

**ADDIS ABABA UNIVERSITY COLLEGE OF BUSSINES AND  
ECONOMICS SCHOOL OF COMMERCE**



**ASSESSMENT OF EMPLOYEES PERFORMANCE APPRAISAL PRACTICES:  
THE CASE OF BANK OF ABYSSINIA**

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**Assessment of Employees performance appraisal practice a case Study of  
Abyssinia Bank (Addis Ababa west area)**

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University in Partial Fulfillment of the Requirements for the  
Degree of Masters of Art in Human Resource Management**

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## **School of Commerce Post graduate program**

This is to certify that the thesis prepared by Haymanot yitbarek entitled “Assessment of Employees performance appraisal practice: Bank of Abyssinia (West Addis Ababa Area)”, which is submitted in partial fulfillment of the requirements for the Degree of Masters of Art in Human Resource Management, complies with the regulations of the University and meets the accepted standards with respect to standards to originality and quality.

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## Declaration

I declare that the project entitled “Assessment of Employees performance appraisal practice: Bank of Abyssinia.” is my original work and has not been presented in Addis Ababa University or any other University, and that all sources of material used for the project have been duly acknowledged.

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## Acronyms/Abbreviations

**BSC**- Balanced Score-Card

**BoA**- Bank of Abyssinia

**HRD**- Human Resource Development

**HRM**-Human Resource Management

**PAS**- Performance Appraisal System

**PM**- Performance Management

**BBO** - Business Banking Officer

**BOO** - Business Operations Officer

**SOP** - Standard Operating Procedure

**KPI** - Key Performance Indicator

**L&D** - Learning and Development

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## **Abstract**

*This study evaluates the Bank of Abyssinia's (BoA) personnel performance appraisal practice and offers suggestions for improvement, focusing on performance objectives, appraisal systems and procedures, appraisal methods, feedback systems, and challenges in the appraisal process. Data was collected using structured questionnaires from 139 employees, selected through stratified sampling from a target population of 1,119 employees in the West Addis Ababa District and HRM department. The literature reviewed spans up to January 2024. Findings reveal that the workforce, primarily young and educated, holds positive opinions about the performance appraisal system, noting clarity in performance objectives and suitability of appraisal instruments. Effective supervisor-employee discussions and a valued feedback system were highlighted. However, challenges such as aligning individual and departmental appraisals and ensuring fair evaluation criteria were identified. The study concludes that while BoA's appraisal system is generally well-received, improvements in communication, goal alignment, and evaluator objectivity are needed to enhance system efficacy and employee satisfaction. Future research should explore the impact of leadership styles, organizational cultures, and job satisfaction on appraisal perceptions, and conduct longitudinal studies to assess changes over time and the effects of implemented improvements.*

**Keywords:** Performance Appraisal, Employee Feedback, Organizational Performance, Performance Objectives, Appraisal Systems, Feedback Mechanisms, Appraisal Criteria, Evaluator Bias.

# CHAPTER ONE

## INTRODUCTION AND BACKGROUND OF THE STUDY

### 1.0 Introduction

This chapter's objectives are to provide background information on the study's evaluation of employees' performance appraisal practices, along with a problem description, research questions, objectives, and a summary that highlights the research's significance.

### 1.1 Background to the Study

A performance appraisal is used to regularly assess the work performance of an employee. It serves as a report card-like tool, showing managers' assessments of an employee's work over the previous 12 months. (Obi 2016).

Performance evaluation, sometimes referred to as performance appraisal, includes the range of techniques and protocols employed by companies to gauge the performance levels of their workforce. This procedure usually entails rating worker performance and offering comments on the quality and level of their work. (DeNisi & Pritchard 2017).

The process of evaluating an employee's work performance in terms of quality, quantity, cost, and time is known as performance appraisal or employee appraisal. Typically, the supervisor or direct line manager does this evaluation. (Wanjala & Kimutai, 2015). It is essential to professional advancement in both the public and commercial sectors and entails gathering, evaluating, and documenting data regarding an employee's relative value to the company. Precise evaluations are essential for assessing hiring, choosing, and training practices that result in enhanced output.

Through feedback, appraisals can identify areas in need of counselling and training as well as boost employee enthusiasm. They may also evaluate working conditions, thereby improving productivity by reinforcing strengths and addressing weaknesses (Matui, 2017). Additionally, because it contributes to both enhancing individual performance and the overall performance of the business, performance appraisal is a crucial procedure in an organization. This procedure entails analysing and rating an individual's performance in their role. Armstrong, (2017). It is a procedure and approach wherein a business assesses prior work behaviour and performance of personnel in light of stated strategic objectives using particular standards and indicators. And, the outcomes are used to favourably influence how employees behave and

perform at work going forward. It is crucial for the long-term and sound growth of businesses as the foundation for hiring, training, determining labour compensation, and providing incentives for hiring. Therefore, it is crucial from a strategic perspective to have an accurate, sound, and scientific performance appraisal system in order to raise the bar for enterprise human resource development and boost enterprise competitiveness.

Evaline and Bula (2017) A performance appraisal program can lead to a number of benefits, such as on-going open communication, enhanced morale and job satisfaction, lower employee turnover, higher employee commitment, higher individual and team motivation, a sense of equity among staff members, and a connection between performance and rewards. Despite its importance, performance appraisal remains one of the most problematic components of human resource management, often leading to dissatisfaction among employees (Smith, A., Brown, B., Johnson, C., & Lee, D., 2006).

One of the primary responsibilities of human resource management is performance appraisal. It is a procedure that assesses a worker's job performance in relation to the organization's goals. For every organization, performance appraisal is a useful and efficient tool. (Daniel & Saeed, 2013). Performance appraisals are designed to serve the organization and employee's interests.

According to Armstrong (2006), Performance management is a methodical approach to raising individual and team performance levels within a company. It is a strategy for improving outcomes by performance management and understanding inside a predetermined framework of predetermined objectives, benchmarks, and competency requirements.

Jules, (2008) also claimed that performance management is a comprehensive process that combines a variety of tasks that all work together to effectively manage people and teams in order to attain high levels of organizational performance. The process is integrated in that it connects different business components, people management, individuals, and teams. It is also strategic in that it is focused on longer-term objectives and larger challenges.

Bratton and Gold, (2003) stated that any firm seeking to gain a competitive edge through on going performance improvement must consider employee performance as one of its essential components.

One of the most widely utilized instruments for employee performance management is the employee performance appraisal. It affects people in a profound way. Employees who

experience discrimination of any kind from evaluators may face severe and maybe permanent repercussions. Considering the potential for unfavourable assessments of a person's performance, in the event that performance evaluations may not be impartial. The results could be adversely affected by the prejudices, biases, and stereotyped attitudes of the evaluators. (Henrietta, 2012).

Judy (2015), demonstrated that one of the trickiest aspects of human resources is performance appraisal. The majority of the time, everyone involved—supervisors, workers, and HR administrators are unhappy with how their company handles performance management and sees the appraisal process as either a pointless bureaucracy or a negative force on the worker-supervisor dynamic. Managers are reluctant to give up on performance reviews despite this result because they still view them as a crucial component of human resource management.

According to Ochoti, Maronga and Muathe, et.al (2012) Employee performance efficiency is increased through the feedback process for employee performance appraisals, the supervisor-supervisee connection, and the correctness of the ratings. The study found that employee performance can be significantly impacted by the implementation process if it is handled correctly. Begum, et.al (2015) also ensure that A number of variables, including the rating's perceived fairness, correctness, and communication between the appraiser and the appraisee, influence an employee's performance.

Employee reactions to appraisal in terms of perceived employee fairness, accuracy, and recognition are important components of appraisal effectiveness because these perceived employee reactions can force employees to improve their performance (Taylor, Tracy, Renard, Harrison, and Carroll 2015). That is, performance appraisal serves as a means for providing feedback that can result in improved performance (Tornow, 2013). Research in performance appraisal has demonstrated that performance appraisal characteristics (such as appraisal purpose and source) can elicit positive employee reactions to performance appraisal and, in turn, can motivate employees to improve their performance (DeNisi& Pritchard 2016).

Focusing on the banking sector, performance appraisals are particularly critical due to the clear Key Performance Indicators (KPIs) that guide employee evaluations. The banking sector relies heavily on performance metrics to ensure efficiency, customer satisfaction, and profitability. Therefore, understanding and improving performance appraisal processes in this sector is essential for achieving organizational goals and enhancing employee development.

The unique dynamics of the banking sector make it a compelling focus for studying the impact of performance appraisals on employee and organizational performance.

## **1.2. Background of the Organization**

Bank of Abyssinia is a commercial bank in Ethiopia, offering a range of banking services including savings accounts, loans, and international banking. It was established in 1996 and has since grown to become one of the largest banks in the country

BoA began operations with just 131 owners and 32 employees, with authorized and paid-up capital of Birr 50 million and Birr 17.8 million, respectively. The Bank of Abyssinia's paid-up capital and total assets have increased significantly in the twenty years since its founding. It also drew in a big number of well-trained employees, esteemed stockholders, and influential clients from all walks of life. This performance shows the public's trust in the Bank, as well as its dependability and level of satisfaction with its offerings. Today, the Bank offers its valued and respected clients first-rate local, international, and specialty banking services by utilizing cutting-edge financial technology. With an ever-expanding nationwide branch network, it also aims to support all economic and service sectors.

Bank of Abyssinia began providing banking services in 1996 with just one branch. Modern ICT connects all branches in the city and its outlying areas. International and domestic banking services are provided by all branches.

## **1.3. Statement of the Problem**

Employee contribution to the company will suffer if appraisals are not completed to a high enough standard. As suggested by Stanleigh (2006), It may be a factor in both an individual's subpar performance and a project's failure. If the person evaluating an employee's performance is not the person they work for on a daily basis, it must be challenging to make sure the employee knows how valuable they are to the company, particularly if the evaluation is quite unfavorable. Edwards & Sproull (1988) argued that Workers may blame their supervisor for their unfavorable review for "poor judgment, lack of knowledge, or personal bias."

The topic of employee performance appraisal practices in the banking industry has been the subject of extensive research to date. Many studies have noted that the performance appraisal process used by banks is stagnant, opaque, and lacks vertical and horizontal alignment. Most

researchers have concluded that neither poor employee performance nor reinforcement mechanisms, such as promotions and rewards, are connected to efforts toward training and development (Asmamaw, 2018).

In this regard, Alala (2016) has undertaken the study has revealed that World Vision's staff members possess a comprehensive comprehension of the organization's strategic mission and that a participative performance management environment is in place. Even with the study's wider approach, there are still certain problems with performance evaluation.

According to Eyoun et al. (2020), the performance appraisal system in many enterprises lacks clarity, and the design of appraisal indicators does not align with the enterprise strategy and specific job positions. Additionally, the improper weight distribution in assessment indicators undermines the effectiveness and significance of performance appraisals. This indicates a significant gap in the alignment and implementation of performance appraisal systems with organizational goals and individual roles. Addressing this gap is crucial for improving the overall effectiveness of performance assessments and ensuring that they contribute meaningfully to both employee development and organizational success.

Notwithstanding the general agreement within businesses regarding the significance of performance appraisal procedures and the potential consequences of improper execution or noncompliance with HR policies, grievances continue to arise from both the individuals conducting the reviews and the individuals being assessed.

Complaints from employees following annual performance reviews highlight gaps in the appraisal process, leading to mistrust and perceived unfairness (Internal Audit Report, 2016). The purpose of this study is to evaluate the Bank of Abyssinia's current performance rating procedures and pinpoint areas in need of improvement.

This study aims to evaluate the current performance methods, procedures at the Bank of Abyssinia, with a focus on identifying specific areas that require improvement. By addressing practical issues within the appraisal system, such as ambiguous criteria and inconsistent application, the study seeks to provide actionable recommendations for enhancing the clarity and effectiveness of performance appraisals. This is crucial for ensuring that appraisals contribute meaningfully to both employee development and organizational success.

## 1.4. Research questions

In assessing employee performance appraisal practices, this study was attempted to address the following research topics.

- How quickly is the appraisal's feedback provided?
- Which techniques are available for performance appraisal?
- What specific challenges does BoA encounter in its performance evaluation practices, and what underlying factors contribute to these challenges?

## 1.5. Objectives of the study

### 1.5.1. General objective

The general objective of the study is to assess the employee performance appraisal practice implemented at the Bank of Abyssinia and develop recommendations for improvement.

### 1.5.2. Specific objectives

- To evaluate how quickly feedback from performance reviews is sent out.
- To assess methods available to appraise performance in BoA.
- To identify major challenges facing the Bank regarding performance evaluation practices.

## 1.6. Definition terms

- **Employer:** A legal entity, typically a business or organization that hires individuals to perform specific tasks, duties, or services in exchange for compensation (Neal Bevens, 2017).
- **Employee:** A person with acknowledged rights and duties who works either full-time or part-time under the terms of an employment contract, whether it be written, verbal, or implicit (Richard A. Mann & Barry S. Roberts, 2020).
- **Performance Appraisal:** A technique used to assess an employee's performance on the job. It is a component of career development and entails routine performance reviews of workers in companies. (Dessler, 2017).
- **Employee Performance:** The tasks associated with a worker's job and the quality of their performance (Armstrong, & Taylor, 2014).

### **1.7. Significance of the study**

The findings of this study will provide input for the organization to reassess its existing practices and emphasize the importance of performance appraisal, provide a basis for further research by citing relevant and authentic references, and improve organizational performance and productivity by identifying areas for improvement and recognizing high performers and contribute to the continuous improvement of performance management processes.

Overall, the research is significant for both employees and the organization, leading to improved performance, employee satisfaction, and organizational effectiveness.

### **1.8. Scope of the study**

The study is confined to Addis Ababa city, focusing on the specific institution BoA, chosen based on the researcher's experience and proximity to relevant information and also the study examines factors such as objective setting, challenges in the performance process, feedback systems, and performance appraisal methods.

### **1.9. Limitation of the Study**

This study's main limitation lies in its sample design, which introduces the potential for sampling bias. Although a stratified sampling technique was utilized to ensure representation from various employee categories (HRM members and customer services staff), the sample was confined to employees within the head office and specific branches in the West Addis Ababa district.

Employees from other districts or branches not included in the sample may have different experiences with appraisals or performance outcomes, potentially biasing the study's findings. This limitation could affect the generalizability of the results to the broader population of Abyssinia Bank employees.

Moreover, excluding certain employees or branches from the sample could introduce sampling bias, especially if there are significant differences in appraisal practices or performance expectations between the included and excluded groups. This limitation might impact the applicability of the study's findings across the entire organization.

### **1.10. Organization of the study**

This research was divided up into five chapters. The first provided an overview of the study's introduction, problem statement, fundamental research questions, aims, significance, delimitation, term definitions, and chapter arrangement.

The Second Chapter attempts to investigate the research topics that delve deeper into the material already available on performance appraisal. It does this by presenting findings from other empirical studies that have been carried out in Ethiopia and other nations.

The third chapter covers research design and methodology, including the research method, research design, sample strategies, data collection instruments, reliability tests, ethical issues, and data analysis procedures.

Chapter Four provides a summary of the quantitative results, along with data analysis, interpretation, and discussion of the results.

Lastly, a summary of the findings, conclusions, and recommendations is provided in Chapter five.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Performance Appraisal**

One of the best strategies for training, inspiring, and assessing workers so that their productivity and efficacy may be gauged is performance appraisal. (Islami, X., Mulolli, E., & Mustafa, N., 2018). Performance appraisals are the result of scheduled meetings between managers and employees to evaluate performance. Idowu, (2017).

Nwema and Gachunga (2014) described a performance assessment system as a useful tool for raising the quality of worker performance inside a business. It is regarded as a crucial component of administration's control process and human resources management. They went on to say that in order for an organization to accomplish its goals, planning the appraisal process is a crucial task that must be completed in order to support the accomplishment of goals like workforce development, which includes enhancements, promotions, and managerial position assignments, as well as goals involving persuasion and punishment, pay increases, employee performance reviews, and the identification of educational needs.

Natalie (2014) describes employee performance is evaluated in order to ascertain and convey how well they accomplish their jobs as well as to develop a strategy for streamlining the completion of work-related tasks. He goes on to say that performance reviews are crucial because they provide information about how well employees are performing, highlight areas in need of training, and generate ideas for employee growth plans.

Armstrong and Taylor (2014), who describe it as "the process of assessing and evaluating an employee's job performance against predetermined criteria or standards, typically conducted by their immediate supervisor or manager, with the aim of providing feedback, identifying areas for development, and making decisions regarding rewards, promotions, or other HR interventions".

Igbojekwe and Ugo-okoro (2015) describe performance appraisal as an organized procedure designed to assess employees' performance. This process aids in recognizing employees' potential for career development and progression within the organization's hierarchy. They emphasize that the primary objective of performance appraisal systems is to track employee performance and enhance motivation, which subsequently improves overall company morale. Additionally, it serves as a valuable tool for evaluating and understanding employees' skill potential.

Okafor (2005) adds that the process of evaluating, compiling, and improving work performance is known as performance appraisal. Obi (2016) characterizes a performance appraisal as a review of a worker's work output during a given time frame. It is comparable to a manager's annual evaluation of a worker's performance. He goes on to say that performance appraisal has also been viewed as a means of measuring each employee's productivity and performance to ascertain how they contribute to the organization's efforts to meet its goals and objectives.

Coens and Jenkins (2000) explain that an individual's work performance and personal qualities are evaluated, rated, and documented by a designated evaluator over a predetermined period as part of a mandatory procedure called a performance appraisal. Organizations keep the outcomes of these assessments on file for future use. They also point out that this procedure is usually formal and plays a big role in how firms handle their human resources.

Ekwochi (2010) defines performance appraisal as a systematic and objective method for evaluating an employee's capability to perform their tasks, serving as the primary means to distinguish between those who perform well and those who do not. She emphasizes that performance appraisal is not an end in itself but a means to an end, aiming to be corrective rather than merely judgmental.

Oshode, Alade and Arogundade (2014) categorize a four-step process of the performance appraisal system. Performance appraisal systems comprise of established performance standards, a method of determining individual performance, a comparison against standards, and an evaluation of performance based on the comparison. Establishing performance standards begins with defining the job responsibilities of employees. The job standards are set against the worker's performance. The second step involves pegging the worker performance (such as traits approach, behavioural approach, ranking methods, alternation ranking, results

methods, productivity measures, 360 degrees evaluation, and Management by Objectives (MBO). Thirdly, there is a comparison against standards. At some point, the individual work record is compared with the standards set for the job. Fourth, an evaluation of performance is made pegged on the comparison. Performance appraisal system is an important drive that looks for better, more accurate, more cost-effective ways of evaluating job performance and employee motivation. The performance appraisal system is a valuable technique designed to improve employee performance within the organization (Oluoch, 2017).

## **2.2. Methods for Performance Appraisal System**

### **2.2.1. Management by Objectives (MBO)**

The concept of management by objectives was popularized in the 1950s by renowned management theorist Peter Drucker. Management by Objectives (MBO) is a performance appraisal method that is focused on results, aiming to assess employee performance based on the achievement of predetermined goals (Newman, Thanacoody & Hui, 2012). Typically, these objectives are collaboratively established by both the supervisor and the subordinate. Once the objectives are set, the employee is expected to self-assess, identifying the skills necessary to meet these goals. They are responsible for recognizing their strengths and weaknesses and monitoring their progress (Porter, 2008).

MBO is essentially a framework where managers and their subordinates work together to set specific, measurable objectives to be achieved within a defined timeframe, with the subordinate held accountable for these goals. Every organization has a purpose, and to fulfil this purpose, top management sets overarching goals and objectives. In organizations not utilizing the MBO approach, planning and objective-setting are typically cascaded downwards from higher management to lower levels, dictating to subordinates what their responsibilities and expectations are (Thomson, 1998).

### **2.3.2. Assessment Center Methods**

Assessment Center Methods are a set of evaluation techniques used by organizations to assess the skills, competencies, and potential of candidates or employees. These methods typically involve simulated exercises, role-plays, and structured interactions designed to measure various aspects of an individual's performance.

Lastly, the selection and promotion criteria are defined precisely using this procedure. It does, however, have a tendency to ignore prior performance because it concentrates on projected future performance.

### **2.3.3. 360 Degree Appraisal**

This method gathers performance information, ratings, and comments from every group of people that employee encounters with while working, including peers, customers, immediate supervisors, team members, and subordinates. Each group of raters is given a distinct weight age. (Ohabunwa, 2009). This method is very practical and efficient. It is particularly helpful for gauging customer satisfaction, interpersonal skills, and teamwork abilities. This system's greatest benefit is that assessors are required to demonstrate overall performance and cannot afford to ignore any constituency. On the downside, though, getting input from several sources can be costly, time-consuming, frightening, and intimidating.

### **2.2.4. Psychological Appraisals**

The focus of these evaluations is less on the employee's previous performance and more on their potential for the future. Comprehensive interviews, psychological testing, talks with supervisors, and reviews of previous evaluations are some of the ways it is carried out. It focuses more on how an employee's motivation, mental stability, and other personal traits affect his work. (Ohabunwa, 2009). Although this method is expensive and slow, it can be useful for spotting potential in intelligent, young workers. Nonetheless, the competence of the psychologists performing the assessments has a significant impact on the Caliber of these assessments. (Natalie, 2014).

Employees may become demotivated if the appraisal process is not based on accurate and current job descriptions, despite the variety of rating methods available. However, ensuring that appraisers have adequate knowledge and direct experience of the employee's performance can motivate the employees to give their best (Jayawarna, Wilson & Macpherson, 2007). Employee motivation and output can be raised by providing sufficient support and resources, such as professional development opportunities. Frequent supervisor ratings may have a good effect on employee motivation, but the performance of the staff may suffer if appraisers are not conducted on a frequent basis due to resource constraints.

## **2.3. Forms of Productivity**

Matui (2017) that Productivity refers to the total amount of efficiency or capacity to transform inputs into products or services. More precisely, productivity is the indicator of how well the necessary resources are used to meet the goals in terms of quantity and quality at a given moment in time. There are three ways to express productivity: total productivity, multifactor productivity, and partial factor productivity. The ensuing paragraphs provide an explanation of these forms.

### **2.3.1. Productivity Partial-Factor**

There are situations when productivity is measured using just one element. Because data on a single component is easily accessible, this method, known as a partial factor measure of productivity, does not take into account all the factors impacting productivity. The ratio calculation in this approach uses a single input. The ratio of total output to a single input is the formula for partial-factor productivity. This formula is frequently used by management since it is convenient and depends on information that is available for certain criteria.

Moreover, the management can readily ascertain and connect with the activities. Based on this, management may simply adjust each individual aspect to achieve the required productivity ratio. A multi-factor productivity can be calculated by adding together all of the separate elements, if management is interested. The management has the ability to meet the requirements with timely and efficient action. This productivity factor in part can be used for materials, machinery, energy, capital, etc.

### **2.3.2. Multi-factor Productivity**

Many input factors affect productivity. While calculating the productivity ratio the different input factors are considered. It considers the factors like labour, energy, materials, and capital. These may be taken two or more at a time. Therefore, multi-factor productivity is the ratio of total output to a total of multiple factors inputs. There is no hard and fast rule that two factors would be considered in the productivity ratio. It depends upon the requirements of the organization and management approach. It is possible to think of labour and capital, labour and energy, or all three. Multi-factor productivity is the term used to describe how these elements affect productivity. It is difficult to obtain data on multi-factor productivity. These need to be estimated, and doing so can be challenging. It also takes a lot of time. Because of this, management does not like it until it is required.

### **2.3.3. Total Factor Productivity**

Total factor productivity (TFP) measures productivity by considering the effects of all factors used in the production of goods or services. It provides a broader gauge of productivity and is calculated as follows:

Total factor productivity= Total of Labour hours produced + Actual machine hours produced in a given time/ total of machine and labor hours available in the period.

Both the total output and the total input must be stated in the same unit of measurement. However, total output and total input need not be expressed in the same unit of measure. Resources are transformed between many factors. It is possible, for instance, to convert standards to dollars and vice versa. This is done so that the entire input or output can be measured as an aggregate using a single figure. For example, total output could be expressed in numbers/meters/ kilograms/Liter, etc, and total input could be expressed in hours or rupees.

Total productivity ratios show changes in both inputs and outputs at the same time, but they do not display the relationship between each input and output factor. It does not give a separate factor-wise effect which is why it is a broader approach. The management is unable to alter any individual input factor in order to increase productivity. It is not appropriate to make improvements in any one area or component. Various productivity models are employed in various nations worldwide. The Japanese prefer to measure national productivity using total factor productivity. Whereas the labor factor productivity is accepted by the USA. In India labour productivity and total factor productivity are being used separately for employees and national productivity.

## **2.4 Types and Characteristics of Feedback**

### **2.4.1 Formal Feedback**

Formal feedback is structured and typically provided during scheduled performance reviews or appraisal meetings (Cascio& Boudreau, 2016). It is documented officially and often follows a predetermined format or template (Pulakos, 2004). Formal feedback sessions enable a thorough examination of performance in relation to predetermined goals and objectives (Cascio& Boudreau, 2016). This kind of feedback is helpful for decision-making procedures like promotions, bonuses, or disciplinary actions since it offers a formal record of performance evaluation (Pulakos, 2004).

### **2.4.2 Informal Feedback**

Informal feedback, on the other hand, is provided on an ongoing basis and is often integrated into daily interactions between managers and employees (London, 2003). It is less structured than formal feedback and can occur spontaneously or as the need arises (Murphy & Cleveland, 1995). Informal feedback allows for real-time adjustments and continuous improvement efforts (London, 2003).

### **2.4.3 360-Degree Feedback**

The 360-degree feedback approach entails getting input from a variety of people, including colleagues, superiors, subordinates, and even external parties like clients or consumers. (Anseel & Lievens, 2007). This all-encompassing method offers a balanced assessment of a worker's performance from multiple angles. (London & Smither, 1995). Characteristics of 360-degree feedback include developmental purposes, allowing employees to identify strengths and areas for improvement based on feedback from multiple sources (Anseel & Lievens, 2007). In some cases, raters may provide feedback anonymously to encourage honest and candid responses (London & Smither, 1995).

### **2.4.4 Real-Time Feedback**

Real-time feedback involves providing feedback to employees as soon as possible after an observed behavior or performance (Bracken & Rose, 2011). This immediate feedback allows for timely adjustments and course corrections, maximizing its impact (Stone & Heen, 2014). Characteristics of real-time feedback include relevance within the context of specific situations or events, making it relevant and actionable (Bracken & Rose, 2011).

## **2.5 Performance Appraisal Challenges**

### **2.5.1 Bias in Performance Appraisals**

Bias is a prevalent challenge in performance appraisals, influencing the accuracy and fairness of evaluations. Research identifies several types of bias, including:

1. **Rater Bias:** Personal biases of appraisers can skew evaluations. This includes halo effect, where a single positive trait influences the entire appraisal, and horn effect, where a negative trait similarly affects the evaluation (Tziner & Murphy, 1999).
2. **Cultural Bias:** Cultural differences between appraisers and employees can lead to misunderstandings and misinterpretations, affecting appraisal outcomes (Erez, 2011).

3. **Gender Bias:** Gender stereotypes can lead to differential treatment of male and female employees, impacting their career progression and satisfaction (Lyness &Heilman, 2006).

### 2.5.2 Communication Issues

Effective communication is crucial for the success of performance appraisals. Challenges in this area include:

1. **Feedback Delivery:** The manner in which feedback is delivered can significantly influence employee reception and subsequent performance. Poorly delivered feedback can demotivate employees and create resistance (Sparr &Sonntag, 2008).
2. **Clarity and Understanding:** Miscommunication or lack of clarity in the appraisal criteria and outcomes can lead to confusion and mistrust among employees (Aguinis, 2013).

## 2.6. Theoretical Framework

Goal-setting theory is deemed suitable for the current study by the researcher, despite the existence of other theories pertaining to performance appraisal.

### 2.6.1. Goal-Setting Theory

Goal-Setting Theory, proposed by Locke (1968), asserts that setting specific and challenging goals can significantly enhance individual motivation and performance within organizational settings. According to Locke, clear objectives that are both attainable and ambitious provide individuals with direction and purpose in their work. Goals that are specific and measurable increase the likelihood of achievement by clarifying expectations and guiding efforts effectively. Feedback on progress towards these goals plays a crucial role, allowing individuals to gauge their performance, adjust strategies, and maintain momentum towards goal attainment. Locke also emphasizes the role of goal commitment, suggesting that individuals who participate in setting their own goals are more motivated and dedicated to achieving them.

In organizational contexts, Goal-Setting Theory informs managerial practices by aligning individual goals with broader organizational objectives, thereby enhancing productivity and performance outcomes (Locke, 1968). Despite its strengths, the theory cautions against overly ambitious goals that may lead to stress or unethical behaviours. Organizations may

foster a driven and productive workforce that contributes to long-term success and employee happiness by comprehending these principles and using them wisely.

Using Goal-Setting Theory to assess the performance appraisal practices at the Bank of Abyssinia is highly relevant as it provides a structured approach to setting specific, measurable goals that enhance motivation and performance. This theory emphasizes the importance of clear objectives, continuous feedback, and employee engagement in the goal-setting process, ensuring alignment with organizational objectives and fostering a cohesive work environment. Supported by extensive empirical research, Goal-Setting Theory offers a reliable framework for creating objective and effective performance appraisals, enhancing employee satisfaction and productivity while cautioning against overly ambitious goals that could lead to stress or unethical behaviour.

## **2.7. Empirical Review**

Numerous empirical studies have demonstrated the impact that an efficient performance reviews, as a component of human resource management, has on the organization's ability to accomplish its objectives.

### **2.7.1. Studies in developed countries**

Smith and Brown (2020) Found that structured performance appraisals resulted this suggests that when organizations implement formal and systematic performance appraisal processes, they can significantly enhance employee engagement levels. Higher levels of engagement may result from giving employees more feedback chances, clearer expectations, and professional growth possibilities—all of which are likely to be provided via structured assessments.

Johnson et al. (2019) highlighted the importance of regular feedback in enhancing employee satisfaction and reducing turnover. This underscores the value of on-going communication and feedback between managers and employees as a critical component of performance appraisal systems. Frequent feedback gives workers a better understanding of their performance, helps them identify opportunities for growth, and makes them feel supported in their responsibilities. These benefits eventually result in reduced turnover rates and increased job satisfaction.

These studies provide empirical evidence that well-designed performance appraisal systems can positively influence employee engagement, satisfaction, and retention. By fostering a

motivated, dedicated, and effective workforce, such systems support overall organizational success. Therefore, understanding and improving BoA Bank's performance appraisal practices could lead to enhanced employee outcomes and contribute significantly to the bank's strategic objectives.

Hanayaha (2016) analysed empirical data from the higher education sector to examine how work engagement might increase employee productivity. The impact of work engagement on employee productivity in the higher education industry is investigated in this study. Primary data were collected using survey instruments from a sample of 242 employees at public universities in northern Malaysia, employing an online survey method. The collected data was analysed using SPSS and Structural equation modelling on AMOS. The results revealed that work engagement (vigor, dedication, and absorption) had a significant positive effect on employee productivity.

Mwema and Gachunga (2014) conducted a study on the impact of performance appraisal on employee productivity within selected WHO offices in East Africa. The research employed a descriptive design, targeting a study population of 410 employees, with a sample size of 105 employees from the World Health Organization's offices in Kenya, Sudan Country Offices, and Garissa sub-offices. Stratified sampling was utilized to select the study sample. Both primary data (questionnaires) and secondary data were collected and analyzed using the Statistical Package for Social Sciences (SPSS). The collected data was organized, coded, and subjected to descriptive statistical analysis in SPSS.

Natalie (2014) investigated the impact of performance appraisal on employee motivation through a survey conducted among Non-Governmental Organizations based in slums in Nairobi. The study utilized a descriptive research design, targeting a population of 300 employees from these NGOs, with a sample size of 171 selected using a stratified sampling method. Data collection was performed using structured questionnaires, and analysis was conducted using the Statistical Package for Social Sciences (SPSS), focusing on frequency distribution and percentages.

In another study, Mollel, Mulongo, and Razia (2017) examined how Tanzania's Muheza District's performance rating procedures affected workers' output. 339 workers took part in the survey via questionnaires and interviews as part of the research.

Mean scores were represented by descriptive statistics, and possible correlations between the independent and dependent variables were assessed by the Pearson Product Moment

Correlation Coefficient. Their study revealed that performance appraisal tools such as recognition and feedback are vital to employee performance and indeed influence employees' productivity in the organization. Interestingly, training, development, and promotion did not demonstrate a significant effect on employees' productivity, contrary to expectations. According to the study, in order to boost worker productivity, promotions and training ought to be performance-based and should concentrate on boosting worker commitment. Raising employee happiness through acknowledgment is also a good way to keep competent workers on board and weed out less productive ones.

### **2.7.2 Ethiopian Context**

In the local context of Ethiopian banks, including Bank of Abyssinia (BoA), similar trends are observed, with an additional emphasis on cultural factors, as noted by Bekele (2022). Bekele's research highlights the importance of considering cultural influences when analyzing performance appraisal practices in Ethiopian banks. Although specific findings and methodologies from Bekele's study are not detailed, the research supports the assertion that there is an empirical link between performance appraisals and key aspects of organizational performance within the Ethiopian banking industry.

Tekalegn et al. (2016) investigated the impact of performance appraisal on employee performance through a survey conducted among the administrative staff of Hawassa University. The descriptive research design was employed. The target population of the study was 2821 staff while the sample size was 338 staff. The primary source of data was adopted for the study. The data were gathered via structured questionnaires from a sample of 320 permanent administrative staff members. The study employed the simple random sampling technique for selection.

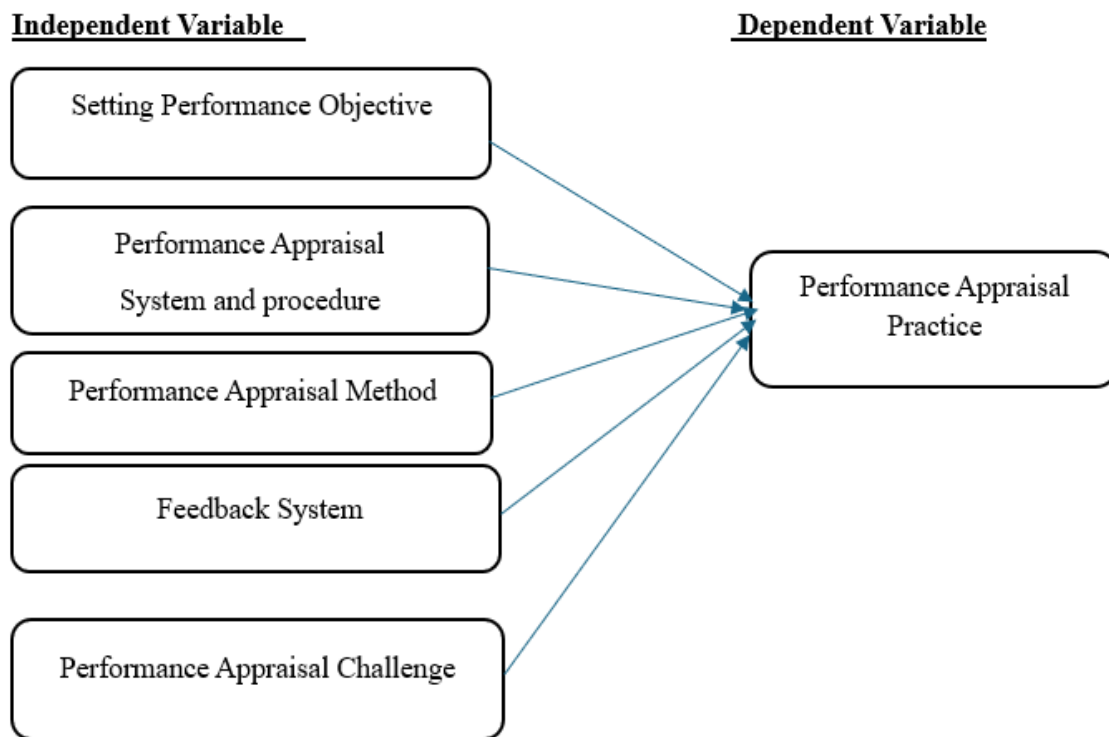
## **2.8 Conceptual Framework**

In today's corporate world, employee performance reviews are becoming a crucial component of the performance management process. According to Pulakos (2009), Performance appraisals are thought to be a useful tool for improving work output and employee motivation. They can also provide insightful feedback on areas in need of improvement in terms of training and development.

The performance evaluation procedures used by HRM employees and the Abyssinia Bank city branch in the West Addis Ababa district have been examined in this study. The factors

examined include Setting Performance Objectives, Performance Appraisal System and Procedure, Performance Appraisal Method, Feedback System, and performance appraisal challenges.

Thus, in order to put the research into practice, this study was produced using the conceptual framework below, applying independent and dependent variables.



*Figure 2.1 Conceptual Framework*

Adapted from Smith, J., & Johnson, A. (2020), and Armstrong, M. (2009)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0. Introduction**

This chapter explains the process used to evaluate Bank of Abyssinia S.C.'s performance appraisal procedures. Research design, methodology, data sources, study population, sampling strategies, determining sample size, data gathering procedures, validity and reliability, data analysis methodologies, and ethical considerations are all included.

#### **3.1. Research Approach**

In selecting the research approach, the study considered Creswell's (2009) classification of research approaches: qualitative, quantitative, and mixed methods. Given the need to understand quantitative measures of performance, a quantitative approach was chosen. Using this approach, numerical data is gathered and analysed to find trends, correlations, and patterns.

Quantitative research is particularly suitable for this study due to its objective measurement capabilities and the use of structured tools such as surveys and questionnaires, which facilitate the gathering of quantifiable data on various aspects of performance appraisal (Creswell, 2014).

Overall, the quantitative research approach is justified for this study as it aligns with the study's aim to systematically assess and improve performance appraisal practice at BoA.

#### **3.2. The Research Design**

A research design is a plan that describes the precise steps involved in conducting research. It offers frameworks for analysing data. (Rosen, 2019). For any study, to get reliable results and conclusions, a pertinent and suitable study design must be chosen. (Kumar, 2011).

According to Geoffrey, T., Smith, J., Johnson, A., and Brown, P. (2005) Descriptive research is a sort of study that aims to find and gather data on the features of a certain problem or concerns by describing things as they occur. Given that the purpose of the study was to evaluate performance appraisal practices in BoA, a descriptive style of research design would be the most effective in achieving the research's objectives. Therefore, this research used descriptive research designs because of the method is suitable for portraying existing conditions or variables found in BoA.

### **3.3. Sample Design**

#### **3.3.1. Population of the study**

The target population comprises 1,119 employees working in the head office and branches of Abyssinia Bank S.C. in Addis Ababa city under the West Addis Ababa District.

From the given scope, the sample only taken from head office employees (HRM) and ten branches in the west Addis Ababa district which were three branches are selected from grade III, three branches were selected from grade II and another four branches are selected from grade I branches. Those were (Abba mela branch, Raguel branch, Negadras branch, Abba Koran branch, Mesalemiya branch, Bomb Tera branch, Addis ketema branch, Rasdesta branch, 18 mazoriya branch, Kolfe 18 branch).

#### **3.3.2. Sampling Technique**

The sample for this study was chosen using a stratified sampling technique to ensure representation from various employment categories within the Bank of Abyssinia. The target population consisted of 1119 employees from the Bank's branches under the West Addis Ababa District and HRM department. From this population, a sample size of 139 employees was selected. Stratified sampling was employed to ensure that the sample adequately represented different job roles and hierarchical levels within the bank, thus enhancing the generalizability of the findings.

Kothari (2004) has declared that a stratified sampling technique is necessary to create a representative sample when the population from which the sample is to be drawn does not comprise a homogeneous group.

The study employed a stratified sample method to guarantee that each potential personnel feature had a category representative. A list of staff and names were collected from West Addis Ababa district and HRM staff and used to select the participants.

### 3.3.3. Sample size

The sample size was determined using Yamane's formula, resulting in a sample of participants selected from fifteen branches and Head office HRM departments of the bank.

Currently, Addis Ababa west district has a total number of 1058 and 61 employees in the HRM department as of Jan 2024. All types of Workers who had been employed by the various branches for more than a year at the time the data was gathered were included in this study. The investigator employed primary data obtained from participants.

Yamane T (1967:886) established proportions to determine sample size with 0.5 degree of variability, 5% level of precision/sampling error, and 95% confidence level.

In this regard, the sample size is calculated as follows:

$$n = N / (1 + Ne^2) = 213 / (1 + (213)(0.05)^2) = 138.9 \approx 139$$

### 3.3.4 Sample Frame

Table 3.1 Sample Frame

Branch	Target population	Sample size	Sample size %
Head Office	61	40	29%
Abba mela branch	19	12	8.6%
Raguel branch	24	16	11.5%
Negadras branch	27	18	13%
Abba Koran branch	16	10	7.2%
Mesalemiya branch	14	9	6.4%
Bomb Tera branch	17	11	8%
Addis ketema branch	10	7	5%
Rasdesta branch	9	6	4.3%
18 mazoriya branch	9	6	4.3%
Kolfe 18 branch	7	4	2.7%
Total	213	139	100%

### 3.4. Data Sources

The researcher consulted a variety of sources for both primary and secondary data. Structured questionnaires were utilized to gather primary data from a subset of the bank's employees. The Bank's published reports, strategies, policies, procedures, and manuals were the sources of secondary data. Internal books, magazines, and papers published in the field were also misused.

### **3.5. Data Collection Methods**

Data were collected using structured questionnaires distributed to the selected sample. The questionnaires were designed to gather comprehensive information on employees' perceptions and experiences regarding the performance appraisal practices at the Bank of Abyssinia. Prior to distribution, the questionnaire was pre-tested to ensure clarity and reliability of the items. Employees were given sufficient time to complete the questionnaires, and follow-up reminders were sent to maximize the response rate. Additionally, confidentiality of responses was assured to encourage honest and accurate reporting.

As discussed above in the sources of data section was prepared and distributed to employees of the banks. The questionnaires first tested before distributing to the respondents to check their viability. The questionnaire test was done by distributing 10 questionnaires (two for managers, eight for non-manager staff). Stratified sampling method was used to test the questionnaires. After testing and making revisions, questionnaires finally distributed to sample respondents. As to the interview, questions for the discussion was made ready beforehand and the responsible staff was contacted for arrange a meeting with the consent of the respondent interview time were scheduled.

### **3.6. Methods of data analyses**

The survey was managed in several stages to ensure smooth execution and high-quality data collection. Initially, a pilot study was conducted to test the survey instrument and refine any ambiguous questions. Following the pilot study, the main survey was administered with clear instructions provided to respondents. Data collection was monitored closely, with periodic checks to address any issues and ensure a high response rate. Completed questionnaires were collected, and the data were entered into a secure database for analysis.

Following data collection, rational checks were made to ensure that inconsistent data was properly cleared. The information gathered from the respondents has been analysed and presented using descriptive statistical data analysis techniques. Version 20 of the Statistical Package for the Social Sciences (SPSS) was utilized to conduct the analysis. Graphs, tables, and charts were used to display the descriptive statistical results, which outlined the replies that were analysed and discussed. Summary statistics, comprising the frequencies, percentages, and means calculated for each research variable, were used to do this.

### 3.7. Validity and Reliability

#### 3.7.1. Validity

Assessing the validity of a research instrument would typically involve evaluating the research methodology, data collection and analysis technique and the overall credibility of the findings. The investigation verified the accuracy of the research instrument's validity and its ability to measure the desired outcomes. (saunders, 2009). Validity deals with checking the finding are real about what they seem to be. To assure content validity, the questionnaire was designed to gain comprehensive coverage of the subject matter, with a particular emphasis on the general and specific objectives. Each question was directly linked to the study's objectives, ensuring that all aspects of the research problem were addressed comprehensively.

#### 3.7.2. Reliability

To ensure the reliability of the data collected for this study, the Cronbach's alpha test was employed. A measure of internal consistency called Cronbach's alpha shows how closely connected a group of items is to one another. It is a frequently used statistic to evaluate a scale's or test item's internal consistency or reliability. A high level of dependability indicates that the test or survey yields consistent results after several administrations.

Cronbach's alpha ranges from 0 to 1, with higher values indicating greater internal consistency. The rule of thumb for interpreting Cronbach's alpha values is as follows:

*Table 3.2 Alpha value range classification*

<b><math>\alpha</math> Value Range</b>	<b>Classification</b>
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$\alpha < 0.5$	Unacceptable

(Source: Nunnally& Bernstein, 1994)

### **3.8. Ethical Considerations**

Proper approval was obtained from the organization and participants, ensuring confidentiality and informed consent. Participants were volunteers, briefed on the purpose of the study, and assured of anonymity and privacy

The researcher lists the methods used to address privacy and confidentiality issues. They also take care to ensure that information is shielded from unwanted access and consider whether and how participants will be informed of any unexpected research findings that they are not supposed to know.

Because the participants in the survey were volunteers, they were allowed to respond to the questions in the questionnaire. The purpose and the procedure for gathering data were also made clear.

The goal of the study, which is only for academic purposes, was made apparent to the participants in order to elicit accurate and truthful responses. This study's results have been presented objectively and truthfully.

The study employed standardized instruments for data collection, such as validated questionnaires. The study aimed to minimize the influence of confirmation bias and ensure that the research findings were accurate, reliable, and reflective of the true conditions within the organization.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

This chapter discusses the research findings after presenting the information gathered through a questionnaire that was filled out by the organization's personnel. To facilitate the reader's analysis of the data, the researcher presented the findings using tables, bar charts, and pie

charts. The first section of the chapter will examine the employees' age, gender, educational attainment, job type, experience, and appraisal schedules. The other sections assess the specific research objectives of the five-performance appraisal predictors practices.

## 4.2 Descriptive Data Analysis

145 questionnaires were delivered in accordance with the sampling design. Following the receipt of the questionnaires, a comprehensive verification procedure was carried out to ensure the consistency and completeness of the data before moving on to additional analysis. Of the 139 questionnaires that were delivered, 95% were found to be correctly completed and used for additional analysis, while the other 6 surveys received no response.

## 4.3. Demographic Background of the Respondents

Frequencies and percentages are used to summarize demographic data, such as gender, age, educational background, years of work experience, and the number of performance reviews.

### 4.3.1. Gender Profile

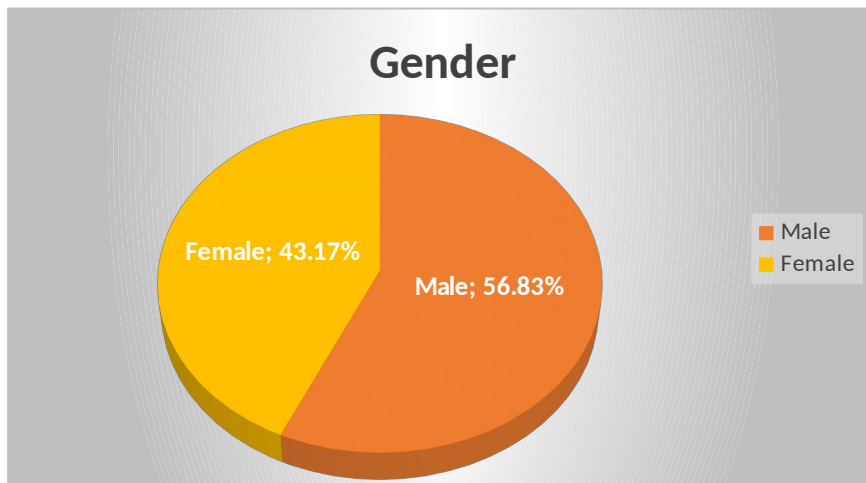


Figure 4.1 Respondents' Gender Profile

Source: SPSS Result (May 2024)

The above figure presents data on the gender distribution of the respondents. It shows that the male respondents formed majority of the target respondents with 79 representing 57%, while 60 respondents were female representing 43%. This suggests that there is male dominance even if both men and women work at the bank. Put differently, the bank's low percentage of women in the work force needs to be improved in the future.

### 4.3.2 Age Profile

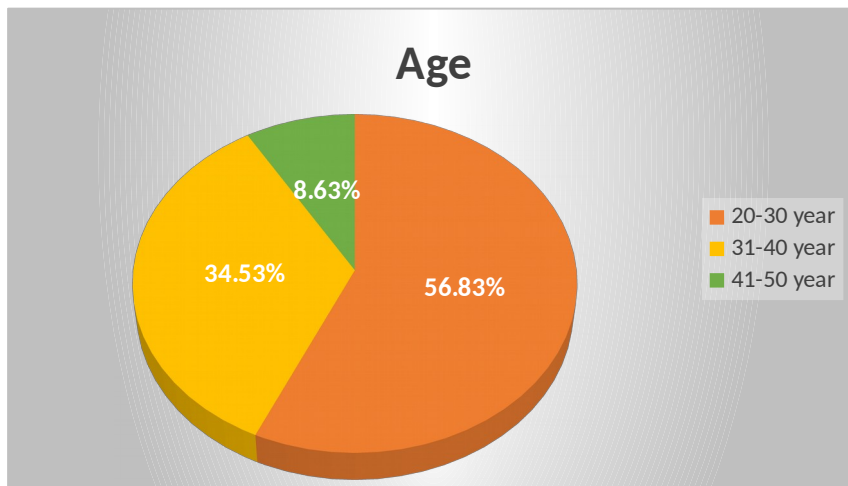


Figure 4.2 Response for “Age categories of the respondent’s  
Source: SPSS Result (May 2024)

The age distribution of the participants shows that 57% of the respondents were in the age group of 20-30, 34% of the respondents were in the age group of 31 and 40 and 9% of the respondents were between 41 and 50. This shows that the majority of the participants i.e. 57% are between the age of 20 and 30. This implies that the large proportion of respondents in the study is composed of productive and matured age groups of the population.

### 4.3.3. Educational Level Distribution

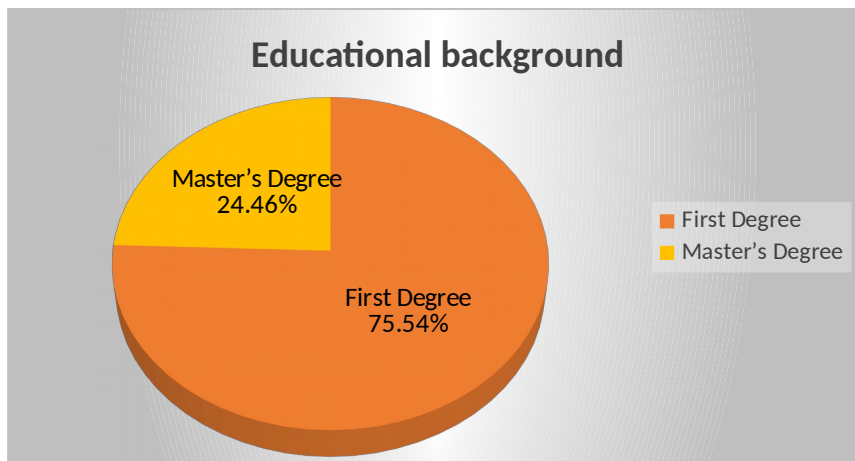


Figure 4.3 Response for “Educational background of the respondent’s  
Source: SPSS Result (May 2024)

Determining the respondents' educational backgrounds was also essential to the study since it may provide insight into their comprehension of the study's topic matter. The above pie chart shows that the respondents hold a wide range of educational qualifications first degree others

hold second-degree levels. Majority of the sample group were holding first degree which account for 76 percent followed by second degree holders (24%) and diploma level were 0%. This suggests that a wide range of educational backgrounds are expected to be represented within the organization's workforce, with a significant percentage of first-degree holders possessing a rudimentary understanding of the performance rating system.

#### 4.3.4. Current professional position

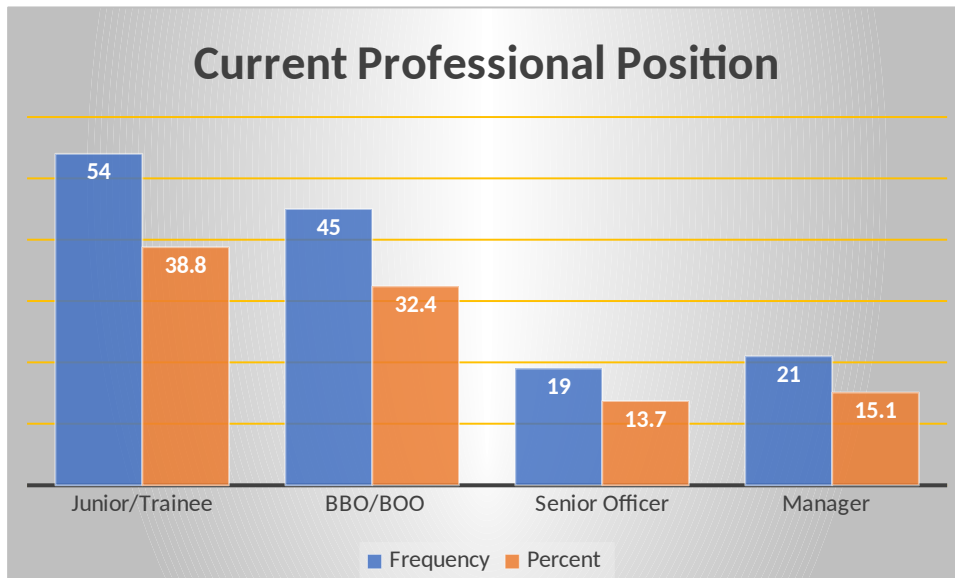


Figure 4.4 Response for “Current professional position”

Source: SPSS Result (May 2024)

The survey data indicates that the largest group of respondents, comprising 54 individuals, or 38.8% of the total, are in the Junior/Trainee position. The next largest group is the BBO/BOO (Business Banking Officer/Business Operations Officer) category, with 45 individuals representing 32.4%. Senior Officers make up 13.7% of the respondents, with a frequency of 19. Managers constitute 15.1% of the total, with 21 individuals.

#### 4.3.5. Years of Experience at BoA of Respondents

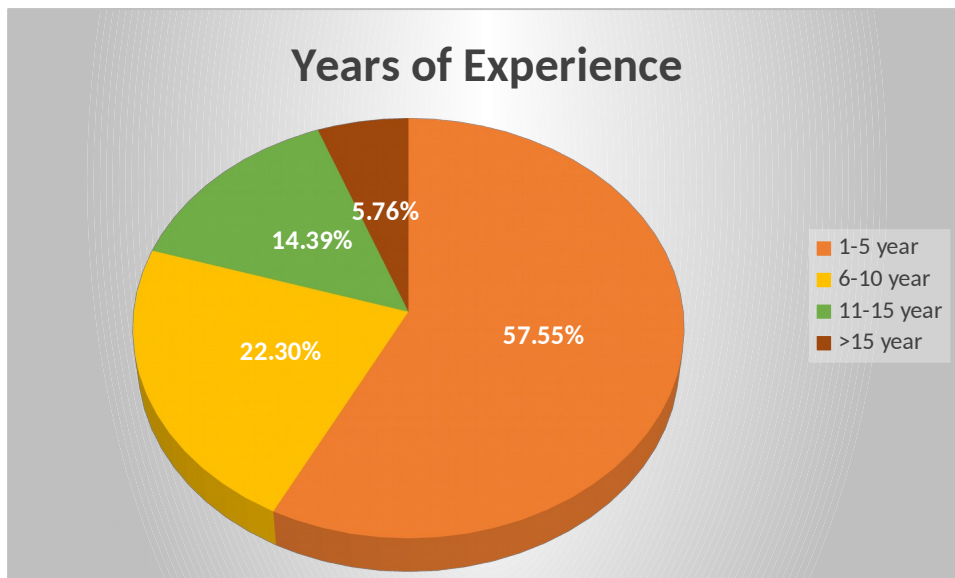


Figure 4.5 Response for “Work experience of the respondent’s”

Source: SPSS Result (May 2024)

Respondents were also asked for how long they have been working in the organization and most of the respondents i.e. 58% have been working in the organization between 1 to 5 years. 22% of the respondents had been working in the organization between 6 to 10 years. Only 6% of them have a work experience for more than 15 years. Out of the total respondents, 14% of the respondents had been working in the organization from 11 to 15 years. The number of years that an employee has spent in the organization explains the employees’ exposure for the different performance appraisal systems and its challenges. It also shows the individuals’ experience on how to deal with such challenges.

#### 4.3.6. Response for how often performance is evaluated?

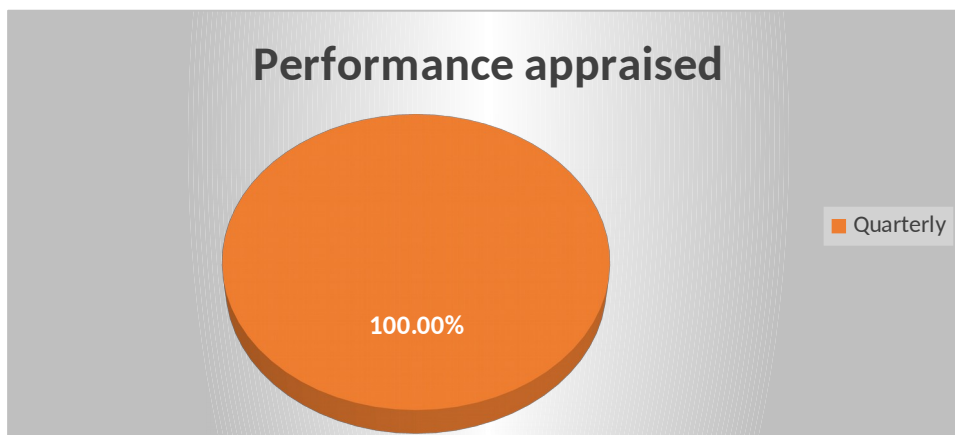


Figure 4.6 Response for “How often performance Appraised”

Source: SPSS Result (May 2024)

The pie chart reveals that 100% of respondents indicated their performance is appraised quarterly, reflecting a standardized approach within the Bank of Abyssinia. Quarterly appraisals ensure consistent performance tracking and timely feedback, promoting continuous employee development. However, the effectiveness of this system hinges on the quality of appraisals, which should provide meaningful feedback and set clear performance goals. While uniform frequency supports consistency, periodic reviews and adjustments based on specific role requirements can further enhance the appraisal process's effectiveness.

#### 4.4 Reliability Analysis

The following table provides the Cronbach's alpha values for different variables used in this study, along with the number of items in each variable.

Table 4.1 Reliability Analysis

Variable	Cronbach's Alpha	Number of Items
Performance Objective	0.981	5
Appraisal systems and procedures	0.880	8
Performance appraisal method	0.790	6
Feedback System	0.830	5
Challenge in the Performance Appraisal	0.790	4

Performance Objective: The Cronbach's alpha for Variable 1 is 0.981, which falls into the "Excellent" category. This suggests that the variables' items are very dependable and consistent.

Appraisal systems and procedures: With a Cronbach's alpha of 0.880, Variable 2 is considered to have "Good" reliability. This suggests a strong level of internal consistency among the items.

Performance appraisal method: The Cronbach's alpha for Variable 3 is 0.790, placing it in the "Acceptable" category. This means that the items are reasonably consistent and reliable.

Feedback System: A Cronbach's alpha of 0.830 for Variable 4 indicates "Good" reliability, showing that the items are well-correlated and consistent.

Challenge in the Performance Appraisal: Similar to Variable 3, Variable 5 has a Cronbach's alpha of 0.790, which is also "Acceptable" and indicates a decent level of consistency among the items.

Overall, the reliability analysis using Cronbach's alpha indicates that most of the variables have good to excellent reliability, with all values above 0.769. This suggests that the survey items are generally consistent in measuring their respective constructs, ensuring the reliability of the collected data for further analysis.

#### 4.5. Setting Performance Objective

The table 4.2 summarizes the perceptions of employees regarding different aspects of performance objective setting in a bank, with the grand mean and grand standard deviation indicating overall trends and variability.

Table 4.2 Setting Performance Objective

No	Setting Performance Objective	1 (SD)		2 (D)		%Dis agree (%SD +%D)	3 (N)		4 (A)		5 (SA)		%A (%A +%SA)
		F	%	F	%		F	%	F	%	F	%	
1	The performance appraisal instrument is suitable for the bank's goal	2	1.4	5	3.6	5.0	12	8.6	85	61.2	35	25.2	86.4
2	The performance objective is clearly defined	4	2.9	7	5.0	7.9	9	6.5	65	46.8	53	38.1	84.9
3	The employee and supervisor have a conversation about the goal.	0	0	0	0	0.0	17	12.2	55	39.6	67	48.2	87.8

4	Employee engagement in goal-setting is encouraged	4	2.9	8	5.8	8.7	18	12.9	62	44.6	47	33.8	78.4
5	Employee understands the bank's strategic purpose	5	3.6	11	7.9	11.5	24	17.3	60	43.2	39	28.1	71.3
<b>Grand Mean = 4.08</b>													
<b>Grand St.d = 0.88</b>													

Source: Survey data, 2024

**Appropriateness of Performance Appraisal instrument:** 86.4% of respondents agree or strongly agree that the performance appraisal instrument is suitable for the bank's goal. This indicates a high level of satisfaction with the tools used for performance appraisals. Only 5.0% disagree, suggesting minimal dissatisfaction.

**Clarity of Performance Objectives:** 84.9% of respondents agree or strongly agree that the performance objectives are clearly defined. This high percentage reflects that employees find the objectives well-communicated and understandable. Only 7.9% disagree, indicating room for slight improvement.

**Discussion Between Supervisor and Employee:** 87.8% of respondents agree or strongly agree that discussions are made between the supervisor and the employee regarding objectives. This high level of agreement suggests that communication between supervisors and employees about objectives is effective. There are no respondents who disagree, showing a strong consensus on this point.

**Employee engagement in goal setting:** 78.4% of respondents agree or strongly agree that employees are encouraged in goal-setting. This indicates a generally positive perception, though 8.7% disagree, suggesting that employee engagement in goal setting is encouraged could be enhanced.

**Understanding of Strategic purpose:** 71.3% of respondents agree or strongly agree that the strategic objectives of the bank are understood by employees. This lower percentage compared to other aspects indicates that while most employees understand the strategic objectives, there is more room for improvement. 11.5% of respondents disagree, highlighting an area where communication could be improved.

The Grand Mean of 4.08 and the Grand Standard Deviation (St.d) of 0.88 together provide a comprehensive understanding of employees' perceptions regarding the setting of performance objectives at the Bank of Abyssinia. The high Grand Mean indicates that, on average, employees agree with positive statements about the performance objective-setting process, reflecting a generally positive perception.

The Grand Standard Deviation of 0.88, being below 1, implies that the variability of the replies is not very high. This low standard deviation points to a high level of agreement among employees, indicating that most employees share similar views about the appropriateness, clarity, and efficacy of the performance goals established by the bank.

**Overall**, the combination of the high Grand Mean and the low standard deviation signifies a well-perceived and consistently understood process for setting performance objectives. The positive consensus among employees highlights the effectiveness of communication between supervisors and employees, ensuring that performance objectives are clearly defined and agreed upon, contributing to a cohesive and supportive work environment at the Bank of Abyssinia.

#### 4.6 Appraisal systems and procedures

Table 4.3 Appraisal systems and procedures

No	Appraisal Systems and Procedures	1 (SD)		2 (D)		%D (%SD + %D)	3 (N)		4 (A)		5 (SA)		%A (%A + %SA)
		F	%	F	%		F	%	F	%	F	%	
1	The organization has got an appraisal system in place.	1	0.7	6	4.3	5.0	17	12.2	67	48.2	48	34.5	82.7
2	Key performance criteria have been clearly identified in the appraisal system	2	1.4	5	3.6	5.0	14	10.1	72	51.8	46	33.1	84.9
3	The criteria were created after workers and appraisers were consulted.	2	1.4	6	4.3	5.7	14	10.1	78	56.1	39	28.1	84.2
4	There is understanding and support from key stakeholders	4	2.9	9	6.5	9.4	18	12.9	61	43.9	47	33.8	77.7

5	The assessment tools are structured with clear explanations	2	1.4	7	5.0	6.4	13	9.4	55	39.6	62	44.6	84.2
6	Adequate preparation is undertaken by Heads/supervisors and workers	4	2.9	9	6.5	9.4	15	10.8	60	43.2	51	36.7	79.9
7	The appraisal process is fair and reasonable	3	2.2	6	4.3	6.5	15	10.8	62	44.6	53	38.1	82.7
8	The appraisal interview is designed to be constructive	2	1.4	6	4.3	5.7	18	12.9	52	37.4	61	43.9	81.3
<b>Grand Mean = 4.09</b>													
<b>Grand St.d = 0.90</b>													

Source: - Survey data, 2024

The descriptive analysis of appraisal systems and procedures at the Bank of Abyssinia provides important insights into the effectiveness and perception of the current performance appraisal system. The data indicates that 82.7% of respondents agree or strongly agree that the organization has an appraisal system in place, while only 5.0% disagree, suggesting that the majority of employees acknowledge the existence of the appraisal system.

Regarding the clarity of key performance criteria, 84.9% of respondents agree or strongly agree that these criteria are clearly identified in the appraisal system. This high percentage indicates effective communication and understanding of performance expectations among employees.

The development of criteria in consultation with workers and appraisers is affirmed by 84.2% of respondents, reflecting a collaborative approach in the appraisal process. Only 5.7% disagree, which suggests a strong involvement of stakeholders in the development of performance criteria.

Understanding and support from key stakeholders, including the availability of necessary resources, is acknowledged by 77.7% of respondents. However, 9.4% disagree, indicating some room for improvement in stakeholder engagement and resource allocation.

The structure and clarity of assessment tools are agreed upon by 84.2% of respondents, showing that the tools used in the appraisal process are well-explained and understood. This high level of agreement suggests that employees are aware of the criteria and standards being assessed.

Adequate preparation for the appraisal process by heads, supervisors, and workers is supported by 79.9% of respondents. However, 9.4% of respondents disagree, pointing to the need for better preparation or training before the appraisal process.

The fairness and reasonableness of the appraisal process are affirmed by 82.7% of respondents. This high level of agreement indicates a generally positive perception of the appraisal process, although 6.5% disagree, suggesting that a small proportion of employees may have concerns about the fairness of the process.

Finally, 81.3% of respondents agree or strongly agree that the appraisal interview is designed to be a constructive, two-way discussion. This indicates that the interview process is seen as beneficial for performance and goal setting, with only 5.7% disagreeing.

The Grand Mean of 4.09 and the Grand Standard Deviation (St.d) of 0.90 together provide a comprehensive understanding of employees' perceptions regarding the appraisal systems and procedures at the Bank of Abyssinia. The high Grand Mean indicates that, on average, employees have a positive perception of the appraisal system's effectiveness and clarity. The Grand Standard Deviation of 0.90, being close to 1, suggests that while there is generally high agreement among respondents, there is some variation in their responses. This variation indicates areas where the appraisal system could be further refined or communicated more effectively.

**Overall**, the high percentages of agreement, coupled with the grand mean, signify a well-established and effective appraisal system at the Bank of Abyssinia. However, the presence of some disagreement, as indicated by the standard deviation, highlights opportunities for further improvement, particularly in enhancing stakeholder engagement, preparation for appraisals, and ensuring the perceived fairness of the process.

#### **4.7 Performance appraisal method**

*Table 4.4 Performance appraisal method*

No	Performance	1	2 (D)	%D	3 (N)	4 (A)	5 (SA)	%A
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.	Appraisal Method	(SD)				(%SD + %D)							(%A + %SA)
		F	%	F	%		F	%	F	%	F	%	
1	Rater keeps documents on file	1	0.7	6	4.3	5.0	1	10.4	6	45.3	55	39.6	84.9
2	Do employees have the opportunity to assess the performance of their managers or supervisors within the company?	2	1.4	4	2.9	4.3	2	15.1	6	46.4	48	34.5	80.5
3	Employees individually examine and assess their own performance reviews within the company	0	0	5	3.6	3.6	1	10.5	5	42.9	60	43.2	85.6
4	To assess performance, appraisers consult a variety of sources of information, including coworkers, superiors, clients, and subordinates (360-degree feedback).	3	2.2	4	2.9	5.1	1	11.6	6	46.5	51	36.7	83.5
5	If I have any concerns or doubts regarding my performance review, my assessor gives me concrete instances of accomplishments.	1	0.7	7	5.0	5.7	1	7.2	7	54.6	45	32.4	87.1
6	In my opinion, the rater takes into account the employee's performance over the course of the review rather than their immediate successes or shortcomings.	2	1.4	6	4.3	5.7	2	18.5	7	50.0	36	25.9	76.3

Source: Survey data, 2024

The analysis of performance appraisal methods at the Bank of Abyssinia indicates a favourable perception among employees towards the various aspects of the appraisal methods employed.

**Document Keeping by Raters:** 84.9% of respondents agree or strongly agree that raters keep documents on file, signifying a strong adherence to documentation practices. Only 5.0% disagree, indicating a minimal concern.

**Subordinate Evaluation of Supervisors:** 80.5% of respondents agree or strongly agree that subordinates have the opportunity to assess their supervisors' or managers' performance, reflecting an open appraisal culture. Only 4.3% disagree, suggesting few concerns.

**Self-assessment by Employees:** 85.6% of respondents agree or strongly agree that employees assess their own performance, indicating high acceptance of self-evaluation practices. Only 3.6% disagree, showing strong support.

**Use of Multiple Information Sources:** 83.5% of respondents agree or strongly agree that appraisers use multiple information sources for evaluations, such as supervisors, customers, subordinates, and colleagues (360-degree feedback). This high level of agreement indicates a robust and comprehensive appraisal system. Only 5.1% disagree, suggesting minor dissatisfaction.

**Evaluator's Provision of Specific Examples:** 87.1% of respondents agree or strongly agree that their evaluators provide specific examples of achievements during performance evaluations. This high percentage indicates effective communication and clarity in feedback. Only 5.7% disagree, showing minimal issues.

**Consideration of Performance Over Time:** 76.3% of respondents agree or strongly agree that the rater considers the employee's performance throughout the evaluation period rather than focusing on short-term achievements or failures. This percentage reflects a positive perception, though the 5.7% disagreement suggests some concerns.

The Grand Mean of 4.12 suggests that, on average, employees hold a positive view of the performance appraisal methods at the Bank of Abyssinia, indicating high satisfaction overall. The Grand Standard Deviation (St.d) of 0.88 indicates relatively low to moderate variability in responses, suggesting a high level of agreement among employees with few differing opinions. This consistency underscores a widespread positive perception of the bank's appraisal methods. Together, these metrics reflect a well-regarded and effective performance appraisal system at the Bank of Abyssinia, characterized by both high satisfaction and uniformity in employee perceptions.

## 4.8 Feedback system

The table 4.5Presents descriptive statistics on employees' perceptions of various aspects of the feedback system at a company, summarized by percentages across five-point Likert scales from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 4.5Feedback System

No .	Feedback System	1 (SD)		2 (D) %		%D (%SD + %D)	3 (N) %		4 (A) %		5 (SA) %		%A (%A + %SA )
		F	%	F	%		F	%	F	%	F	%	
1	The manager provides input on the current state of coaching and mentoring.	1	0.7	3	2.2	2.9	11	7.9	79	56.8	45	32.4	89.2
2	Continuous feedback is obtained from the supervisor	0	0	6	4.3	4.3	11	7.9	75	54.0	47	33.8	87.8
3	The manager provides constructive input to staff members following the appraisal results.	1	0.7	4	2.9	3.6	13	9.4	70	50.4	51	36.7	87.1
4	Employees take feedback positively in case of low performance	0	0	2	1.4	1.4	14	10.1	71	51.1	52	37.4	88.5
<b>Grand Mean= 4.19</b>													
<b>Grand St.d = 0.73</b>													

Source: Survey data, 2024

The Grand Mean of 4.19 indicates a generally positive perception among employees regarding the feedback system's effectiveness and utility. This high mean suggests that, on average, employees endorse the system's ability to provide timely and constructive feedback, with a majority rating their experiences positively (rated as 4 or 5).

The Grand Standard Deviation (St.d) of 0.73 reflects relatively low variability in responses, indicating a high level of consensus among employees regarding their perceptions of the feedback system. This consistency suggests that the majority of employees hold similar views

regarding the system's strengths and benefits, with few expressing markedly different opinions.

Analyzing specific items, such as the supervisor's role in giving feedback in coaching and mentoring moments (89.2% positive), obtaining continuous feedback (87.8% positive), and receiving constructive feedback after appraisals (87.1% positive), reinforces the overall positive sentiment toward the feedback practices. Items where feedback is taken positively even in cases of low performance (88.5% positive) also contribute to this favorable perception.

Overall, these findings indicate that employees perceive the feedback system as effective, constructive, and supportive, as evidenced by both the high Grand Mean and the low Grand Standard Deviation. This descriptive quantitative approach underscores the system's strength in promoting a positive feedback culture within the organization.

#### 4.9 Challenge in the Performance Appraisal

The table 4.6 presents employee replied regarding challenges faced in the performance appraisal process within the organization. The grand mean and grand standard deviation offer insights into overall perceptions and variability across responses.

Table 4.6 Challenge in the Performance Appraisal

N o.	Challenge in the Performance Appraisal	1 (SD)		2 (D)		%D (%SD + %D)	3 (N)		4 (A)		5 (SA)		%A (%A + %S A)
		F	%	F	%		F	%	F	%	F	%	
1	There is a misalignment b/n departmental and individual assessment in the performance management system.	4	2.9	7	5.0	7.9	27	19.4	60	43.2	41	29.5	72.7
2	Employees are not evaluated based on the duties and nature of their jobs.	7	5.0	10	7.2	12.2	36	25.9	60	43.2	26	18.7	61.9
3	My performance is evaluated by the assessor based on	5	3.6	16	11.5	15.1	25	18.0	58	41.7	34	24.5	66.2

	their particular preferences and dislikes.												
4	The supervisor or manager have insufficient knowledge and abilities to assess employee performance	0	0	8	5.8	5.8	19	13.7	56	40.3	55	39.6	79.9
5	I think that the focus of performance reviews in my company is not on the growth of the employees	3	2.2	11	7.9	10.1	19	13.7	65	46.8	41	29.5	76.3
<b>Grand Mean = 3.87</b>													
<b>Grand St.d = 0.98</b>													

Source: Survey data, 2024

The analysis of the challenges within the process of performance evaluation at the Bank of Abyssinia identifies several key issues perceived by the employees.

**Alignment of Appraisal:** 72.7% of respondents agree or strongly agree that there is a lack of alignment between individual and departmental appraisals. This indicates a significant concern that the current appraisal system does not adequately integrate individual performance with departmental goals. Only 7.9% disagree, suggesting that most employees see this as a challenge.

**Job-Specific Ratings:** 61.9% of respondents agree or strongly agree that ratings are not given to employees based on the duties and nature of their jobs. This indicates a perception that the appraisal system may not fully consider the specific roles and duties of different positions. A notable 12.2% disagree, showing some divergence in opinions on this issue.

**Personal Bias:** 66.2% of respondents agree or strongly agree that evaluators are influenced by personal liking and disliking when evaluating performance. This suggests that personal biases are perceived to affect the fairness of the appraisal process. With 15.1% disagreeing, this issue has a relatively high level of concern among employees.

**Evaluator Competence:** 79.9% of respondents agree or strongly agree that supervisors or managers lack the necessary knowledge and skills to evaluate employee performance

effectively. This high level of agreement highlights a critical area for improvement in training and development for those conducting appraisals. Only 5.8% disagree, indicating that this issue is widely recognized.

**Development Focus:** 76.3% of respondents agree or strongly agree that the performance evaluation is not focused on employee development. This suggests that the appraisal system is seen as more evaluative rather than developmental. With 10.1% disagreeing, there is still a significant number of employees who believe that the current system does not support their growth and development.

The Grand Mean of 3.87 indicates that employees, on average, acknowledge significant challenges within the performance appraisal process at the Bank of Abyssinia. This mean suggests a moderate level of agreement regarding issues such as alignment between individual and departmental appraisals, job-specific ratings, personal bias in evaluation, evaluator competence, and development focus. The Grand Standard Deviation (St.d) of 0.98 reveals variability in responses, implying differing perspectives among employees on these appraisal challenges.

This variability underscores the need for targeted improvements to address perceptions of fairness, alignment, and developmental focus within the appraisal system, ensuring a more cohesive and effective approach at the bank.

#### 4.10 Employee Performance

The table 4.7 presents employee responses regarding various aspects of their performance and alignment with organizational goals. The grand mean and grand standard deviation offer insights into overall perceptions and variability across responses.

Table 4.7 Employee Performance

No	Employee Performance	1 (SD)		2 (D)		3 (N)		4 (A)		5 (SA)		%D (SD + D)	%A (A + SA)
		F	%	F	%	F	%	F	%	F	%		
1	The organization is able to meet the goal it sets	0	0	7	5.0	3	25.6	6	47.5	3	21.6	5.0	69.1
2	Work volume and quality is found as per the planned and targeted	0	0	7	5.0	2	18.5	6	48.7	4	28.8	5.0	77.0

3	Employees are always ready to stand behind the organization whenever a problem occurs	1	0.7	7	5.0	19	13.7	68	48.9	44	31.7	5.7	80.6
<b>Grand Mean= 3.97</b>													
<b>Grand St.d= 0.82</b>													

Source: Survey data, 2024

**Meeting Organizational Goals:** 69.1% of respondents agree or strongly agree that the organization can meet the goals it sets. Only 5.0% disagree, suggesting that most employees believe in the organization's goal setting and achievement capabilities.

**Work Volume and Quality:** 77.0% of respondents agree or strongly agree that work volume and quality are as per the planned and targeted goals. This high percentage indicates a strong performance in achieving planned work targets. Only 5.0% disagree, showing minimal dissatisfaction.

**Employee Readiness:** 80.6% of respondents agree or strongly agree that employees are always ready to stand behind the organization whenever a problem occurs. This high level of agreement highlights a strong sense of loyalty and commitment among employees. Only 5.7% disagree, indicating a minor concern.

The Grand Mean of 3.97 suggests an overall positive perception of employee performance, indicating that employees generally believe in the organization's goal attainment and their commitment to supporting it. The Grand Standard Deviation (St.d) of 0.82 reflects moderate variability in responses, suggesting a consistent viewpoint among employees regarding these performance indicators, predominantly leaning towards agreement. Overall, these findings demonstrate a positive evaluation of employee performance and effective performance management practices within the Bank of Abyssinia, supported by consistent and largely favourable employee perceptions.

#### 4.11 Discussion of Findings

The examination of the Bank of Abyssinia's performance evaluation procedures yields a number of important conclusions. Firstly, the appraisal system is conducted quarterly, providing regular feedback to employees, which is essential for continuous improvement and alignment with organizational goals. This practice aligns with findings from other researchers who emphasize the importance of frequent appraisals for effective performance management (DeNisi& Pritchard, 2017).

### **Similarities with Other Studies:**

**Frequency of Appraisals:** Like many contemporary organizations, the Bank of Abyssinia conducts appraisals quarterly, aligning with the best practices highlighted by Armstrong (2017), who advocates for regular performance evaluations to ensure continuous improvement.

**Feedback Mechanisms:** The study's finding that the feedback system is highly valued by employees resonates with research by Taylor et al. (2015), which underscores the importance of feedback in motivating employees and improving performance.

### **Differences from Other Studies:**

**Employee Perceptions:** While the Bank of Abyssinia's employees generally have a positive view of the performance objective setting and appraisal methods, some studies, such as those by Smith et al. (2006), report widespread dissatisfaction with performance appraisals in different contexts. This suggests that the Bank of Abyssinia may have implemented more effective or better-accepted appraisal methods.

**Challenges Identified:** The study identifies specific challenges such as aligning individual and departmental appraisals and addressing evaluator biases. This contrasts with the findings of Ochoti et al. (2012), who highlight that accurate rating and communication are more significant challenges in other organizations.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary of the finding**

The study investigated the demographic profile of respondents, revealing a predominance of males in productive and mature age groups, with a significant representation of individuals holding first-degree qualifications. Analysis of employee distribution unveiled a pyramid-like structure, with the majority situated at entry-level positions and fewer occupying higher tiers of responsibility, indicative of potential growth opportunities within the organization. Regarding the perception of the performance objective setting process, findings reflected a generally positive sentiment among employees. There was notable agreement on the

appropriateness of appraisal tools and the clarity of performance objectives, while discussions between supervisors and employees were deemed effective. However, variability in employee motivation and understanding of strategic objectives suggested potential areas for improvement in communication and engagement practices.

Employee perceptions of the overall appraisal methods and procedures were positive, with a preference for fairness and efficacy. The structured nature of the process, coupled with clear criteria and effective stakeholder engagement, contributed to this positive perception. Nonetheless, addressing variability in perceptions was identified as crucial for enhancing the system's overall effectiveness and fairness. The feedback mechanism was seen as a crucial element, and employees held it in high regard. There was a uniform acknowledgment of the significance of timely, continuous, and constructive feedback from supervisors, underscoring the organization's commitment to fostering a culture of growth and improvement.

Despite the generally positive outlook, challenges in the performance appraisal process were identified. These included aligning individual and departmental appraisals, ensuring fair and objective evaluation criteria, and fostering employee development. Addressing these challenges was seen as essential for enhancing process effectiveness, fairness, and overall employee satisfaction. Additionally, the critical components of the performance appraisal process, such as the Feedback System and Appraisal Methods, were highlighted for their importance. These findings underscored the significance of structured and collaborative approaches in driving effective appraisals. Finally, the study pointed out areas that needed work, like greater departmental and individual goal alignment, which if fixed might result in increased system efficacy and higher organizational performance.

## **5.2. Conclusion**

The analysis of responses from 139 survey participants reveals several key insights into their demographic background, perceptions of performance appraisal systems, and feedback mechanisms within the organization. The demographic profile indicates a majority of male respondents (57%) and a predominantly young workforce, with 57% aged between 20 and 30. Educationally, most respondents hold a first degree (76%), suggesting a well-educated participant base.

Regarding current job status, the largest group consists of Junior/Trainees (38.8%), followed by Business Banking Officers/Business Operations Officers (32.4%), Senior Officers (13.7%), and Managers (15.1%). This distribution highlights a workforce with a significant

number of entry-level and mid-level professionals. Additionally, 58% of respondents have one to five years of work experience, indicating a relatively new workforce with a smaller segment of long-term employees (6% with more than 15 years).

In terms of performance appraisal frequency, all respondents are appraised quarterly, suggesting a consistent and regular evaluation system. Employees' perceptions of performance objective setting are generally positive, with high mean scores (above 4.0) and low standard deviations, indicating agreement and consistency among employees that the performance appraisal tool is appropriate, objectives are clearly defined, and there are effective discussions between supervisors and employees.

The feedback system is also well-received, with high mean scores (around 4.2) and low standard deviations, indicating that employee's value continuous, real-time, and constructive feedback. However, challenges remain, especially in light of the consistency between departmental and individual assessments and worries regarding the influence of personal biases on evaluators.

The performance appraisal methods are viewed positively, with a grand mean of 4.12 and a low standard deviation of 0.84, suggesting that employees appreciate self-assessment opportunities and the involvement of multiple information sources in the evaluation process. Despite some variability, most employees feel that the appraisal system is fair and reasonable.

In summary, the survey data reflects a predominantly young, well-educated workforce with a generally positive perception of the organization's performance appraisal and feedback systems. However, there are areas for improvement, particularly in ensuring alignment between individual and departmental goals and addressing concerns about evaluator biases. These realizations lay the groundwork for improving performance review procedures and creating a more encouraging and equitable workplace.

### **5.3. Recommendations and Future Research**

#### **5.3.1 Recommendations**

- ✓ **Implement Clear and Measurable Criteria:** To improve objectivity in performance evaluations, the management should establish and consistently apply clear, measurable criteria for appraising employee performance.
- ✓ **Enhance Timeliness of Feedback:** Implement measures to improve the timeliness of performance appraisal feedback.

- ✓ **Foster Two-Way Communication:** Redesign the appraisal process to include mechanisms for receiving and incorporating employee feedback.
- ✓ **Address Challenges through Learning and Development:** Position the method of performance reviews as a teaching and learning aid. This approach will help address challenges identified in the evaluation practices by fostering a culture of continuous improvement and skill development among employees.
- ✓ **Ensure Fairness and Transparency:** Ensure that the performance appraisal process is conducted fairly and transparently.

These recommendations are tailored to address the specific objectives of the study, aiming to enhance the effectiveness, fairness, and objectivity of the performance appraisal practices at the Bank of Abyssinia. By implementing these recommendations, the organization can improve employee performance outcomes, and overall BoA success.

### 5.3.2 Future Research

- ✓ Investigating other factors such as job satisfaction, organizational culture, and leadership styles could provide a more comprehensive understanding of performance appraisal perceptions.
- ✓ Conducting longitudinal studies on understanding how perceptions of performance appraisals change over time and the long-term impact of any improvements implemented.

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## **Appendix 1- Questionnaire**

The questionnaire is to be completed by bank employees in Abyssinia, S.C

Dear Respondents,

This questionnaire is meant to gather primary data for a study that will be conducted on the subject. “Assessment of Employee’s performance appraisal practice in bank of Abyssina S.C” as partial fulfilment to the completion of the Master of Human Resources Management Program at Addis Ababa University. In this regard, to ensure that the study's conclusions serve the intended purpose, I respectfully ask that you supply information that is accurate to the best of your knowledge. I want to reassure you that we will handle your responses in confidence. I want to sincerely thank you in advance for volunteering to spend some of your precious time answering this questionnaire.

### **General guidelines:**

- You don't have to write your name.
- Among the options, indicate your level of agreement by placing a (√) sign.

**Part I – Background information**

1. Age of respondent:

20-30 yrs  31-40 yrs  41-50 yrs  above 50 yrs

2. Gender of respondent:

Male  Female

3. Respondent educational Level:

Diploma  First Degree  Master’s Degree  Above Master’s Degree

4. Current Professional Position

Junior/Trainee  BBO/BOO  Senior Officer  Manager

5. What is your length of service at Abyssinia Bank S.C. in years?

1 - 5 yrs  6 - 10 yrs  11 - 15 yrs  Above 15 yrs

6. How often is your performance appraised or reviewed?

A. Monthly  B. Quarterly  Half yearly  Yearly

**Part II performance appraisal practice in Abyssinia bank S.C**

This section of the questionnaire deals with the Abyssinia Bank's performance appraisal procedure. Please use a thick mark (✓) to indicate your level of agreement or disagreement with each of the following statements. Please fill out the questionnaire using the following informational key as a guide.

1 = indicted strongly Disagree

2 = indicted disagree

3 = indicted neutral

4 = indicted agree

5= indicted strongly Agree

Setting Performance Objective	Response
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		1	2	3	4	5
1	The performance appraisal instrument is suitable for the bank's goal					
2	The performance objective is clearly defined					
3	The employee and supervisor have a conversation about the goal.					
4	Employee engagement in goal-setting is encouraged					
5	Employee understands the bank's strategic purpose					

<b>Appraisal systems and procedures</b>		Response				
		1	2	3	4	5
1	The organization has got an appraisal system in place.					
2	Key performance criteria (i.e., competencies, behaviours, results / outcomes) have been clearly identified in the appraisal system					
3	The criteria were created after workers and appraisers were consulted.					
4	There is understanding and support from key stakeholders (e.g. workers, supervisors). The necessary resources are available to implement an effective performance appraisal system					
5	The assessment tools are structured, with clear explanations about the criteria to be assessed, and performance standards					
6	Adequate preparation is undertaken by the Heads / supervisors and workers before the appraisal process					
7	The appraisal process is fair and reasonable					
8	The appraisal interview designed to be a constructive, two-way discussion of performance and goal setting					

Performance appraisal method		Response				
		1	2	3	4	5
1	Rater keeps document on file					
2	Do employees have the opportunity to assess the performance of their managers or supervisors within the company?					
3	Employees individually examine and assess their own performance reviews within the company					
4	To assess performance, appraisers consult a variety of sources of information, including co-workers, superiors, clients, and subordinates (360-degree feedback).					
5	If I have any concerns or doubts regarding my performance review, my assessor gives me concrete instances of accomplishments.					
6	In my opinion, the rater takes into account the employee's performance over the course of the review rather than their immediate successes or shortcomings.					

Feedback system		Response				
		1	2	3	4	5
1	The manager provides input on the current state of coaching and mentoring.					
2	On-going input is received from the supervisor.					
3	The manager provides constructive input to staff members following the appraisal results.					
4	When an employee performs poorly, they accept the criticism well.					

Challenge in the Performance Appraisal		Response				
		1	2	3	4	5
1	There is a misalignment b/n departmental and individual assessment in the					

	performance management system.					
2	Employees are not evaluated based on the duties and nature of their jobs.					
3	My performance is evaluated by the assessor based on their particular preferences and dislikes.					
4	The supervisor or manager have insufficient knowledge and abilities to assess employee performance					
5	I think that the focus of performance reviews in my company is not on the growth of the employees.					

<b>Employee Performance</b>		<b>Response</b>				
		1	2	3	4	5
1	The organization is able to meet the goal it sets					
2	Work volume and quality is found as per the planned and targeted					
3	Employees are always ready to stand behind the organization whenever a problem occurs to the organization					
4	The organization is able to satisfy the owner(s) /shareholders/Directors/Trusties					
5	Customers/clients' expectations are met					