgment made by their immediate supervisors.

Regarding statement two the same table 4.5 respondent replied that 59(22.18%), 65 (24.44%)stronglydisagreed and disagreed on rater gave them a fair assessment in recent evaluation and 28(10.53%) neutral while the rest of respondents 58(21.80%)and 56(21.05) agreed and strongly agreed respectively on fair assessment in recent evaluation.According to Susan, (1995), performance evaluation system is fair if, it provides adequate notice, fair hearing which requires a formal review of meeting in which an employee is informed of a tentative assessment of his/her performance and employees are permitted to challenge the assessment, and judgment based on evidence that requires the organization to apply performance standards consistently across employees. If it doesn't implement these issues it will not be fair.

Table 4.5 Perceptions of Employees' on Fairness of Performance Evaluation

| No | Statement | | Strongly disagree | Disagree | neutral | Agree | Strongly agree | total |
|----|--|-----------|-------------------|----------|---------|-------|----------------|-------|
| 1 | The evaluation process and performance review is transparent | frequency | 63 | 68 | 22 | 59 | 54 | 266 |
| | | percent | 23.68 | 25.56 | 8.27 | 22.18 | 20.30 | 100 |
| 2 | In my recent evaluation, my rater gave me a fair assessment | frequency | 59 | 65 | 28 | 58 | 56 | 266 |
| | | percent | 22.18 | 24.44 | 10.53 | 21.80 | 21.05 | 100 |
| 3 | The performance feedback I get from my supervisor is fair and constructive | frequency | 75 | 64 | 17 | 57 | 53 | 266 |
| | | percent | 28.20 | 24.06 | 6.39 | 21.43 | 19.92 | 100 |
| 4 | There is well established appeal process whenever needed | frequency | 80 | 96 | 11 | 44 | 35 | 266 |
| | | percent | 30.08 | 36.09 | 4.14 | 16.54 | 13.16 | 100 |
| 5 | I get fair and equitable reward for my performance | frequency | 73 | 82 | 27 | 50 | 34 | 266 |
| | | percent | 27.44 | 30.83 | 10.15 | 18.80 | 12.78 | 100 |
| 6 | I used to work hard only making sure that my supervisor watched what I am doing | frequency | 30 | 48 | 9 | 85 | 94 | 266 |
| | | percent | 11.28 | 18.05 | 3.38 | 31.95 | 35.34 | 100 |
| 7 | My rater gives equivalent rating to all to avoid resentment and rivalries | frequency | 41 | 54 | 30 | 76 | 65 | 266 |
| | | percent | 15.41 | 20.30 | 11.28 | 28.57 | 24.44 | 100 |
| 8 | The performance evaluation is capable of distinguishing effective performers from ineffective performers | frequency | 57 | 66 | 21 | 70 | 52 | 266 |
| | | percent | 21.43 | 24.81 | 7.89 | 26.32 | 19.55 | 100 |
| 9 | My rater is influenced by his/her personal liking and dislike when evaluating my performance | frequency | 24 | 56 | 10 | 99 | 77 | 266 |
| | | percent | 9.02 | 21.05 | 3.76 | 37.22 | 28.95 | 100 |

Own survey 2018

As illustrated in the above tables 4.5 statement three employees response rate regarding to the performance feedback from supervisor is meaningful and constructive the response rate was 75 (28.20%) of strongly disagreed and 64 (24.06%)disagreedand 17 (6.39%) are indifferent. While 57(21.43 %) agreed, and 53(19.92%) strongly agreed respectively.This implies that it is almost

significant number and percentage of respondents disagreed on supervisor are providing meaningful and constructive feedback.(Boachie-Mensah&Seidu (2012)notifies that employees are probably adopt and give meaningfully to the Performance evaluation proposal if they recognize it as an opportunity for individual progress, a chance to be observable and show skills and capabilities and an opportunity to network with others, however if employees perceive Performance evaluation as an irrational effort by management to attempt to nearer supervisor and obtain control over tasks they perform, they won't receive the proposal as with no trouble.

Respondents of table 4.5 statement four 35 (13.16%) strongly agreed and 44 (16.54%)agreed that well established appeal process whenever needed, whereas 80 (30.08%) of them strongly disagreed, 96 (30.09%) are disagreed and the rest of respondents 11(4.14%) were neutral. This implies that majority of respondents disagreed on the statement. From this it can be drawn a conclusion unless there is well established process to appeal employees demotivated and will have negative impact on organization.

As it can be inferred from the abovetable 4.5 in statement five 73(27.44%) strongly disagreed 82(30.83%) disagreed and 27(10.15%)neutral while 50(18.80%) agreed 34(12.78%) strongly agreed respectively. This shows that majority of respondents decided to disagree that employees got fair and equitable reward for their performance.

Furthermore majority of respondents of table 4.5 statement six 85(31.95%) and 94(35.34% are agreed and strongly agreed on employees work hard only making sure that my supervisor watched what I am doing, while 30 and 48 are strongly disagreed and disagreed respectively the rest of respondents 9 (3.38%) are indifferent. This implies most of the respondents agreed with the statement employee's work hard only making supervisor watched other than their motivation.

The level of agreement regarding table 4.5 statement seven that explains appraiser gives equivalent ratings to avoid resentment and rivalries. Majority of the respondent 41(15.41%) strongly disagreed and 54 (20.30%) disagreed,while 76(28.57%) agreed and 65(24.44%) strongly agreed the rest 30 (11.28%) are neutral. This explains that just for avoiding a rivalry among employees the rater's tend to give equal ratings which discourage the hard worker since no

difference is noted between those who perform well and poor. The cause for this also related with the lack of necessary knowledge and skills on the side of the appraiser.

In connection with table 4.5 statement eight ,though performance criteria are objective, most of the respondents 57(21.43%) strongly disagreed 66 (24.81%) disagreed that the elements mentioned criteria to distinguish effective from ineffective performers, while 70 (26.32%) agreed 52(19.55%) are strongly agreed and 21(7.89%) are indifferent disagree with this statement and the rest of 17.2%were neutral.

Regarding on table 4.5 statement nine that asked rater is influenced by personal liking and disliking, the majority of the respondents 24(9.02%) strongly disagreed and 56 (21.05%)disagreed respectively, while 99(37.22%) agree and 77 (28.95%) strongly agreed and the rest of respondents 10 (3.76%) are neutral. This item also directly related with performance standards/criteria objectivity i.e. appraisal is conducted against the pre-established criteria and now with the personal bias. So to defeat the bias problem, the evaluator requires for being objective and not allowing their feelings of liking or disliking pressure on the individual appraisal (Caruth and Humphreys, 2008) .The interview result also shows that the officials asked Do fairness and objectivity of the performance evaluation system in bank of Abyssinia? The officials answered no it contains subjectively, the question of fairness and transparency also questioned .the evaluation result sometimes communicated to the individual by his superior and it will not be disclosed fairly.

4.6 Analysis on Employees Response on Objectivity of Performance Evaluation

As indicated below table 4.6statement one majority of the respondents 66(24.81%) 78(29.32%) strongly disagreed and disagreed respectively and 33(12.41%) are neutral while 49(18.42% and 40(15.04%) agreed and strongly agreed when asked Performance evaluation reflects their performance objectively. This shows significant numbers of respondents are against the system. Performance evaluation should be fair and objective and aligning employees to organizational goals. As it can be demonstrated from the same table 4.6 statement two of the total respondents 79(29.70%) ,84(31.58%) strongly disagreed and disagreed respectively on performance evaluation criteria are free from subjective elements .

while 47(17.67%) 36 (13.53%) agreed and strongly agreed ,the rest 20(7.52%) are neutral this implies that majority of the respondents opinion evaluation criteria are subjective elements.

Table 4.6 Employees Response on Objectivity of Performance Evaluation

| | | | Strongly disagree | agree | neutral | agree | Strongly agree | total |
|---|--|-----------|-------------------|-------|---------|-------|----------------|-------|
| 1 | Performance evaluation reflects my performance objectively | frequency | 66 | 78 | 33 | 49 | 40 | 266 |
| | | percent | 24.81 | 29.32 | 12.41 | 18.42 | 15.04 | 100 |
| 2 | The performance evaluation criteria are free from subjective elements | frequency | 79 | 84 | 20 | 47 | 36 | 266 |
| | | percent | 29.70 | 31.58 | 7.52 | 17.67 | 13.53 | 100 |
| 3 | I am evaluated fairly based on predetermined standards without subjectively and biased | frequency | 61 | 77 | 25 | 58 | 45 | 266 |
| | | percent | 22.93 | 28.95 | 9.40 | 21.80 | 16.92 | 100 |
| 4 | The performance evaluation system encourages me for better performance | frequency | 45 | 67 | 15 | 76 | 63 | 266 |
| | | percent | 16.92 | 25.19 | 5.64 | 28.57 | 23.68 | 100 |

Own source 2018

As it can be seen from above table 4.6 statement three the majority of respondents 61(22.93%), 77 (28.95%) strongly disagreed and disagreed on fair evaluation according evaluation fairly based on without subjectivity and biased. and 25 (9.40) are neutral on the contrary 58(21.80%),45(16.92%) are agreed and strongly agreed respectively. In this regard most of respondents are disagreed on fair evaluation according to the setting standards without subjectivity and biased. This shows that the appraisal system of the bank is unfair and subjective, lacks objectivity and biased. Thus we noted that most of them are biased make the evaluation process subjective rather than objective, and certainly give the probability for a shortage of uniformity in consequence on various groups of employees (Ali, Mahdi and Malihe, 2012).

On the other hand, regarding table4.6 statement four majority of respondents 76(28.57%) and 63(23.68%) strongly disagreed and disagreed on performance evaluation system encourages

employees for better performance and 15 (5.64%) are indifferent, While 45(16.92%) and 67(25.19%) agreed and strongly agreed respectively on the statement. (, Pettijohn, Taylor & Keillor ,2001) recognize, the final goal of performance evaluation is to permit employees and supervisors to progress constantly and to avoid barriers to job accomplishment, in other words, to make everyone involvement and perceptions of justice as vital to employees' perceptions of job satisfaction and organizational commitment. They also generalize that Performance evaluation Systems can be used mainly to develop work motivation, employees' levels of job satisfaction and organizational commitment. But in the case of BOA the performance evaluation system doesn't encourage employees for better performance since, Majority of the respondent are disagree with the statement.

4.7 Analysis on Challenges of Performance Evaluation Process in BoA's

In order to run good performance evaluation system in the Bank, the problem which affect the evaluation system should assessed regularly. Banks may use accurate tools for rating its employee's performance. However, as it can be seen from table 4.7 below majority of respondents 81(30.45%), 66(21.05%), agreed and strongly agreed with the statement supervisors are ranking by assigning higher rate consistently, 27(10.15%) neutral and 42(15.79%) 50(18.8%)strongly disagreed and disagreed with it. From these we can conclude that supervisors have an attitude to be moderate in rating by passing on higher rates every time or constantly small rates then they are committed leniency error.

As can demonstrated from the table 4.7 statement two respondents replied that 38(14.29%),61(22.93%),strongly disagreed and disagreed10(3.76%),neutral 87(32.71%), 70(26.32%) agreed and strongly agreed, most of the respondents agreed and strongly agreed with inappropriate generalization from one aspect of individual performance to all areas. It can be conclude as boss follows wrong generalization from one side of performance to all part of employees' performance and committed halo error.

Table 4.7 Challenges of Performance Evaluation Practices in BoA's

| no | Statement | | Strongly disagree | disagree | neutral | Agree | Strongly agree | total |
|----|---|-----------|-------------------|----------|---------|-------|----------------|-------|
| 1 | Supervisors are ranking by assigning higher rate consistently | Frequency | 42 | 50 | 27 | 81 | 66 | 266 |
| | | Percent | 15.79 | 18.80 | 10.15 | 30.45 | 21.05 | 100 |
| 2 | Inappropriate generalization from one aspect of individual performance to all areas | Frequency | 38 | 61 | 10 | 87 | 70 | 266 |
| | | Percent | 14.29 | 22.93 | 3.76 | 32.71 | 26.32 | 100 |
| 3 | Rater evaluates on employees at an average even their performance actually varies | Frequency | 44 | 62 | 19 | 88 | 53 | 266 |
| | | Percent | 16.54 | 23.31 | 7.14 | 33.08 | 19.92 | 100 |
| 4 | Rater evaluates employees based on recent or past performance | Frequency | 34 | 40 | 9 | 96 | 87 | 266 |
| | | Percent | 12.78 | 15.04 | 3.38 | 36.09 | 32.72 | 100 |
| 5 | Appraiser's biased in evaluating employee performance | Frequency | 45 | 51 | 30 | 77 | 63 | 266 |
| | | Percent | 16.92 | 19.17 | 11.28 | 28.95 | 23.68 | 100 |
| 6 | No link between some evaluation criteria and employee job | Frequency | 39 | 45 | 27 | 82 | 73 | 266 |
| | | Percent | 14.66 | 16.92 | 10.15 | 30.83 | 27.44 | 100 |
| 7 | Lack of communicating performance standards and expectations to the employee | Frequency | 55 | 44 | 16 | 80 | 71 | 266 |
| | | Percent | 20.68 | 16.54 | 6.02 | 30.08 | 26.69 | 100 |
| 8 | Appraiser's is not qualified person (lack the necessary knowledge, skill and experience) to evaluate performance. | Frequency | 37 | 44 | 28 | 88 | 69 | 266 |
| | | Percent | 13.91 | 16.54 | 10.53 | 33.08 | 25.94 | 100 |
| 9 | Appraiser's lacks file on appraiser's work to evaluate | Frequency | 31 | 48 | 23 | 86 | 78 | 266 |
| | | Percent | 11.65 | 18.05 | 8.65 | 32.33 | 29.32 | 100 |

Own survey 2018

As illustrated on the above table 4.7 statement three most of respondents which is 88(33.08%), 53(19.92%) agreed and strongly agreed, 19(7.14%) are neutral and 44(16.54%), 62(23.31%) disagreed and strongly disagreed with question asked “rater evaluates on employees at an average even their performance actually varies”. since many of the respondents agree with the statement it can be said that rater rates employees in the middle range even their performance is higher or lower and they are committed central tendency error. on the other hand, when asked rater evaluates employees based on recent or past performance respondents are agreed that they faced regency and primary error which happen when managers are likely to performance highly than performance behaviors that perform previously. Take into account all performance behaviors in the performance evaluation of employees can bias the evaluation (Lunenborg, 2012).

During the interview session respondent’s forwarded reasons to justify their opinion were :of all the evaluation purposes the organization is stressing on the documentation of evaluation result to employee file as a routine formality without any further purpose sought .subjectivity involved in the process due to domination of behavioral criteria in the evaluation contents, loose connection between performance criteria and actual employee job performance and lack of rater ability leads to absence of common ground on how it is carried out ,what purpose sought from the evaluation and what administrative decisions would be taken based on the result..

Among the table 4.7above statement number four 96(36.09%), 87(32.72%) agreed and strongly agreed and 9(3.38%) are indifferent. while 34(12.78%),40(15.04%)strongly disagreed and disagreed respectively. This shows majority of employees agreed on the statement: Rater evaluates employees based on recent or past performance from this researcher concludes that managers or supervisors are evaluating employees based on events that occur during last few months rather than the entire year .This indicates that appraiser feels that evaluation is a onetime activity and is exposed to commit regency error i.e. to look for only recent performance

From the respondents table 4.7 statement five 45(16.92%),51(19.17%),30(11.28%),77(28.95%) and 63(23.68%) strongly disagreed ,disagreed, neutral, agreed and strongly agreed therefore majority of respondents are agreed upon Appraiser’s biased in evaluating employee performance. Evaluators’ memories are somewhat imperfect and evaluators’ give to their own sets of

expectations about people expectations that may or may not be valid. Among the different factors that significantly hinder evaluation is Bias. All persons have biases, but managers particularly cannot afford to let their biases to enter into their evaluation of subordinates in the firm (Kumbhar, 2011).on the other hand,statement six 39(14.66%),45(16.92%),27(10.15%), strongly disagreed, disagreed and neutral respectively on the contrary most of respondents 82(30.83%) and 73(27.44)agreed and strongly agreed respectively on the statement . This shows majority of the respondents agreed up on no link between some evaluation criteria and employees job. According to Deborah F.B and Brain H. Kleiner (1997) organizations need to have a systematic framework to ensure that there is a link between some evaluation criteria and employees job. In their study of “designing effective performance appraisal system they conclude that designing an effective appraisal system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria.

As per the above summary table 4.7 statement seven 71(26.69%) and 80(30.08%) agreed on that Lack of communicating performance standards and expectations to the employee, while 55(20.68%) and 44(16.54%)of the staff disagreed that lack of communicating performance standards and expectations to the employees .the remaining 16(6.02%) are indifferent.this implies that majority of respondents agreed on the statement . performance evaluation system requires for the staffs and the manager to agree on list of objectives to be accomplished over the year to come the management. Therefore needs to work on the leadership skill of those managers who are to communicate their expectations to the staff.

On the basis of the above table 4.7statement eight Appraiser’s qualifications (lack the necessary knowledge, skill and experience) to evaluate performance 13.91% and 16.54%of the total respondents strongly disagreed and disagreed that rater’s are well trained to evaluate employees’ performance. Whereas 33.08% and 25.94% agreed and strongly agreed the issue and 10.53 % are neutral to the statement. This indicates that appraiser’s training and development program based on performance assessment of employees is not satisfactory. The system should have a framework to provide appropriate training for supervisors. If managers/evaluators are not well trained, they will face difficulties on how to enhance the career path of their employees and potential employees start to look for other opportunities in the market. rater’s need to equipped

with the proper ethics of conducting evaluation which can be achieved through training opportunities further more employee participation in the appraisal process should be encouraged as it will help to illuminate the rater problems and reverse the level of dissatisfaction with the process as employee will feel that their voices are heard. raters training suggested on the above should also enhance the ability of raters in handling and promoting healthy work environment where harmony presides over dispute regarding performance appraisals.

Regarding the Analysis of the opinion of the respondents revealed out table 4.7 statement nine appraiser's do not have trended of filing employees' performance record. Large amount of respondents (11.65%),(18.05%) strongly disagree and disagree respectively this point. relatively insignificant amount of respondents oppose this issue. 8.65% of the respondents neutral to the item. While majority of respondents 32.33% and 29.32 % are agreed and strongly agreed on the issue respectively. For frequent review of performance accurate record keeping, a clearly defined measurement system must be prepared to perform the appraisal. From the above finding, we can conclude that managers are not filing employees' performance record properly..

One of the strong mechanisms to give fair appraisal results to direct repartees is to have a thorough documentation about some good and weak results. This helps to remember the appraisal factors. It enables the appraisers to give constructive feedback and avoid unnecessary argument as well as influence by recent incidents which do not make up majority of the direct repartees performance throughout the evaluation period. The respondents were requested how far they practice such activity. When asked on the interviews were supervisors and subordinates trained on performance evaluation system at least once and regarding the problems or factors did you observe that harms performance evaluation process in Bank of Abyssinia. As it contains subjectively, the question of fairness and transparency are always a challenge that may demotivate employees and appropriate action/measures not taken by top level management. managers keep track of performance records, but not formally documented .Managers can be requested to provide a detail if employee's performance resulted is below average. grievances from employees in relation to the performance evaluation system.

Generally, it can be observed from table 4.7, majority of respondent confirms that they don't take adequate training programs which aims at reducing or minimizing errors that enables them the

likely effect of raters .from the analyses above most of the respondents replied that they frequently faced with errors that are common in bank of Abyssinia. In answering the open ended question respondents also suggested the following suggestions to curve the rater's error they faced. These are:

- To make raters aware of the errors through formal training.
- To use multi source assessment technique -360 degree feedback
- Raters should be rational
- Conducting continuous observation and keep record on employee performance regularly.
- Incorporating supervisors comments
- Involve individuals in the process
- To make jobs more specific and measureable
- Not to be lenient while appraising
- To read more about such errors and to be aware of them
- To pay attention to the individual performance rather than personalities

4.8 Analysis on Employees' Response on Performance Feedback

The table 4.8 indicates that most respondents 89(33.46%) and 97(36.47%) strongly disagreed and disagreed respectively to have a chance give feedback while my performance is appraised, while 43(16.17%) and 22(8.27%) agreed and strongly agreed and the rest of respondents responded 15(5.64%) neutral on the question asked employees have the chance to give feedback while their performance is appraised. This shows that employees have not a chance to get feedback. From this we draw a conclusion that management's feedback is required for a common sense reason. When the employees do good jobs, they expect a pat on their backs (positive feedback); on the other hand, if the poor performers do not receive any constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve (Islam etal 2005).

Regarding table4.8statement two significant amount of the respondents 58(21.80%),79(29.70%)strongly disagreed and disagreed respectively 21 (7.89%)indifferentwhile 66(24.81%),42(15.79%) agreed and strongly disagreed that performance appraisal feedback is conducted regularly,. This clearly explains, though half of the respondents

agreed, significant number of respondents answered that employees performance appraisal feedback is not conducted regularly. This shows that majority of evaluator are not giving adequate feedback to employees on their performance and from the data we can see that lack of timely feedback on performance given this will affect employees as well as organizational performance. Rater must provide appraisal feedback on the results that the employee achieved that meet or exceeded expectation as well as those that did not meet expectations. Giving feedback help employees to know their strength and to improve their weakness . Timely feedback contributes to finding and identifying problems and trying to find solution on time rather than waiting for the final appraisal time. If raters not giving feedback, employees will think that their present level of performance is acceptable in the organization and they may not put extra efforts to improve. Regarding table 4.8 the question asked on statement three supervisors are well trained in assessing and giving a fair feedback so I clearly understand his/her comments and opinion during the feedback . Out of the total respondents 59(22.18%), 66(24.81%) strongly disagreed and disagreed respectively and 19 (7.14%) are neutral, whereas 67(25.19%) 55(20.68%) are agreed and strongly agreed respectively. Hence Supervisors should get training in assessing and giving a fair feedback because their performance feedback to employees generally aims at improving performance effectiveness through stimulating behavioral change . performance feedback not only generates change in job behavior but also improve evaluator's organizational commitment. Roberts(2003) also stated that without feedback , employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior . For feedback to improve performance evaluation of employees it must be timely, specific, and behavioral in nature and presented by a credible source (Roberts, 2003).

Table 4.8 Employees Response on Performance Feedback

| | | | Strongly disagree | disagree | neutral | agree | Strongly agree | total |
|---|--|-----------|-------------------|----------|---------|-------|----------------|-------|
| 1 | I have the chance to give feedback while my performance is appraised | frequency | 89 | 97 | 15 | 43 | 22 | 266 |
| | | percent | 33.46 | 36.47 | 5.64 | 16.17 | 8.27 | 100 |
| 2 | My supervisor discuss regularly and timely my job performance feedback with me | frequency | 58 | 79 | 21 | 66 | 42 | 266 |
| | | percent | 21.80 | 29.70 | 7.89 | 24.81 | 15.79 | 100 |
| 3 | Supervisors are well trained in assessing and giving a fair feedback so I clearly understand his/her comments and opinion during the feedback | frequency | 59 | 66 | 19 | 67 | 55 | 266 |
| | | percent | 22.18 | 24.81 | 7.14 | 25.19 | 20.68 | 100 |
| 4 | Supervisors set guideline to provide continuous, timely and constructive feedback to subordinates for improving feedback during performance review | frequency | 62 | 70 | 21 | 64 | 49 | 266 |
| | | percent | 23.31 | 26.32 | 7.89 | 24.06 | 18.42 | 100 |
| 5 | Evaluation gives you feedback on the result of evaluation on time and discussed on the matter | frequency | 56 | 79 | 24 | 66 | 41 | 266 |
| | | percent | 21.05 | 29.70 | 9.02 | 24.81 | 15.41 | 100 |
| 6 | The performance evaluation in my organization helped me improve my job performance and personal development | frequency | 78 | 87 | 20 | 43 | 38 | 266 |
| | | percent | 29.32 | 32.71 | 7.52 | 16.17 | 14.27 | 100 |

Own survey 2018

The respondents also asked on statement four table 4.8 majority of 62(23.31%),70(26.92%) strongly disagreed and disagreed respectively and 21(7.89%) indifferent whereas64(24.06%) and 49(18.42%) stronglyagreed and agreed on the question asked -Supervisors set guideline to provide continuous, timely and constructive feedback to subordinates for improving

feedback during performance review Hence setting a guidelines for constructive, timely, and continuous is mandatory. The regular feedback between the supervisor and employee supported by the supervisor's continuous observation and documentation pertaining to how well the employee is meeting his or her established performance objectives is one major ingredient for the overall effectiveness of the performance appraisal to be conducted at the end of the appraisal period.

As it can be demonstrated on the same table 4.8 statement five responses 56(21.05%), 79(29.70%) strongly disagreed and disagreed respectively and 24(9.02%)are indifferent while 66(24.81%),41(15.41%) agreed and strongly agreed on evaluation gives you feedback on the result of evaluation on time and discussed on the matter. This implies that majority of respondents were disagreed on the matter employees are not happy on the feedback of the results of evaluation time and discussed with the matter. Discussion enhances the effectiveness of performance evaluation that clarifies the linkage between the planning and evaluation , by providing opportunities for employees to get feedback on how they are doing as getting informed has positive impact on their motivation and improvement (Bacal, 1999).Generally, performance evaluation is very much concerned with interrelationships-between managers and subordinates, between managers and teams, between members of teams, and between individuals and groups and other stakeholders (Armstrong, 2009), which reveals effective two way interaction as a basis for effective PE system Management's feedback is required for a common sense reason. When the employees do good jobs, they expect a pat on their backs (positive feedback); on the other hand, if the poor performers do not receive any constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve (Islam etal 2005).

Regarding statement six on the above table 4.8 respondents replied 78 (29.32%) 87(32.71) strongly disagreed and disagreed respectively and 20(7.52)areindifferent whereas 43(16.17%),38(14.27%) agreed and strongly agreed respectively. This shows that majority of employees disagreed performance evaluation helped to improve job performance and personal development this leads performance feedback they receive insignificant helps them to improving their job performance and to attain their goals. According to Armstrong (2006), performance evaluation is a tool to provide effective feedback. Feedback is a positive reinforcement and

dialogue between subordinates and supervisor which encourages good performance and recognizes areas of improvement. Likewise, Aguinis (2009) states regular feedback enhances individual's improvement and organizational development.

4.9 Analysis on Employees Response on Coaching

As it can be seen on table 4.9 statement one when respondents asked the coaching and coaching conversations gives me support and enhanced my level of resolving matters 56(21.05%), 71(26.91%) strongly disagreed and disagreed and 30(11.28%) are neutral while 60(22.56%), 49(18.42%) agreed and strongly agreed respectively. This shows about half of the respondents disagreed. From this the researcher can recommend that managers can be able to provide support aimed at to help employees become aware of how well they are performing, their improvement areas, and what do they need to learn; delegating people to handle new tasks or enlarged areas of work with appropriate guidance and monitor performance accordingly; get managers and individuals to use the situations as learning opportunities ;and providing guidance on how to carry out specific tasks as necessary on the basis of helping people to learn.(Armstrong and Baron ,1998)

Table 4.9 Employees Response on Coaching.

| | | | Strongly Disagree | disagree | neutral | agree | Strongly agree | total |
|---|---|-----------|----------------------|----------|---------|-------|-------------------|-------|
| 1 | The coaching and coaching conversations gives me support and enhanced my level of resolving matters | frequency | 56 | 71 | 30 | 60 | 49 | 266 |
| | | percent | 21.05 | 26.91 | 11.28 | 22.56 | 18.42 | 100 |
| 2 | Self-Development coaching helped me to be responsible for my actions | frequency | 65 | 87 | 18 | 57 | 39 | 266 |
| | | percent | 24.44 | 32.71 | 6.77 | 21.43 | 14.66 | 100 |
| 3 | The coaching was a tool for my skills personal development and performance | frequency | 70 | 79 | 10 | 63 | 44 | 266 |
| | | percent | 26.32 | 29.70 | 3.76 | 23.68 | 16.54 | 100 |
| 4 | The coaching helped to address m work performance challenges and my personal performance gaps | frequency | 58 | 63 | 42 | 55 | 48 | 266 |
| | | percent | 21.80 | 23.68 | 15.79 | 20.68 | 18.05 | 100 |
| 5 | The coaching made me understand expected deliverables for enhanced performance | frequency | 46 | 52 | 33 | 74 | 61 | 266 |
| | | percent | 17.29 | 19.55 | 12.41 | 27.82 | 22.93 | 100 |

Own survey 2018

On the other hand, table 4.9 statement two the respondents response when the question asked Self-Development coaching helped me to be responsible for my actions 65(24.44%) 87(17.67%) are strongly disagreed and disagreed respectively and 18(6.77%) neutral whereas 57(24.44%) 39(14.66%) agreed and strongly agreed respectively. This implies that more than half of respondents disagreed on Self-Development coaching helped me to be responsible for my actions. Therefore the researcher recommends coaching plays important role for addressing issues related to individuals self - development and responsible for performance to ensure that employees contributions are in line with the organization's expectations.

As it can be observed from the table 4.9 above statement three most respondents 70(26.32%), 79(29.70%) strongly disagreed and disagreed respectively on the question that asked the coaching was a tool for my skills personal development and performance and 10(3.76%) a neutral .while 63(23.68%), 44(16.54%) agreed and strongly agreed respectively. Though most respondents are disagreed, significant number of respondents also agreed. In conclusion as explained under the Frankfurt School of Finance and Management training material on coaching for success, the coaching process provides the opportunity for managers to recognize the strengths and weakness of employees and work with the employees to sort out the opportunities and ways to maximize the strengths and improve the weakness,

On the other hand, in table 4.9 that were asked on statement four the coaching helped to address work performance challenges and my personal performance gaps 58(21.80%) 63(23.68%) strongly disagreed and disagreed respectively and 42(15.79%) neutral. on the contrary 55(20.68%) 48(18.05%) agreed and strongly agreed respectively. Near to proportional number of on the issue respondents are disagreed and agreed. However for challenging goals to lead to high performance, they need to be accompanied by adequate coaching and feedback.

When we observe table 4.9 statement five the responses on question that the coaching made me understand expected deliverables for enhanced performance 46(17.29%) 52(19.55%) strongly disagreed and disagreed and 33(12.41%) are neutral while 74(27.82%) 61(22.93%) agreed and strongly agreed .This shows majorities are agreed that

Coaching plays important role for addressing concerns and issues related to individuals performance to ensure that employees contributions are in line with the organization's expectations.

4.10 Measures taken by Management to Improve the Performance Evaluation System and Practices.

The performance evaluation system of any organization has to managed continuously if the intended purposes of the system needs to be achieved.

An open ended questionnaire and formal interviews with the HR expert at bank of Abyssinia revealed that there is a mechanism of checking the performance evaluation system of the organization .At the end of each six months with the responsibility of the HRM department the System of bank of Abyssinia is evaluated using performance system check list .As said by interviewee, this practice helps them to know whether the performance evaluation system meets the intended purpose or not. If there is a discrepancy between the planned and actual performance of the system corrective actions will be initiated and implemented .As replied by the interviewee. a normal curve system is also used to check whether the ratings given by supervisors are evenly distributed or not. But still bank of Abyssinia did not initiate any action to upgrade or to improve the system said the interviewee. But, there is a plan to modify the generic nature of the appraisal form of the bank .The interviewee also said that there is a plan in helping individual workers at bank of Abyssinia how to prepare an individual work plan .This is because that this work plan is an individual task at the beginning of each year. According to the interview and open ended question with the HR personnel, the result of the evaluation is used for HR decisions among which: salary increment, promotion, transfer, demotion, and termination decisions. Opposing to this, employees disagree with the above statement by saying that it is a theory and not implemented in the organization. Further, they argued that the HRD failed to use the result of the appraisal property and handle the process more as a routine task.

CHAPTER FIVE

5. Summary of Major Findings, Conclusions, and Recommendations

The main objective of the study was to assess the performance evaluation system and practices in BoA and to find out the processes of performance evaluation, particularly if employee performance evaluation process is systematic, fairness and objectivity, problems, coaching and feedback are properly carried out by designing the following specific questions. To realize the objective, analysis and interpretation of the study was made based on the outcomes achieved through questionnaire distributed to 266 employees of bank of Abyssinia and 11 interview questions conducted with the higher officials. The main purpose of an evaluation system should be developed the employee performance that will leads to the organization success. Based on the results of the study, the following major findings, conclusion and recommendations of the study have been drawn.

5.1. Summary of Major Findings

Data collected from employees through questionnaire and they were collected in person through inter office mail and fax to 266 respondents, which were grouped in to five sections including Demographic, Performance evaluation process, fairness and objectivity, problems in performance evaluation process, and feedback and coaching. Interview were conducted with the head office director and manager and review of the HR performance manual was made .The main reasons that performance evaluation is conducted at Bank of Abyssinia are for bonus ,salary increments, to transfer ,and promote employees, to encourage employees strong side and to improve their weakness, to create positive competitive environment among employees, to give feedback about employees performance, to improve work efficiency, to identify employee and give coaching. As a result of having gone through the analysis and interpretation of the data obtained from both the questionnaires and interview, the student researcher come up with the following summary of findings.

- Performance evaluation is important for achieving the objectives. Thus, the process should be systematic and considered as one of the major management functions that should exist in the organizational culture.
- According to the information gathered from the respondents most of the respondents confirmed that they have adequate understanding to BoA mission, strategy and objectives.
- Majority of respondents disagreed that they have participated in goal setting process .This shows participants agreed on the absence of employee participation in the performance appraisal process and in making the performance criteria as well as job description. According to stone (2005)recognition of employee participation motivates them to accept a new role, discussion subordinates' work with them ,listen to their ideas encourages their analysis of the problems involved ,and suggestions about how these problem may be dealt with. There is no practice of goal setting against which individual performance is measured. At this point in the absence of goal employee would not have a clear statement of what they are expected of perform. employee would perform more effectively when there is a clear, measureable ,and achievable goal that is established with the consent of both the supervisors and employees
- The finding also show that performance evaluation criteria are in connection with the bank goal and objective and point given to each criteria are in accordance with the general rule of performance evaluation criteria. But, these criteria are not specific and directly related with the employees' job and duties, they are difficult to measure the performance of employees and not aware of how the performance evaluation process is conducted.
- Cumulative responses of 59.02% of the response indicate that the practice of using performance evaluation for training need assessment is doubtful and in disagreement that they have obtained orientation and training on performance evaluation management. In the performance assessment process due to different reasons there is a high level of bias from supervisors while rating employee's performance which will affect the actual performance of an employee. A great number of respondents also pointed out those appraisal problems like recent effect, raters lack of training and absence employee

participation in the process are major observation in the evaluation system .Therefore, by identify training needs, staff development and to properly and fairly undertake better performance. Respondents also do not believe in the qualification of their raters or Managers that they do not give time to hear and address employees' problem .The practice of conducting training on performance evaluation is very poor, adequate training given for both evaluator and evaluate about how to conduct performance evaluation and staff development needs are continuously assessed as part of work but issues are there in giving attention to it.

- About 44 % of the responses of staff confirmed that their manager treats them with respect, provides feedback and recognition, employees are doubtful and feel that manager doesn't know well how they personally liked to be recognized or rewarded.
- Only 44.76% of the responses revealed that performance results have helped staff to improve performance. Respondents have assured that performance appraisal do not focus on the whole year performance as well as performance appraisal is not conducted based on multiple year result. One of the positive sides in relation with instrument/form related problem of the bank is that weight differentiation is given to each criteria. This shows that most participants understand the linkage between the individual goal to organizational objectives and values. Supervisors didn't encourage them to participate in their objectives
- Aggregate responses of 49.24% of staff indicated that openness, transparency and communication of BoA is questionable and respondents of the open ended questionnaire also confirmed that the system lacks transparent, rationality, continuous feedback regarding access to evaluation result and adjustment on the evaluation result is hardly possible even after performance discussions. Though, employees are given opportunity to express their feeling about their performance evaluation results in case if they have grievances, it may not be fairly examined and given solution
- Most of respondents have witnessed that the criteria used in the performance appraisal form of the organization are dominated by subjective criteria and hence allowing manipulation by the evaluators leads to rater biases.

- In response to the interview conducted with the director and department managers performance evaluation is conducted every six months which is December and June and its purpose is to make decision on promotion, bonus, transfer, and salary increment. It was noted that all employees have job description. Except managers none of employees set objectives that will be used to assess their performance.
- Most of respondents have witnessed the existence of very weak documentation or do not have the habit of keeping performance records about the performance of employees by the raters led to the very poor or absence of continuous periodical feedback throughout the evaluation period that which has impact for evaluation disagreements. recording employee performance is a vital part of the evaluation process. it enables the evaluator to fairly and accurately without rough estimation that may lead itself to biased and subjectivity. Performance evaluation measurement is more of subjective and performance evaluation is made twice a year, which is long period to recall. Evaluation of employees' Lack of uniformity and consistency in applying the whole performance evaluation system which is influenced by subjective judgment. Most employees stated that constructive feedback they get from supervisors is not based on the facts, results and behavior and performance gaps or there is no practice of revising the performance appraisal by independent committee self-evaluation could not allowed. Moreover, the frequency of feedback given during a job is not consistent. In addition, feedback is given mostly at the time of performance appraisal only. In relation with most serious performance evaluation problems, respondents' opinion confirms that managers are not accountable and employees are not getting feedback frequently .There is a good sign that employees are evaluated by comparing with their coworkers
- With respect to the presence of the performance feedback and discussion, a large proportion of respondents said there are not self assesment and formal feedback system in place in the organization. Though ongoing feedback is encouraged in order to improve the individual performance, the practice employees is the opposite .the participants said they get the opportunity to voice their participants agree formal feedback should be given to employees in relation to objectives and supervisors should identify what the subordinate done well and poorly by citing specific positive and negative behaviors. And

they claimed that employees and supervisors don't identify the reason behind problem and action plan to resolve them .In addition to that the review process is not based on development and improvement. Feedback is necessary for smooth relation and to avoid employees defensive behaviors. Moreover, it helps to reinforce individual future performance. Employees improve their job performance when they receive regular feedback and guidance.

5.2. Conclusions

The main objective of the study was to assess the performance evaluation system and practices in BoA and to find out the processes of performance evaluation, particularly if employee performance evaluation process is systematic, its fairness and objectivity ,problems, coaching and feedback are properly carried out by designing the following specific questions; The study targeted a total of 294 respondents. However, only 266 respondents responded and returned their questionnaires contributing to 90% response rate. The Data was collected using structured questionnaires. The data was analyzed into frequency distribution, percentages, using the Statistical Package for Social Sciences (SPSS). The data was presented using tables and chart.From the summary of the findings and based on the objectives of the study the researcher has drawn the following conclusion

- ❖ Regardless of the type, size and objective of an organization, performance evaluation system is a globally contemporary practice all over the world which helps the organization and individual to be more effective in their day to day activities to bring about the expected objective and for the successful growth and development of each, one can conclude that even though employee performance evaluation has some good qualities in implementing performance evaluation system, employees are not happy with the existing performance evaluation system. This might have negative opinions in the performance evaluation process, understanding the purpose, standards, & criteria and employee perception towards raters, feedback and coaching. Furthermore, most employees are not comfortable with the situation that: appraisal goal sitting together, done as per pre-established standards, existence of opportunity to appeal for complaints

and is done regularly and a lot should be made in making the performance evaluation system to be more useful for the organization

- ❖ To have fair evaluation and discussion with the evaluatees', evaluators should keep adequate notes about different circumstances. This is more important when there are large numbers of appraises which makes it difficult to remember everything that happened in the evaluation period. Otherwise the evaluation will be based on recent activities which may not be fair to the system as well as appraises. There are also situations which indicate that there is less discussion on performance evaluation between the appraises and the appraisers. The occasion is agreed to give a good input to both parties and improve the overall performance for the bank. A more stringent system which requires such discussion and interaction would provide the benefits envisaged by the companies' vision in setting such system.
- ❖ The study result shows that as there are no credible measures of performance and also there is no appropriate method for selection of measureable criteria. The measurement system did not reflect accurately the true level of performance which leads to dissatisfied the employee and ultimately performance will not be optimized. Most of the points on the instrument are not measureable ,parameters are not clear and defined, ideal job standard, unfair performance evaluation ,subjective judgment , lack of record and follow up, enough time is not given to employees ,to review and discuss, recent or past performance is considered and allocation of performance based reward is not transparent .There is no practice of giving training to supervisory employees aimed at tackling performance appraisal related problems.
- ❖ The bank executes a formal appraisal twice in a year regularly. In almost all banking organization, every employee is subjected to periodic evaluation of their performance .This is highly important if the organization's human resource development objectives are to be realized. If an organization wants to its effectiveness then the organization must have tool by which it can discriminate between an effective performer employee and not so effective performer employee .Today appraisal is not something a choice rather it is a must for every organization for its survival and growth
- ❖ The response given clearly shows that only few staffs has had sufficient opportunity to receive internal training or coaching and are provided with the good prospects for

promotion or advancement .This will also strengthen the implication that Bank of Abyssinia needs to work towards improving its performance evaluation system with Human resource functions

- ❖ Self-assessment practice put the evaluation system as one-sided because employees are not involved in the process and the result solely falls under the manager's jurisdiction. Employees should be given the chance to evaluate themselves then discussion with respective supervisors on what is achieved and what needs to be achieved in the future should follow. This will not only enhance employees' sense of ownership toward the performance evaluation system but also increase organizational commitment..
- ❖ There is no practice of goal setting against which individual performance is measured. Concerning participation stakeholders in performance evaluation system, the study revealed that only immediate supervisors and manager of the supervisors approve the evaluation before submitted to HR director in Head office .Has the evaluation been cross checked by peers and other relevant stakeholders including subordinates ,some of the existing problems like feverism , and contrast effect could have been minimal..
- ❖ Talking about performance measurement process, it is more likely that employees will accept performance results as they are because there are no objective set at the beginning of the year where the evaluation will be assessed .There is no track of performance recording mechanism in place, there is high level of subjectivity .this has increased evaluation errors including recency effect. Thus, lack of objective, fair and transparent performance measurement processes, which becomes the source many grievances', has become a major challenge. Employees in the organization have free access to their performance results. access to result would make employees to let their mistakes and improve for the future. In case of disagreements, they would be given full right to challenge using formal mechanism.Organization need to have both formal and informal timely feedback mechanism so that employees will take remedial actions to improve on their weakness and keep their strengths. Similarly, managers will be benefited from the feedback system as they will have up to date information on employees' performance and help to take managerial decision like training programs, when needed thus, the existing performance feedback is ineffective and its provision shouldn't wait until the final evaluation took place

5.3. Recommendations

The findings have so many possible weaknesses that could affect employees' performance and many potential sources of problems in the performance evaluation process. There is no simple way to totally avoid these problems, but making employees aware through training is supportive and most systems can be enhanced by training. On the basis of the conclusion and results of the study the following recommendations have been drawn that the organization needs to be improved the performance evaluation system accordingly.

- The first step is Bank of Abyssinia has to establish strong written policy concerning the responsibilities of evaluation regularity of assessment in common guidelines used in performance evaluation process and system. The HR Officials should sound communicates employees of performance principles and opportunities when they are placed in their particular job positions. The performance evaluation standards should be specific to reduce subjective judgment that comes from generalization perceptions of fairness are based on comparisons.
- In order to enhance the richness transparency and fairness of performance evaluation system employees should be measured not only by their immediate supervisor and the second manager but also by different but relevant stakeholders including peers and subordinates. As much as possible, the organization need to make the performance criteria as objective so as to avoid or minimized the subjectivity embodied in the process.
- Lack of common understanding and absence of common grounds were due to the inexistence of the employee performance appraisal manual and guideline that must constituted the aim/purpose of the appraisal, clear definition of the system ,objective criteria of performance, record keeping, and grievance handling procedures .Therefore, the bank should adopt one appraisal guiding manual to at least create common ground for both the supervisory and non -supervisory employees.
- It is impossible to avoid rater bias for it is human nature. But it is possible to reduce its magnitude through continuous training. Hence, the bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters' ability to evaluate and alleviate raters' bias and the bank's management has to acquaint raters with different types of performance evaluation

methods; particularly with the one the bank is employing so that they will clearly identify the strengths and limitations of the method they are using management should advocate the accuracy of measurement and take corrective action in case of unfair ratings. With this context the management effort to the betterment of the evaluation system will result in reliable performance measurement.

- The bank must implement goal setting practices. Supervisors or managers should encourage employee to participate in goal setting, employees get a clear understanding of what is required and what role their position plays in the activity of the organization. Having individual employee's goals that are measureable and objectively verifiable in line with company's goals or objectives would enhance the performance of the organization as a whole. the very first thing with performance appraisal is setting of an agreed goal against which actual performance is measured. Employees participation in the performance process is vital for the successful of the performance management in general. Thus, the organization should create a situation in in which employee participation is guaranteed. By participating employees in the design of the performance evaluation process the weight assigned to the criteria should be revised based on the participant idea.
- Despite the majority support to the existing semi-annual appraisal, the organization must consider a more frequent and ongoing performance feedback on top of the current practice. A complete appraisal process includes day to day interaction between supervisors and subordinates..
- From my assessment, most of the respondents agreed that performance evaluation commonly creates conflict or misunderstanding of the procedures between subordinates and supervisors hence management has to conduct thorough assessment of the system, identify existing problems and take expedited corrective measures otherwise employees' motivation as well as organizational performance will negatively affected so it needs a common flat form to be developed by the organization in bringing the supervisors and employee in common ground .training is the major source of remedy such is conception in both sides .Accordingly ,the organization should take the initiation to provide trainings on regular bases for existing and the would be supervisor too.

- The employee performance process must assist the management of the bank to handle poor performance and the process must be based on maintaining proper records of employee performance. Designing a system where managers keep track of performance records for employees under their supervision to minimize and avoid the rate of occurrence of appraisal disagreements observed in the study. And also, as it helps to judge the performance of each employee objectively and avoids unnecessary confrontations. Comments put by both appraisers and appraisees should be properly and timely followed by human resource officials or concerned people of the department. The formats need to be formalized and systematic to be of use in summarizing some categorical factors. Hence, there should be proper documentation and mechanisms designed for each one.
- There should be mechanisms developed which supports the appraisers to take notes and give feedback discussions. The appraisal areas should concentrate on the past achievements and future capabilities based on output, knowledge and skills, personal qualities and employees' contribution to the general organization's business success. Performance evaluation can be a primary source of information. Ongoing feedback should be given to employees regularly and must be accurate. Schedule should be developed it may be weekly or monthly and Performance appraiser should be well trained about how to conduct evaluation accurately. Therefore, the company should develop open and transparent way of communication. This will also help the bank to easily and strictly follow branches in their daily activities
- The paramount quality of good performance appraisal system is its ability high performance from under performers. Therefore, the organization should use the system to identify these and reward those high performers and coach those under performers to enhance their performance for the future. Otherwise, it will discourage those best performers and pool them to the level of dissatisfaction.
- Performance evaluation is a process for setting up a common understanding of what is to be achieved at an organizational level. It involves the alignment of organizational objectives with the individual's agreed measures, skills, competency requirements, development plans and delivery of results. The focus is on performance improvement through learning and development in order to achieve the overall business strategy of the organization.

- There are so many possible source of problems in the performance appraisal process .There is no simple way to completely eliminate these problems, The management should create clear tie between the training given to employees and the job they are assigned.making employees aware of them through training is helpful and most systems can be improved by training has to be a practice where employees are given the chance to take part in decisions as it will enhance their motivation.
- The HR department has to give due emphasis to feedback and coaching provision as these are core concepts in performance evaluation system which have direct impact on the individual, departmental and organizational performance. As the literatures suggest, if feedback and coaching is not given towards the overall progress of organizational goals, employees will not understand their strong and weak sides and do not strive for the achievement of that goals .Major factor that is important but de-motivating to employees when neglected is the provision of formal feedback to employees regarding their performance. Whether it is positive (when it tells people that they have done well), constructive (advice on how to do better),and negative (when it tells people that they have done badly and should improve), employees should be communicated on how they have performed in terms of results and significant behaviors. Performance feedback not only generates change in job behavior but also improves evaluator's organizational commitment. In order to improve the performance evaluation criteria, the human resource department needs to design specific and directly related criteria that can measure employees' job duties and responsibility and has to develop simple and user friendly feedback system and feedback should be continuous. This will improve employees' performance as well as help them to know their strength and weakness. Moreover, feedback given at the time of conducting the performance appraisal needs to be constructive to employees and two ways communication system should be implemented responsibility specifically
- The bank should let the employee know every detail of the evaluation, its significance, its consequence and how it helps the company and all employees. It is better to create an environment which helps to improve the performance appraisal system by using computerized software system has to be developed and utilized by the bank so as to have

sufficient information about the employee's performance and reporting it, track data in a consistent and organized manner and document it during performance evaluation period.

- Finally the researcher recommends based on the findings of this research indicated many areas to be enhanced in the performance evaluation system such as the use of objective evaluation criteria, formal feedback and coaching, process perceived as being fair and objectivity by employees and improvements in performance evaluation facilitated .The performance evaluation system should have a clear sense of direction, honest and meaningful feedback. There should be immediate and honest reinforcement and it should give an opportunity for employees to participate in setting the goals and standards for performance. It is important that the performance evaluation system be consistent and that evaluated results be assessed, analyzed and reviewed to classify competencies and development needs across all branches and departments. Management as well as HR professional should conduct a deep research by considering additional variables which will help the bank to identify the most critical problems and to come up with possible solutions since performance evaluation is a continuous and inevitable process.

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Appendix

Appendix I - Questionnaire for employees

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF PUBLIC ADMINISTRATION
AND DEVELOPMENT MANAGEMENT
MASTER OF PUBLIC MANAGEMENT AND POLICY**

Dear Respondents,

First of all I would like to thank you in advance for your willingness and cooperation in taking your time to fill out this questionnaire. The purpose of this questionnaire is to gather primary data from employees for conducting a study on the topic “An assessment of performance evaluation system and practices in the case of Bank of Abyssinia” as a partial fulfillment master of public management and policy at Addis Ababa University, College of business and Economics. This study is purely for academic purpose and no ways that it affects respondent’s personality. Therefore, I kindly request you to provide me reliable, genuine view, frank information, and timely responses that is the best of your knowledge so that the findings from the study could meet the intended purpose. I strongly assure you of confidential treatment of your answer.

I would like to thank you very much in anticipation for your kind cooperation. If you have any question, please do not hesitate to contact me **through my Mobile : 0911121861 or e-mail:goshuandarge@gmail.com**

Part I

General Background of Respondents (Demographic Information)

1. Sex- Male Female
2. Age – 18-25 26-35 36-45 above 45
3. Education level:-
Certificate Diploma BA/BSc MA/MSc PhD
Other _____
4. Your current position:-
Director Managerspecialist supervisor officer
5. Your work experience at Bank of Abyssinia
1-5 years 6-10 years 11-15 years above 15 years

Part II: Performance Evaluation System and Practices

General Instruction

- ✓ No need to write your name
- ✓ Indicate your answer by making a tick "√" mark for questions with rating scale.

Where: 1. strongly disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly agree

| Statement | scales | | | | |
|---|-------------------|----------|---------|-------|----------------|
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Systematic way of Performance Evaluation Process | | | | | |
| 1.I have adequate understanding of the mission, strategy and objectives of Bank of Abyssinia ((BoA) | | | | | |
| 2 .In BoA employees participate in setting performance evaluation process with their immediate supervisor | | | | | |
| 3. The criteria provided under performance evaluation are aligned with the objective / goal of the bank | | | | | |
| 4.Standards are prepared to the performance evaluation | | | | | |
| 5.performance of BoA allows self assesment | | | | | |
| 6.Performance evaluation process encourages co-operation & team spirit | | | | | |
| 7.Performance evaluation makes me better understand what I should be doing | | | | | |
| 8.The objectives and processes of performance evaluation were described clearly to you. | | | | | |
| 9. information generated through performance evaluation is used to motivate subordinate through recognition and support | | | | | |
| 10. Performance evaluation process helps supervisor to manage people better | | | | | |
| 11. Performance evaluation system links the organizational goal with my personal goals | | | | | |
| 12. The performance criteria used to measure my performance are clearly defined | | | | | |
| 13. Employee is clear about how their performance is to be measured | | | | | |
| 14. PE establishes a clear connection between Performance and Rewards | | | | | |
| PerformanceFeedback and Coaching | | | | | |
| I have the chance to give feedback while my performance is appraised | | | | | |
| 2.My supervisor discusses with me and provides me regular and timely feedback on my job performance | | | | | |
| 3.Supervisors are well trained in assessing and giving a fair feedback so I clearly understand his/her comments and opinion during the feedback | | | | | |
| 4.Supervisors set guideline to provide continuous, timely and constructive feedback to subordinates for improving feedback during performance review. | | | | | |
| 5.The coaching and coaching conversations gives me support and enhanced my level of resolving matters. | | | | | |
| 6.Self-Development coaching helpedme to be responsible for my actions | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| 7.The coaching was a tool for my skills personal development and performance | | | | | |
| 8.The coaching helped to address my work performance challenges and my personal performance gaps | | | | | |
| 9.The coaching made me understand expected deliverables for enhanced performance | | | | | |
| 10. Evaluation gives you feedback on the result of evaluation on time and discussed on the matter | | | | | |
| 11. The performance evaluation in my organization helped me improve my job performance and personal development | | | | | |
| Employees' Perception on Fairness and Objectivity of Performance Evaluation | | | | | |
| 1. The evaluation process and performance review is transparent | | | | | |
| 2.In my recent evaluation, my rater gave me a fair assessment | | | | | |
| 3.I am evaluated fairly based on predetermined standards without subjectively and biased | | | | | |
| 4. The performance feedback I get from my supervisor is fair and constructive | | | | | |
| 5.Performance evaluation reflects my performance objectively | | | | | |
| 6.There is well established appeal process whenever needed | | | | | |
| 7.The performance evaluation criteria are free from subjective elements | | | | | |
| 8.I get fair and equitable reward for my performance | | | | | |
| 9.The performance evaluation system encourages me for better performance | | | | | |
| 10.I used to work hard only making sure that my supervisor watched what I am doing | | | | | |
| 11.My rater gives equivalent rating to all to avoid resentment and rivalries | | | | | |
| 12.The performance evaluation is capable of distinguishing effective performers from ineffective performers | | | | | |
| 13 My rater is influenced by his/her personal liking and dislike when evaluating my performance | | | | | |
| Challenges of Performance Evaluation practice in BoA'S | | | | | |
| 1.Supervisors are ranking by assigning higher rate consistently | | | | | |
| 2.Inappropriate generalization from one aspect of individuals performance to all areas | | | | | |
| 3.Rater evaluates on employees at an average even their performance actually varies. | | | | | |
| 4.Rater evaluates employees based on recent or past performance | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| 5.Lack of communicating performance standards and expectations to the employees | | | | | |
| 6.Appraisers biased in evaluating employee performance | | | | | |
| 7.No link between some evaluation criteria and job | | | | | |
| 8.Appraisers is not qualified person(lack the necessary knowledge, skill ,and experience)to evaluate performance | | | | | |
| 9.Appraisers lack file on appraiser's work to evaluate | | | | | |

Part III. Additional Questions

1. In your opinion, what are the core reasons to conduct performance evaluation in your bank ?

2.How systematic is performance evaluation process of bank of Abyssinia

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

4. What are the measures taken by the management to improve the performance evaluation system and practices of the bank?

APPENDIX II STRUCTURED INTERVIEW QUESTIONS for OFFICIALS

To be answered by those higher Officials. This interview is designed to collect information about employees' performance Evaluation system and practices at Bank of Abyssinia. The information shall be used as a primary data in my thesis research titled **“Assessment of performance evaluation system and practices”** which I am conducting as a partial fulfillment my study at Addis Ababa University for completing my MA program in public management and policy. Your input is required for academic purpose and will be kept confidentially.

Therefore, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the study. Thank you, for your kind cooperation, in advance!!!

1. Do you believe that the employees understand the vision, mission, goals and values of the organization?
2. Can you explain the level fairness and objectivity of the performance evaluation system in your organization.
3. What are the objectives /purposes of performance evaluation system of the bank? Is performance evaluation system of Bank of Abyssinia meeting its intended purposes?
4. How systematic is performance evaluation process conducted at Bank of Abyssinia?
5. Is the current practice of Bank of Abyssinia Performance appraisal design system aligned with strategic goal and individual performance.
6. Do you think the performance evaluation system differentiates good and bad performers? If so what major steps are taken when negative and positive performance is observed?
7. How are employees involved in the performance evaluation processes? Are management members skilled enough and received a training to handle each steps effectively carry out the performance evaluation process,
8. Does the evaluation program require that employee receives a progressive review (feedback) on their performance?

9. Is the Performance evaluation system contributes for the continuous development of the Organization?

10. What are the major problems and challenges facing with respect to the performance evaluation system? What are the factors that affect performance evaluation of Bank of Abyssinia? And what measurements for the challenges are taken in order to overcome the problems?

11. Any suggestion and comments to improve performance evaluation system and practice of Bank of Abyssinia