ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MBA PROGRAM

AN ASSESSMENT ON EMPLOYEES' PERCEPTION TOWARDS THE PRACTICE OF EMPLOYEES PERFORMANCE EVALUATION: THE CASE OF AWASH BANK, S.C

BY

GENET G/MARIAM

MAY, 2019

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MAY, 2019

SMU, ADDIS ABABA

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that the work entitled "An assessment on employees' perception towards the practice of employees performance evaluation: The case of Awash Bank, S.C", is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my advisor. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree. It is offered for the partial fulfillment of the Degree of Master of business administration (MBA).

Genet G/Mariam   _____

      Name   Signature and date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

TerefeFeyera (PhD)   _____

Advisor   Signature and Date

St. Mary's University, Addis Ababa

ACKNOWLEDGMENTS

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LIST OF ACRONYMS/ABBREVIATION

AB – Awash Bank

HRM – Human Resource Management

PE – Performance Evaluation

PA – Performance Appraisal

HRLD– Human Resource & Logistics Department (HRLD)

ABSTRACT

The Purpose of this study was assessment on employees' perception towards the practice of employees' performance evaluation. Performance evaluation, though an important function of human resource management, has not received the degree of concern it deserves. However, despite these intended goals, performance evaluation seems not to be effective in most cases mainly due to the subjective nature of criteria (standard) of performance, lack of rater understanding of or inadequate training on performance evaluation, which consequently led to the less importance and emphasis attached to it. This study has tried to address each of the above and other related issues by taking Awash Bank S.C. as a case study organization. Accordingly, samples from the Bank's staff members were selected and administered .The study has used descriptive approach and Purposive sampling technique was used to give equal chance of participation Managers from branches and head office were selected purposefully in order to assess their opinion on the performance evaluation practice as raters and questionnaires distributed to 40 employees and Analyzed. While the practice by Awash Bank S.C has been that immediate supervisors are the people in charge of evaluating employees, response from the sample respondents has indicated that others such as peers, subordinates, customers, or any combination of these should be allowed to participate if the process is expected to be more effective. It is identified that the evaluation format addresses different aspects of employee performance with traits being the dominant ones. It is also found out that the Bank adopts the rating scales method of performance evaluation. Although the existing practice of evaluating employees twice a year has got the highest support among the sample respondents, some have suggested a more frequent time period for increased effectiveness. Employee participation in the evaluation process is set at a low level. Owing to subjectivity (non-job relatedness) of most of the performance criteria in use, problems related to measurement, rater bias, and lack of appropriate rater training are seen to characterize the Bank's evaluation system. Problems are always prevalent and what one should be concerned about is on how to overcome them. Irrespective of how they are handled, the appraisal system of the Bank is found to encourage giving performance feedback and handling post assessment interviews with employees.

Key Words; Employees Perception, performance Evaluation

CHAPTER ONE:INTRODUCTION

1.1 Background of the Study

Employee performance evaluation has been practiced by numerous organizations since centuries. It is one of the most important requirements for successful business and HumanResource policy of the organization. As employees are one of the most valuable assets of the organization that can make things happen, the practice of performance evaluation is an inherent and inseparable part of the organizations' life. Conducting performance evaluation helps organizations to reward and promote effective performers and identify ineffective performers to developmental programs or other personnel actions that are essential to the effectiveness of Human Resource Management. Longenecker and Fink (2011) cited several reasons that formal performance evaluations are to stay in organizations. According to them, formal evaluations are required to justify a wide range of human resource decisions such as pay raises, promotions, demotions, terminations, etc. It is also required to determine employees' training need. The authors cited a study on high performance organizations that the practice of performance Evaluation was cited as one of the top 10 vehicles for creating competitive advantage.Moreover, performance measurement allows the organization to tell the employee about their rates of growth, their competencies, and their potentials. However, regardless of its panacea, ineffective evaluation process can bring many problems including low morale, decreased employee productivity, a lessening of an employee's enthusiasm and support for the organization(Islam and Rasad, 2010). Evaluating employee performance is a difficult task because the job demands the immediate supervisors to understand the nature of the job and the sources of information, and the information needs to be collected in a systematic way, and it is provided as a feedback, and integrated into organization's performance management process for use in making compensation, job placement, and training decisions and assignments.

Therefore, the problems of performance evaluation arises when the results of the evaluation fail to reflect the actual performance of the employees, which in turn, leads to wrong administrative decisions that can highly affect the life of the employees. Thus, the study had attempted to assess the practices and problems that exist in Awash Bank. The study also tried to address the purposes for which performance evaluation is conducted.

1.2 Background of the Organization

Awash Bank (AB) was established as the first private commercial bank(post 1991) on November 10, 1994 by 486 founder shareholders with a paid up capital of Birr 24.2 million and started banking operations on February 13, 1995. The major activities of the Awash Bank are described as follows: To mobilize all types of deposits(savings, demand and time) and pay interest on interest bearing accounts, to provide loans and advances to its customers , including long term investment/project financing, to render domestic and international monetary transfer service, to provide international banking services such as imports and export operations; handling foreign currency transactions, namely- buying and selling Travelers cheques, buying and selling foreign currency notes; maintaining and operating non-resident accounts; providing deposit services in foreign currency for Ethiopian Nationals and foreign Nationals of Ethiopian origin, provides advice on banking, finance and investment to its customers. (Source; AB report,2017/18).

The studyhas been designed to evaluate the employees' perception towards the current Employees' performance evaluation practices in Awash Bank. It is also intended to evaluate the degree to which the performance evaluation results are reliable and valid to prepare employees for further responsibility and additional remunerations; and to identify the role of performance evaluation in supporting Human resource managers to make personnel decisions. Specifically, the study has critically assessed and identifies the purpose of performance evaluation. This thesis has three beneficiaries: 1) awash Bank (The Human Resource Management Department). First and for most, the report provides the bank with the purposeof performance evaluations and thus the recommendations forwarded, if implemented, offers a good insight to tackle the performance evaluation dilemma. 2) The academic members of the society (staff members, students of St. marry University and other local universities). This report contributes to the existing knowledge in field of Human Resource Management and as a result it can be used

by the academic members of the university to conduct bank wide research in the area of performance evaluation. 3) The researcher. Personally it gave me the experience and added to my knowledge of tackling practical research purposes in my career life and this had been used as a stepping stone for my future thesis works.

1.3 Statement of the Problem

A formal performance evaluation program can have a number of objectives including performance assessment and improvement, providing a basis for individual remuneration, identifying training needs and, assessing suitability for promotion. Moreover, productive performance evaluation serves many purposes, including: letting employees learn of their weaknesses and strengths, new goals and objectives are agreed upon, employees become an active participant in the evaluation process, the relationship between the supervisor and employees is taken to an adult-to–adult level, employees renew their interest in being part of the organization now and in the future, training needs are identified, time is devoted for discussing quality of work without regard to money issues, supervisors become more comfortable in reviewing the performance of employees, employees feel that they are taken seriously as individuals and the supervisors are truly concerned about their needs and goals(Rafikul Islam and Shuib Bin MohdRasad,2010).

Poor Performance evaluation can have many problems in the organizations. It requires observation and then evaluation of employee work by someone usually by employees' manager. It is difficult tasks for many managers because it exposed to in accurately. If it is not properly managed affects both the organization and moral of employee in the organization. Employee may complain the one who evaluate the performance standard, interpretation of performance evaluation results and the time of evaluation (Cole 2005).

Preliminary investigations show a periodic evaluation of employee performance. The use or otherwise of evaluation results cannot be established at this point, however, concerns among some employees presents performance evaluation as mere formalities. A cursory observation also reveals a lack of consistency in the provision of feedback to employees. To a large extent, these are bottlenecks that defeat the purpose of performance evaluation and justify the assertion

by Kurt (2009) that some business managers are often disappointed in performance evaluation systems because the desired outcomes are hardly realized.

In times when employees in most public institutions have been blamed of high level of inefficiencies in the discharge of their duties by the general public, effective evaluation systems have become more essential. Therefore, the main purpose of the study had seek to examined the effectiveness of performance evaluation systems that the organization has faced in an attempt to implement its performance evaluation programs.

1.4 Research Questions

❖ To this end, the study tries to answer the following research questions:
  - ✓ For what purpose was performance evaluation mostly conducted by the bank?
  - ✓ Does the practice of employees' performance evaluation satisfy the criteria of effectiveness and fairness?
  - ✓ What are the major performance evaluation challenges in the Bank?
  - ✓ To what extent do employees receive the feedback on the result of performance evaluation in Awash Bank?

1.5 Objectives of the Study

1.5.1 General Objectives

The main purposes of the study is to evaluate the employees' perception on the practices of performance evaluations that the organization has faced in an attempt to implement its performance evaluation programs and recommending solutions for problems related to the subject matter.

1.5.2 Specific Objectives

❖ The specific objectives of the study are;
  - ➢ To identify the Purpose and methods towards the practice of employee's performance evaluation in Awash Bank.
  - ➢ To show the practice of employees' performance evaluation those satisfy the criteria for effectiveness, fairness, and cost effectiveness.

> To identify the organization system on employee perception towards the practice of employee performance evaluation.

> To know the perception of employees towards the feedback process in performance evaluation.

1.6 Significance of the Study

The results of this study had also significant in various aspects. Firstly, on the basis of the findings of the study, the research draw some conclusions and identify the purposes of performance evaluation and give signal to the Human Resource Management of the bank to take remedial action to improve the subjectivity of evaluation in prospecting employees for salary increment and promotion. Second, it is a piece of contribution to the current knowledge in the practice of performance evaluation in an enterprise working in Ethiopia and invites for further research to bring behavioral change in the areas of performance evaluation both in the mind of the raters, rates and those parties responsible in the design of the instruments of performance evaluation forms that are used to judge the performance of employees. Thirdly, it gives the researcher the opportunity to gain deep knowledge in the practice of employee performance evaluation.

1.7 Scope of the Study

The study cover employee perception towards the practice of performance evaluation in Awash Bank for the period covered five years (from 2012 up to 2017). Regardless of the multifarious characteristics of performance evaluations and its various uses for undertaking different administrative decisions, the study had limited to the employees' perception towards the practices of performance evaluation in four branches of the bank (namely, Bole, Head office (Human Resources), stadium, and Arat Kilo Branches). Moreover, the study involved managers and clerical workers as participants of the study and precludes the non- clerical workers.

1.8 Operational Definition of Terms

Perception: the process by which people select, organize, interpret, retrieve, and respond to information from the world around them (Lansbury, 2011).

Performance: The act of performing of doing something successfully, and using knowledge as distinguished from merely possessing (Lansbury, 2011).

Performance Evaluation: is the activity used to determine the extent to which employee perform work effectively (Lansbury, 2011).

Performance Appraisal:"the process of identifying, evaluating and developing the work performance of the employee in the organization" (Lansbury, 2011).

Performance evaluation Purposes: are the reasons underlying any performance evaluation practice (Lansbury, 2011).

1.9 Organization of the Paper

The paper has organized into four major chapters. The first chapter deals about the general background of the study, statement of the problem, objective and significance of the study with its scope and limitation in accordance with organization of the paper. The second chapter contains related literatures, chapter three deals about the study design and methodology and chapter four bead dresses presentation and analysis of collected data and analysis of finding of the study. The last chapter, chapter five contains summary of findings, conclusion and recommendation part of the study.

CHAPTER TWO

REVIEW OF RELATEDLITRATURE

2.1 Theoretical Literature

2.2 Definitions of Performance Evaluation

People are the source of all productive effort in an organization. Organizational performance depends upon individual performance. To fulfill the objectives of the organizations there should be well management of human resources. Actually the true meaning of human resource management is "get result through people". We can make brilliant plans, we can draw clear organizational charts, we can set up modern assembly lines and can use sophisticated accounting controls but still we fail if we can't choose right human resource in right place and time.

Human resource influences the efficiency of organization. People set overall goals, strategies and objectives e the organization, without effective people it is simply impossible for an organization to achieve predetermined goals and objectives. Human resources are the major cost and expense of doing business, they have profound effect on productivity, they are unique, and they demand fairness and equity. Properly trained human resource manager will protect the organizations from unnecessary law suits and penalty. Managing human resources is a central concern of every manager in any organization. Recently, a number of developments have combined to make effective management of human resource even more important, and more complex.Not only are workers and work organizations changing but organizations are also changing. Government regulations of the employment relationship, economic competition on a global scale and host of other factors has forced this change (Dessler,2010).

HRM has been given importance in the banking and professionals fields because of the role it plays in enhancing organizational performance. Presently, organizations are successful on the account of competent human resources. Thus, according to Katuwal (2007) human resource management is the requirement in facing competition successfully rather that fulfilling the legal and mandatory requirements.

Performance evaluation is a formal program in which employees are told the employer's expectations for their performance and rated on how well they have met those expectations. Performance evaluations are used to support HR decisions, including promotions, terminations, training, and merit pay increases. "Performance Evaluation" has been synonymous with performance review, performance apprisal, and other terms and combinations of terms. PA has, over time, referred to 1) an instrument or form to assess an employee's job performance, 2) an interview where an employee's job performance is assessed and feedback is given to the employee, 3) a system of setting employee job expectations/ employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period, or 4) performance management with job performance appraisal a part of it (Dessler, 2010 as cited in Kondrasuk , 2011). According to (Palaiologos,2011), Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee.

A formal definition of performance evaluation is given by Aswathappa,(2011): "It is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organizations, and society all benefit "From this definition one can see that the objective of performance evaluation is not only designed to check past performance(i.e. controlling) but also predicts the promotion potential of the candidate in the future(i.e. Development and coaching). Furthermore, the system is structured to measure and evaluate employee's job related behaviors and outcomes and this is an answer to the question "what to measure". This largely determines what methods to use to measure these behaviors and outcomes. But one of the weaknesses of the above definition is that it does not tell us the frequency of performance evaluation which determines the frequency of the feedback given to the employees. Furthermore, Ivancevich, (2009) defined performance appraisal as, "The activity used to determine the extent to which an employee performs work effectively.
More specifically, a formal performance evaluation is a system setup by the organizationto regularly and systematically evaluate employees' performance".In the definition, the author

classified between formal and informal performance evaluation process. Thus, the informal process is unsystematic, unplanned, chaotic, random and unmethodical. On the other hand, the formal system is prescribed, official, and intentional in its design and has a specific purpose or goal.

Moreover, according to Michael Beer, cited in Lorch, (2010) performance evaluation is defined as:"….a system of papers and procedures designed by the organization for use by itsmanagers and an interpersonal process in which manager and subordinate communicateand attempt to influence each other. The evaluation process refersto the interpersonal process in which the supervisor and the subordinate communicate andattempt to influence each other through the feedback interview. It is concerned with howPerformance evaluation is actually implemented and carried out in an organization. Moreover, Performance evaluation is defined as:"….a periodic evaluation of the output of an individual measured against certainexpectations"(Yong, 2004 as cited in Ahmad,2004).The definition implies that the performance evaluation process involves observing andevaluating staff members' performance in the workplace in relation to pre-set standards.

According to DeNisi, (2007) cited in Campbell and Lee (2007), performance evaluationconsist of observation of behavior by a rater, formation of some cognitive representation ofthis behavior, storage of this representation in memory, retrieval of the stored information,at the time of evaluation, reconsideration and integration of the retrieved information withother items of information, and, finally the assignment of a formal evaluation to theemployees. This definition shows the process of performance evaluation decision makingwhich is complex and unattainable because of the limitation of human informationprocessing capacity.Therefore, in this study, performance evaluation is a system designed to periodically andregularly measure the performance of employees against pre-set standards and it involvesproviding feedback to the employees in which case the result of the appraisal will be usedas a basis for administrative decisions and developmental purposes. In the citation ofliterature, such terms as appraisal, assessment, personnel rating, merit rating, and revieware used interchangeably with evaluations (Ivancevich, 2009).

2.3 Purposes of Performance Evaluation system

It has long been recognized that performance evaluation plays an important role in organizations (Michael K.Mount,2012). It serves a variety of purposes such as providing the basis for making selection decisions, determining salary increases, and providing a vehicle for feedback between the supervisor and employees and can be used a powerful tool for managerial control.(Linda S.Pettijhon,2011; John Edmonstone,2006)According to (Michael Beer, 2010) performance Evaluation data are important to make decisions and to justify them for their objectivity, equity, and fairness. The personnel department also requires data on employee performance and potential to determine how many employees will be available to fill future openings assuming a certain turnover, retirement, and growth rate, and to help the line managers decide who will be promoted. Centrally maintained records are the means by which the corporation attempts to remove favoritism, subjectivity, and politics from personnel decisions. Evaluation is also needed to improve the performance and potential of employees.

There is no question that the role of a manager is changing rapidly in the world marketplace and this opts for systematic management development efforts at the organizational level (Clinton O.Longenecker,2007). So many other scholars argued that performance evaluation is to be effective device for: administering a formal organizational reward and punishment system, evaluating the legitimacy of selection test, providing feedback to employees and thereby serves as vehicles for personal and career development establishing objectives for training programs and diagnosing organizational problems.[Wiese, and Buckley, 2008; Cascio,2007; Clinton O.Longenecker, 2009; "The federal civil servants proclamation No.515/2007" of Ethiopia; just to mention some]Ivancevich, (2009) in the case for using formal evaluation mentioned that a well-designed for mal evaluation potentially can serve development, motivation, Human Resource and employment planning, communication, legal compliance, and Human resource management research. However, such confirmative arguments with regard to performance evaluation are frequently based on conditional statement, such as; "If the performance evaluation process has been well-designed and conscientiously implemented . . ."; "If performance evaluation process is an honest, open one . . .", "If used well, performance evaluation is the most powerful instrument . . ." What then if the Performance evaluation process is not so ethically right and practically

effective as theoretically desired? Negative reviews have related the destructive consequences a defective Performance evaluation system can bring to the organization.

As Ivancevich (2007) has cited, the quality expert W.Edwards Deming argued that performance evaluation is fundamentally flawed because of the following reasons: They nourish short term performance and deflect attention from long term planning; they leave rates bitter, desolate, and feeling inferior and unfit for work because they are afraid to present a divergent point of view, they are detrimental to teamwork because they foster rivalry , and fear, they focus on the end product ,not leadership to help people, the measures used to evaluate performance are not meaningful, because supervisors and subordinates are pressured to use numbers and count something and the measures discourage quality because people concentrate on meeting numbers; they won't take time to improve a design if their goals involve quantity and deadlines. He argued that performance evaluation nourishes fear, encourages short-term thinking, stifles team work,and is not better than lotteries. He condemns performance evaluation as a deadly disease, and advocates the elimination of performance evaluation.

In a more comprehensive way, Michael Beer (2010) described the two major goals of performance evaluation as follows: Organization and individual employees. He argued that both individual and organizational goals are not always compatible and results in conflict of interest in performance evaluation. As a result it brought up a mixed blessing to both the supervisor and the subordinates. From the perspectives of the organization, Performance Evaluation serve two basic goals: Evaluation and coaching and development goals. The evaluation goals are primarily designed to give feedback to subordinates so they know where they stand, to develop valid data for pay(salary and bonus) and promotion decisions and to provide a means of communicating these decisions, and to help the manager in making discharge and retention decisions and to provide a means of warning subordinates about unsatisfactory performance. On the other hand, the coaching and development goals are to be used to council and coach subordinates so that they will improve their performance and develop future potential, to develop commitment to the larger organizations through discussion of career opportunities and career planning, to motivate subordinates thorough recognition and support, to strengthen supervisor-subordinate relations, and to diagnose individual and organizational problems.

The most important point to note at this junction is that these two goals of performance evaluation are in conflict. It leads supervisors to play the role of the judge and help at the same time.

On the other hand, like the organization, the individual has conflicting goals in performance evaluation. Individuals want feedback about themselves because it helps them to learn and this can be obtained through performance evaluation interview. On the other hand, employees have the desire for Self Development. There are obvious conflicts between individuals' desire for personal development and their wishes for rewards and feedback consistent with their Self Image. Self-development requires openness to feedback and real receptivity to alternative approaches to the job. It requires subordinates to drop their defense and consider accepting the manager's view of their performance taking an exploratory attitude about their performance and what might be done about it.

From this we can see that the evaluation and development goals of organizations force the managers to use performance evaluation in two quite contradictory ways. Similarly, individuals have conflicting objectives as they approach the performance evaluation. The most significant conflict, however, is between the individual and the organization Despite the heated controversies with respect to performance evaluation in terms of both its goals and benefits, it is a reality in our world, whether a panacea or a deadly disease. In this study, because of its comprehensive nature the purposes/goals framed by Michael Beer (2010) will be used as the basis to assess the purposes of performance evaluation as a practice in Awash Bank (AB).

2.4 Methods of Performance evaluation

Organizations currently use several methods to evaluate performance. Jafari, Bourouni and Amiri, (2009) denominated that there are three existent approaches for measuring performance evaluation. These are (1) absolute standards (2) relative standards and (3) objectives. (4)360 Degree Feedback.

2.4.1 Absolute Standards

In the absolute standards, as performance evaluation approach, the employees are compared to a standard, and their evaluation is independent of any other employee in a work group (Dessler, 2011). Included in this group are the following methods: The essay evaluation : It is the simplest

evaluating method in which evaluator writes an explanation about employees' strong and weak points, previous performance, positional and suggestion for his (her) improvement at the end of evaluation term. This kind of evaluations usually includes some parts of other systems to cause their flexibility. This method often combines with other methods. In essay evaluation, we attempt to focus on behaviors (Mondy, 2008). The critical incident evaluation: It focuses on key factors which make difference in performing a job efficiently. This method is more credible because it is more related to job and based on individuals performance than characteristics. The necessity of this system is to try to measure individuals performance in term of incidents and special episodes which take place in job performance. These incidents are known as critical incident. In this method, the manager writes down the positive and negative individuals" performance behavior in evaluation term (Mondy, 2008). The checklist: In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee"s characteristics and performance. The results can be quantitative and give weight to characteristics. Answers of checklist are often "Yes" or "No" (Decenzo, 2012, as cited by Jafari 2009). The graphic rating scale: This is the most commonly used method of performance evaluation because they are less time-consuming to develop and administer and allow for quantitative analysis and comparison. It is a scale that lists some characteristics and range of performance of each individual. Therefore, employees are ranked by determining a score which shows their performance level. The utility of this technique can be enhanced by using it in conjunction with the essay appraisal technique (Mondy, 2010). This method evolved after a great deal of research conducted for the military services during World War II. It is a method in which the evaluator should rank individual work behavior between two or more states. Each state may be favorable or unfavorable. The activity of evaluator is to determine which state has an explanation of employee most (Mondy, 2010). Behaviorally anchored rating scales (BARS): This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS let the evaluator to rank employees based on observable behavioral dimensions. The elements of this method are result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 2012).

2.4.2 Relative Standards
In this category, individuals are compared against other individuals. These methods are relative standards rather than absolute measuring device. The most popular of the relative method are

group order ranking, individual ranking and paired comparison. Group order ranking: In this method, employees are placed into a particular classification, such as "top one-fifth". For example, if a rater has 20 employees, only 4 can be in the top fifth and 4 must be relegated to the bottom fifth (Decenzo, 2012, as cited by Jafari et al., 2009). Individual ranking: In this type of evaluation, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2011). Paired comparison: In this method, employees are compared with all others in pairs. The number of comparison is followed as (N. (N-1))/2 in which N show the number of employees. After doing all comparisons, the best person is determined for each characteristic (Mondy, 2010).

2.5 Factors influencing the effectiveness and Fairness of performance Evaluation

According to Michael Beer (2010) there are three major factors influencing evaluation outcomes. First, the evaluation system can be designed to minimize the negative dynamics causing problems of performance evaluation. The supervisor often has only marginal control over these matters. Second, the ongoing relationship between boss and subordinate will have major influence on the evaluation process and outcome. Third, the interview process itself, the quality of communication between boss and subordinate, can help to minimize problems of performance evaluation.

2.5.1 The performance evaluation system

In order to solve the problem of defensiveness of rates that resulted as a result of conflict in the goals of performance evaluation, raters should conduct two separate performance evaluation interviews –one focused on evaluation and the other coaching and development. The other solution is choosing appropriate performance data. For instance, using behavioral rating scales and behavior related evaluation techniques may solve this problem.

2.5.2 supervisor-subordinate relations

The quality of the evaluation process is dependent on the nature of the day-to-day boss subordinate relationship. In an effective relationship, the supervisor is providing feedback and coaching on an ongoing basis. Thus, the appraisal interview is merely a review of the issues that have already been discussed. On the other hand, if a relationship of mutual trust and

supportiveness exists, subordinates are more apt to be open in discussing performance problems and less defensive in response to negative feedback.

There are no easy techniques for changing a boss subordinate relationship. It is highly affected by the context with in which the boss and subordinate work, the broader culture of the organization, and the climate of the primary work group will have important influences on boss-subordinate relationship. If the organization culture encourages participative management, open communication, supportiveness accompanied by high standards of performance, a concern for employees, and egalitarianism, it is more likely that these values will characterize.

2.5.3 The evaluation interview

The best techniques for conducting a particular evaluation interview depend on the mix of objectives pursued and the characteristics of the subordinate. Employees differ in their age, experience, sensitivity about the negative feedback, attitude towards the supervisor, and desire for the influence and control over their destiny.

As Norman R.F.Maier (2011) cited in Michael Beer (2010) there are three types of evaluation interviews each with a distinct specific objectives. The differences are important in determining the skills required by the supervisor and the outcomes for employee motivations and supervisor-subordinate relationships. The three methods are termed as: tell-and-sell, tell-and-listen, and problem solving.

➢ The tell and sell method

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

➢ The problem solving interview

This interview approaches takes the manager out of the role of judge and puts him in the role of helper. The objective is to help subordinates discover their own performance deficiencies and lead them to take the initiative in developing a joint plan for improvement.

The problem solving interview is best suited to coaching and development objectives of performance appraisal

2.5.4 Feedback from Multiple Sources (360 Degree Feedback)

Performance360 degree evaluations are the latest approach to evaluating performance. It is a popular performance evaluation method that involves evaluation input from multiple levels within the firm as well as external sources. "Feedback from multiple sources or „360 degree feedback" is a performance evaluation approach that relies on the input of an employee's superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses" (Yukl and Lepsinger, 2011). The 360-degree evaluation can help one person be rated from different sides, different people which can give the wider prospective of the employee's competencies (Shrestha, 2012). According to Wiese (2012) in the typical 360-degree process, supervisor(s), subordinates, peers and (less frequently) internal or external customers provide feedback on performance for each target rate, using some type of standardized instrument. Rasheed, Aslam, Yousaf and Noor (2011), claimed that 360-degree appraisal system is more effective as compared to the other systems that are one sided and could be biased at times. In 360-degree evaluation system, information is obtained through several sources; it includes the boss, top management, assistants, co-workers, customers, dealers and advisors. All these can be classified into internal and external parties. In 360-degree evaluation system, information can be obtained from anyone who interacts with the employee and can tell how that employee behaves with him.

2.6 Empirical Review on the Practice of Performance evaluation

According to Michael Beer (2010) many of the problems in performance evaluation stem from the evaluation system it self-the objectives it is intended to serve, the administrative system in which it is embedded, and the forms and procedures that make up the system.

The performance system can be blamed if the criteria for evaluation are poor, the technique used is cumbersome, or the system is more form than substance. If the criteria used focus solely on activities rather than output (results), or on personality traits rather than performance, the evaluation may not be well received (Junlin Pan and Guoqing Li, 2006;Michel Beer, 2010; Ivancevich, 2007; Cynthia Lee, 2009).

Henderson (2011) cited in Deborah F.B and Brain H. Kleiner (2008), performance evaluation system are not generic or easily passed from one company to another; their design and administration must be tailor- made to match employees and organizational characteristics and qualities.

In the study made by Clinton O.Longenecker(2007) on 120 seasoned mangers drawn from five different large US organizations entitled "why managerial performance evaluation are ineffective", the majority(83%) of the respondents argued that managerial performance evaluation is destined to fail because of (among the many reasons cited) unclear performance criteria or ineffective rating instrument used. This mostly emanates from ambiguity on the job descriptions, goals, traits and/or the behaviors that will be the basis for the evaluation of the process to fail right from the start.

According to Deborah F.B and Brain H. Kleiner (2007) organizations need to have a systematic framework to ensure that performance evaluation is "fair" and "consistent". In their study of "designing effective performance evaluation system", they conclude that that designing an effective evaluation system requires a strong commitment from top management. The system should provide a link between employee performance and organizational goals through individualized objectives and performance criteria. They further argued that the system should help to create a motivated and committed workforce.

2.3 Conceptual Framework on the practice of Performance Evaluation

According to the literature reviews on the practice of employee performance evaluation effectiveness factors such as evaluation system, evaluation interview, supervisor-subordinate relations and feedback from multiple sources or 360 degree feedback. There are some interesting points on how these factors affect to the practice of performance evaluation. This conceptual framework is developed based on knowledge and literature review of related theories and previous papers. The dependent variable is practice of performance evaluation; the independent variables are evaluation system, evaluation interview, supervisor-sup ordinate relations and feedback from multiple sources or 360 degree feedback. The system should have a framework to provide appropriate training for supervisors, raters, and employees, a system for frequent review of performance, accurate record keeping, a clearly defined measurement system, and a multiple rater group to perform the evaluation.

This study takes the following framework as the center to discuss and proposed as following hypotheses.

Figure 2.1 Conceptual Framework

Independent Variable   dependent Variable

Performance Evaluation system

Performance Evaluation interview

Supervisor subordinate relations   →   The practice of performance evaluation

Feedback from multiple sources
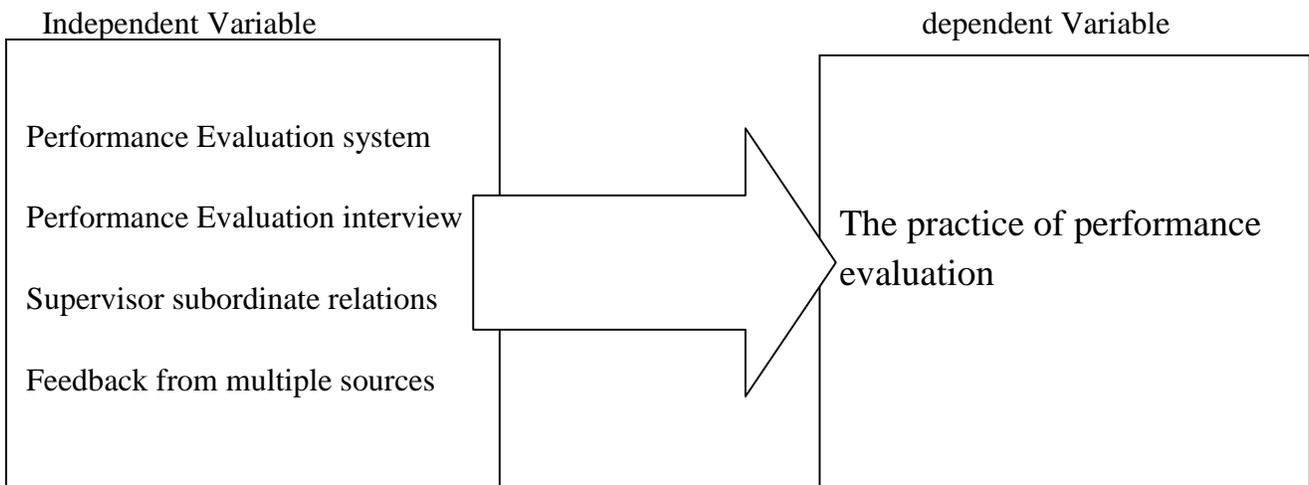
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research design and Approach

- The research design refers to the overall strategy that we are choosing to integrate for different components of our study. This study conducted on employee perception on the practice of performance evaluation in Awash Bank. The researcher used descriptive research design. As we know descriptive studies, they are designed to obtain data that describe the characteristics of the topic of interest in the research. The objective of descriptive study is to represent an accurate profile of persons, events or situations and it concerned with the present situation & attempt to determine the status of the phenomena under investigation. Mixed research approach methods was used (both Quantitative & Qualitative) b/c it provides opportunity for good information that easily understand & interpret the result of the study.

3.2 Population Sample Size and Sampling Techniques

3.2.1 Target Population

The target population of this research was mainly the employees of Awash Bank in four branches of the bank (namely, Bole, Head office (Human Resources), stadium, and Arat Kilo Branches).There are around 100 employees working in the selected area of the bank. Those staffs of Awash Bank who have technical know about the employee performance evaluation and its activities would have been taken to the study.

3.2.2 Sampling technique

The sampling technique that used to collect primary data relevant to the study is purposive sampling. The researcher used purposive sampling because of the size of the population in case of their know about the budget in the office.

3.2.3 Sample size

There are currently more than 370 branches under Awash Bank under supervision and direction of National Bank of Ethiopia. These branches are implementing various multi-projects as an essential functional work unit so as to win and survive intense competition in the industry. In this study the researcher took sample employees from the selected areas of the Bank so as to get consistent information.   Accordingly the researcher took 40 sample sizes from four selected branches 10 sample for each branch from total population. because it is to be believed that the sample size represents the whole population for the reason that the population have the same characteristics by factors such as; involvement in similar activities, governing policy of NBE's policy as well as characteristics of the organization itself are also similar in the industry. The sample includes customer relation manager, Accountant, Cashier, branch manager and customer service officer.

3.3 Data Type and Sources

This study was designed to describe employee perception on the practice of performance evaluation in Awash Bank. For this study, the primary sources of data was used. As the primary data has help us gather knowledge from those who are directly involved through interviews, questionnaires and related instruments. The data also collected through secondary source from annual reports, journals and internets

Descriptive statistics has been used to investigate and describe characteristics of performance evaluation management practices. Some of the descriptive statistical tools has been used in this study includes: frequency distributions, percentage distributions, tabulations and cross tabulations.

3.4 Methods and instruments of data collection

The data was mainly collected from primary data and also collected secondary data from annual reports, journals, magazines and internets. The necessary primary data have been collected through questionnaire and depth interview from employees of Awash Bank at the selected areas (head office, bole branch, Arat kilo and stadium).

Interview schedule had prepared based on the objectives that are focused on research questions of the study. Thus, the selected awash bank employees and employees of selected institution and organization will be interviewed on the practice of organizational employees' perception of the

practices of Employee performance evaluation through bank. Semi structured interview was selected due to its flexibility which enables the researcher to ask respondents on current situation on the attitude of awash bank performers and it also gives opportunities to express their feeling, ideas and opinion at hand. In addition to semi structured interviews structured interview was help the researcher to ask question in his wording, through phoning and conducting face to face. To minimize the possibility of the bias on both sides (interviewee and interviewer) and easily access those who are not accessible by interview, structured questionnaires were employed to obtain information about conditions, practices and problems for sample studies.

3.5 Validity and Reliability

A reliable and valid research instrument is absolutely essential for collecting accurate data for the conduct of any research and the process of development of the present research work.

3.5.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about

Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure.

Data were collected from the reliable sources, from respondent who are employees of Awash Bank S.C. (managers as well as Non managers) working at the human resource staff and four selected area banks located in Addis Ababa. Thus, the study was used face-to-face communication and linking the idea of human resource managers and the idea of employees' were used to assess the validity of the instrument.

3.5.2 Reliability

Reliability means the ability of a measuring instrument to give accurate and consistent results. The question of reliability arises only for the questions used to measure perception. A pilot study of 40 (forty) respondents for the questionnaire was conducted. It provided a trial run for the questionnaire, which involves testing the wordings of questions, identifying ambiguous ones, testing the techniques that were used in the data collection, and measuring the effectiveness of the standard invitations to respondents.

3.6 Methods of Data Analysis

Due to subjectivity nature of the issue, the data had been analyzed and presented through description, narrating and interpretation the situation deeply and contextually. Questionnaire is the main research instrument and there would have also depth interview, observation and related instruments would have been used in this study. The questionnaire has contain both an open and closed ended questions. For open ended questions as the respondents are left free to write in their own words, there might be a difficulty to quantify this type of data. Hence, the type of data gathered has been qualitative in nature. Taking in to consideration this fact, this research was employed a descriptive type of data analysis and the data will be analyzed and interpreted with the help of different statistical tools such as computing means, percentages, figures, graphs, and tables.

Tabulation is used to arrange data in a table or other summary format to facilitate the process of comparison of various data analysis. The results of the study had also discussed with the help of previous related findings.

3.7 Ethical Considerations

A formal letter has been obtained from St. Mary's University, School of Business concerning permission to carry out the study at Awash Bank. The written consent statement obtained from the university was attached with questionnaire describing the general purposes of the study. An ethics approval by St. Mary's University Ethics Committee was gained to minimize any potential harm and protect all parties involved: participants, the University, the supervisor and the researcher.

CHAPTER FOUR

DATA PRESNTATION, ANALYSIS AND INTERPRTATION

4.1 Introduction

In this chapter, the data collected through questionnaires, interviews and company documents will be presented and analyzed using statistical tables and narrations, as may be convenient, and interpreted. The findings from the respondents on different aspects of the appraisal system and possible reasons for any forthcoming problems and solutions thereto are also presented. Before exploring deep into the various aspects of employee performance, it would seem logical to briefly see what the performance evaluation process of the Bank looks like.

Performance evaluation process in Awash Bank (in selected areas of the study)

As a matter of fact, it is the Human Resource Management (HRM) Division of the Bank's Human Resource & Logistics Department (HRLD) that is responsible for the initiation and accomplishment of such major personnel issues as human resources planning, recruitment and selection, placement, training & development, determination of employee compensation schemes, performance appraisal, promotion, demotion, transfer and layoff, of course with continuous assistance and feedback from top management wherever necessary. Accordingly, the HRM Division, by the beginning of every next evaluation period, takes the initiative to remind the concerned authorities in the various departments of the Head Office and Area Banks, via formal or informal means, to carry out the periodic employee evaluation and send the filled evaluation forms to the division within fifteen days after lapse of the previous evaluation period. Thus the HRLD distributes evaluation forms to those organs of the bank which did not maintain enough copies in their stock. Concerned supervisors (managers) in the different organs then fill the employee evaluation forms (in three copies) for employees working under their supervision the results from which will be ascertained by the respective department head or area bank manager before dissemination to the rates. After approval by the concerned authority, the supervisor would then distribute the filled forms to the respective employees. The latter, if they came up with any comments regarding their rating results, would write them on the space provided in the form for the purpose and would submit the form back to the supervisor or manager who may or may not initiate post assessment discussions with rates. In most of the

cases agreements are expected to be reached, in some way, between the supervisor and his/her boss and the rate on the fairness of the latter's rating results. The department or area bank after retaining a copy of the filled forms in the employee's personal file maintained at its level would then finally send the remaining forms to the HRMD that would be expected to consider the same for any subsequent personnel-related decisions.

4.2 General Profile of Respondents

In this section, respondents" general profile which includes age category, gender, educational qualification and service year in the bank is discussed and its relationship with the study is explained Data is collected from respondent employees through questionnaire. In addition to questionnaire, unstructured interview was undertaken with human resources department of the bank. The table below summarizes the number of questionnaire distributed and collected from employees of the bank, from the selected area branches.

Table 4.1 General Profile of Respondents

	Variables	Type	Count	%
1	Gender	Male	22	55
		Female	18	45
	Total		40	100
2	Age (in years)	18-25	9	23
		26-35	13	33
		36-45	17	43
		Above 45	1	3
	Total		40	100
3	Service year	< 5 years	4	10
		5-10 years	15	38
		10-15years	19	48
		Above 15years	2	5
	Total		40	100
4	Education qualification	Diploma	2	5
		Degree	25	63
		Masters degree & above	13	33
	Total		40	100

Source; Survey Questionnaire Data,2019

Table 4.1 shows the profile of respondents who completed the questionnaire. Among the respondents, 55% (22) were male and 45% (18) were female. However, Male respondents

accordingly more than female participation .On the other hand, among the respondents, 43 %(17) and 33 %(13) were under the age of 36-45 years and age of 26-35 years respectively.

The position of the respondents who completed the questionnaire. Among the respondents, 20% (8) wereon the position of managerial levels, 35% (14) were on the position of supervisor level and 45% were on the position of clerical level. It is possible to observe that the majority of the workers in the organization are found inclerical and supervisory workers.

The work experience of employees 48 %(19) of the respondents has 10-15 years, 38 %(15) of respondents has 5-10 year work experience, 10% were has less than five years and only 5 %(2) of respondents has above 15 years work experience. From this we can understand majority of employees has 10-15years work experience. Furthermore, employee's performance appraisal in these companies is undertaken by qualified and experienced staff.

Apart from the above respondents, all the respondents were university graduates except two respondents of diploma holders, respondents with the Bachelor of BA degree for 63% (25) of the responses and, the Masters degree and above for 33% (13) of the responses. It is possible to observe that the majority of the workers in the organization are first degree holders Only 2 %(2) are held by respondents included diploma holders of Business Studies, The respondents were employed at the levels of their respective companies.

4.3. Analysis of Collected Data

Any activity in an organization has its time of execution. So does have performance evaluation. Organizations have their own time to conduct performance evaluation depending on their own philosophy of time period. With the majority of schemes, staffs receive an annual evaluation and for many organizations this may be sufficient (Mullins 2012).

In line with this, the interview discussion made with HR directorate revealed that the Bank conducts performance evaluation Semi-annually. Respondents were asked to indicate their preference of frequency of performance evaluation and their response is depicted below.

Table 4.2Performance evaluation time

Performance evaluation time	Frequency	percent
Once	6	15
Monthly	3	8
Quarterly	10	25
Semi-annually	24	53
Total	40	100

Source; Questionnaire March 2019

The above table 4.2 states that, 53% of respondents prefer performance evaluation to be conducted twice a year while 25% and 15% prefer it to be every 3 months and once respectively, while 8% prefer it to be conducted monthly. This shows that large majority of respondents (53% of respondents) prefer performance evaluation is conducted (the bank conducts semi-annually) with significant number of respondents and25% of respondents seeking it to be conducted every 3 months.

Table4.3 Employees' Knowledge of Performance expectations and satisfaction on job assignments

Respondents		Yes	No	Total
Are performance goals clearly communicated to you by your supervisors via job descriptions and other statements of performance expectations?	Frequency	28	12	40
	percent	70	30	100
Do you provide employees working under your supervision with job descriptions and clear performance expectations?	Frequency	35	5	40
	percent	88	13	100
Do you feel satisfied with the kind of job you are Performing?	Frequency	33	7	40
	percent	83	18	100
Does the practice of employees'performance evaluation satisfy the criteria for effectiveness, fairness and cost effectiveness?	percent	31	9	40
	Frequency	78	22	100

Source: Questionnaire, March 2019.

It can be observed from Table 4.3 above that the majority of the employees (70%) were provided with job descriptions and hence were well aware of the performance level that was expected of them. This fact is substantiated by the 88% response rate from supervisors of the employees who claimed to have provided their subordinates with job descriptions and clear performance expectations. Although the figures indicate that it is quite safe to conclude that there is the practice of providing employees with job descriptions, the fact that 30% of the employees and 12% of the supervisors did not come up with such a practice indicates that there is more to do on this aspect. The variations in the response rates of the two categories of respondents may be linked to attribution tendencies each has on the other for any failure in performance of duties.

An informal interview with some employees also has revealed that although they were provided with their job descriptions, they had little or no involvement in designing the contents of the latter. Hence the employees perceive job descriptions as something imposed on them by their bosses rather than as guiding tools for the accomplishment of their duties. Consequently they do not want to refer to the descriptions in their day-to-day activities rather than relying on intuition that builds in them as they gain experiences from their colleagues and adapt to the work culture of their units. Moreover, it is stated that job descriptions are prepared on the basis of what the job in different positions of the bank requires without due regard to who the occupants of those positions are and what capabilities and special talents they have. This may require occupants of those positions to either underperform or over perform particularly if they have to strictly adhere to job descriptions, which in turn would lead to loss of motivation on the job.

Well designed job descriptions, which are the outcomes of job analysis, are the instruments that form the standards (criteria) against which employees' performance would be measured. In the absence of job descriptions that bear clearly defined standards or criteria, performance appraisal would be difficult to exercise and employees may lose sight of the most important and challenging job activities while concentrating on the otherwise less important ones that contribute little to the effective performance of the individual or his/her work unit.

In their answer to question no.4 that enquires "What would happen to the performance of employees in the absence of job descriptions and clear performance standards?" the manager respondents have forwarded the following opinions:

There would be no benchmark against which employee performance would be measured. Performance appraisal in such situations, if at all there exists one, would suffer from lack of objectivity and consistency as supervisors' expectations of subordinates' acceptable performance level would greatly vary with actual output of employees rather than on the basis of a predefined level.

Employee effectiveness would decline as there would be no clear understanding and knowledge of the task that he/she is expected to perform. Hence employee efforts would lack clear direction which would in turn lead to confusion and declined performance.

Responsibility and accountability would be compromised. In the absence clearly defined performance expectations for which individuals would be held responsible and accountable, inefficiencies may creep in to the job performance: there would be duplication of effort as a single task may be unnecessarily performed by two or more individuals; a single employee may suffer from overlap of duties; managers or supervisors may be required to expend a great deal of their time coaching the day-today performance of their subordinates withdrawing their attention from handling their major responsibilities; it may be difficult to obtain employee's obedience to supervisor's instructions - employees may not even know whom they are accountable to; or the employee may suffer from lack of confidence and consequently may require supervisory instruction on every bit of his/her job thereby avoiding risk associated with taking the initiative by one's own, etc.

However, two respondents in managerial positions have a different standing from the rest arguing that nothing would happen to the performance of employees in the absence of job descriptions. One of them states that the very fact of an employee's designation in a certain position would virtually underlie performance of certain duties which are evident irrespective of the presence of job descriptions. The other respondent argues from a different angle stating that a supervisor's continuous engagement in coaching and sharing of experience to his/her

subordinate(s) would enhance the latter's performance much more than what formally written down job descriptions would mean to healthy performance.

It is better that some instructions be communicated to employees through written media. This would help in pinpointing accountability in cases where performance failure occurs. Providing employees with job descriptions and engaging in continuous coaching of subordinates' performance should not be taken as mutually exclusive. Supervisors would better provide their subordinates with job descriptions and at same time coach their day-today performance to ensure whether they are performing according to the requirements.

Table 4.3 further demonstrates that a greater portion (70%) of the employee respondents is satisfied with the kind of job they are performing. As part of their satisfaction, these employees also have found their present assignment being in line with the career objective they want to achieve in their organization. However, while the response rate in favor of job satisfaction is quiet encouraging, it is equally worthwhile not to undermine the 30% employee job dissatisfaction response rate. It is often said and, of course, substantiated by research that "a happy worker is a productive worker." Hence employees who are satisfied with their job will have better performance than those who are not. Moreover, absenteeism and turnover will be less likely for satisfied employees than for dissatisfied ones. An important role of a performance evaluation system is identification of employees' career development objectives. It is hard to imagine undertaking an employee's performance evaluation while in the first place the employee shows little or no interest in the nature of the position or the job he/she is assigned to perform. It is natural that human beings, at least in most cases, would prioritize their personal goals over organizational goals, which may sometimes prove to be counter opposite to each other. Higher level of employee performance and organizational effectiveness would be expected only when a reasonable degree of congruence is achieved between the two sets of goals. One possible measure that can be taken by organizations in this respect may be the latter's continuous engagement in the provision of career opportunities to their employees and the launching of career development and advice programs taking into consideration the employees' real talents and capabilities to pursue in that career. Doing so would benefit the bank in many ways such as enhancing person-job and person-organization fits, reducing turnover and boosting productivity. A related question (Q. 4), posed to the supervisory respondents as to whether they are actively

engaged in the assignment of their subordinates in their area of interest thereby assisting the latter in achieving their career development objectives, has revealed that although initial staff placement is the mandate of the HRLD, most of them are found involved in some sort of activities that would help them realize this objective once the employees are assigned to their department/area bank. The following are among those practiced by the respondents:

Rotating employees in the different work units of the Bank which would enable the employees to broaden their knowledge of the different tasks which would in turn give them the chance to identify those areas in which the employees would be best interested in. Job rotation would help the employees to take the decision whether they should choose banking as their ultimate career and to identify the specific area within banking in which they should find themselves.

Rather than engaging in job rotation which may sometimes create confusion to the employee adapting to different jobs, some have used a strategy whereby the employee is made to concentrate on his/her present job that would enable him/her to gain deep knowledge of the job. Proponents of this strategy believe that the employee would either find he/she interested in the job or arrange in some way with his/her superiors to get a transfer that would enable to satisfy the purported career objective.

Carrying out periodic performance review meetings (like the experience of the Fund Management & Accounts Department that does it on a quarterly basis) in which strengths and weaknesses in employee performance would be pinpointed for appropriate action.

Others have pointed out that although behavior is dynamic and complex and consequently difficult to predict or identify people's interests and inclinations, their departments/area banks tend to avoid monotonous working procedures and are engaged in triggering self initiations in the design of jobs as far as that would enable achievement of corporate objectives.

On the contrary, few supervisors (managers) have responded that they made no efforts in assisting their subordinates to find themselves in the right career path pushing this responsibility to the HRLD which in most cases does not have direct contact with employees of other departments and area banks except through their superiors.

4.4 Performance evaluation method and criteria

The Bank, in general makes use of the graphic rating scales method of performance evaluation whereby employee performance is compared to some set of predefined criteria. The evaluation form has five levels of grading for each factor or criterion of performance each of which is subdivided into four levels. All the criteria in the evaluation form are of equal weight. Thus employees' ratings for each criterion of performance are marked out of 10 points. The grading levels and the points assigned to them under the four levels of performance are summarized in the following Table.

Table 4.4 Content of evaluation form

Grading Level	Points Assigned			
	Little Less	Average	Above Average	High
Excellent	8.5	9	9.5	10
Very Good	6.5	7	7.5	8
Good	4.5	5	5.5	6
Fair	2.5	3	3.5	4
Poor	0.5	1	1.5	2

Source: Performance evaluation format of Awash Bank S.C.

The evaluation form also defines what constitutes excellent, very good, good, fair, and poor performance. Each criterion of performance on the form is broken down into specific measures that indicate the varying degrees of performance for a given performance variable. The total rating results a non-supervisory staff earns are divided by 16 (the number of criteria available for non-supervisory employees) and those for supervisory staff would be divided by18 (the number for supervisory employees - with two additional criteria related to their supervisory capability, the 16 being essentially the same with those of non-supervisory staff).

The staff's total ratings would be determined by summing up his/her ratings for the different performance criteria from which an average rating result would be calculated to determine where in the grading level the staff's performance rating would lie. Most of the criteria in the appraisal form try to measure behavior though there are few that relate to traits.

4.4.1. Performance Evaluation criteria for non-supervisory staff

The following list comprises the criteria that are in use in the prevailing appraisal instrument for non-supervisory (clerical and non-clerical) staff.

Knowledge of the job, Quality of the work Dependability and sense of responsibility, Relation with other employees and customers, Initiative at work and to help others, Punctuality on his/her job, Presence on his/her job, Personal attitude, Involvement in team work, Commitment to fulfill corporate objectives, Serving staff and customers with effective & efficient quality service Health situation that affects one's duty, Effectiveness to implement instruction and directions including in circumstances of difficult situation, Achievement in developing subordinates Effort for self-development in knowledge & skill, Personality on the job.

4.4.2. Performance Evaluation criteria for supervisory staff

The appraisal form for supervisory staff includes two additional criteria:

Knowledge of the job, dependability and sense of responsibility, Relation with other employees and customers, Initiative at work and to help others, Punctuality on his/her job Presence on his/her job, Personal attitude, Involvement in team work, Commitment to fulfill corporate objectives, Serving staff and customers with effective & efficient quality service, Health situation that affects one's duty Effectiveness to implement instruction and directions including in circumstances of difficult situation, Achievement in developing subordinates, Effort for self-development in knowledge & skill, Achievements in building impartial and conducive working environment to the staff & customers, Maturity/communication skills, leadership quality in solving problems and self-discipline, As can be observed from the above list, many of the criteria, being behavior or trait – related, lend themselves to a high degree of subjectivity by raters.

4.5 Who evaluate employees' performance?

According to current practice in the Bank, the responsibility for appraising employee performance lies on immediate supervisors. While appraisal by immediate supervisors may be supported in lieu of the latter's frequent interaction with employees and their knowledge of the

employees' jobs, employees and supervisors may opt for others to take part in the appraising task.

Table 4.5 indicates preference of the sample respondents as to who should handle this task.

Representations:

I = Immediate supervisor   E = Employee himself/herself

P = Peers (Colleagues)   C = Customers

S = Subordinates

Table 4.5 Employees' opinion on who should handle the performance evaluation task

5. In your opinion who should evaluate employees' performance appraisals?		I	P	S	C	I&P	I&S	I&E	I&C	Total
Respondents	Frequency	18	2	3	5	3	3	1	6	40
	Percent	45	5	8	13	8	8	3	15	100

Source: Questionnaire, March 2019

Table 4.5 shows that employee appraisal by immediate supervisor has got the highest preference among the given alternatives by both the non-supervisory and supervisory (managerial) respondents. Accordingly, 45% of sample respondents have opted for employee evaluation by immediate supervisors. The Table also indicates that 45% of the supervisory respondents, though was in support of evaluation by immediate supervisors, and had proposed some combination of the latter with other internal and external parties who either directly or indirectly have work relationships with employees. Among these combinations, the immediate supervisor's association with customers has got the biggest share both by the non-supervisory and the supervisory respondents each case. The respondents in support of this combination have proposed that as banking is a service rendering business, customers have a stake in the employee performance appraisal process and hence should participate in it. However, some respondents had qualified opinion on this issue stating that customer participation in the appraisal process should be limited to those employees whose place of assignment involves direct customer contact. Some respondents favoring employee evaluation by immediate supervisor also have

additionally proposed involvement in the appraisal process of distant supervisors who in one way or another have the chance to view the employee's contribution. Others have proposed a sort of multi-person evaluation whereby the immediate supervisor, peers, subordinates and customers participate in the employee evaluation process. While such militiaperson evaluations might be time consuming and too expensive to put in practice, there is no reservation that they give complete, multi-dimensional picture of an employee's performance.

Having multiple raters has the advantage of reducing rater errors, particularly central tendency, halo error, leniency, and primacy & regency. The management may consider an appraisal system whereby different combination of raters may be involved in so far as the costs of introducing such a system do not exceed the expected benefits.

4.6 Purposes of employee performance Evaluation

Although it was not possible to find documentary record on what the intended purposes of performance evaluation in the Bank are and on other aspects of the evaluation process, interview with Head Human Resource Management Division (HRMD) has revealed that employees' performance ratings, along with relevant work experience and educational qualification, are used as valuable inputs in determining who should get salary increment (bonus), promotion, and training and development. While this may be what the HRMD actually does, what employees and managers of the Bank perceived of the real uses of evaluation process, on the other hand, was different. The sample respondents were asked on whether they believe the Bank's evaluation processis meeting its intended purpose. Table 4.6, next page shows responses of the respondents.

From interview with supervisory (managerial) respondents do not believe that the performance evaluation process of the Bank is meeting its intended purposes. While it cannot be safely that performance evaluation result has no significance in determining employees' future in the Bank, the responses from the respondents indicate that one or a combination of the following might have accounted true for their perception of the system including Lack of clear practice between performance and reward, So long as employees could not observe their efforts being accompanied by positive performance that eventually leads to rewards (which may be in the form of promotion, salary increase, or training & development) in a reasonably short period, they wouldn't be motivated and consequently their attitude towards the system's effectiveness would be distorted.

The subjectivity embodied in the evaluation instrument (the loose connection between performance rating provided in the appraisal form and employee actual job performance) and the associated less probability that ratings would not be uniform across raters and might have caused employees to form a negative impression towards the system that their organizational rewards would not be determined by their performance ratings.

Absence of clear and transparent communications between the Human Resources Department and the different work units on how employees' performance would be valued and what administrative decisions would be taken on that basis might form an impression in the employees that their performance records would be simply damped in their personnel files maintained with the department.

The rate respondents believe that there is the possibility of misusing the evaluation process by their supervisors for purposes other than what the system ought to serve. This perception by the rates may create reluctance on the part of the latter in accepting ratings given by supervisors gracefully. Employees who are devoid of promotions and have stayed long in their current positions may probably come up with such perceptions attributing their failure to their supervisors' intentions of misusing the evaluation process. Supervisors should engage in open discussions with subordinates regarding performance issues and should stand cooperative in solving problems faced by the latter in the course of accomplishing their duties rather than using performance evaluation to threaten their subordinates, which creates an atmosphere of fear and misunderstanding. Conversely, subordinates should be encouraged to freely express their feelings, what so ever, about their work relationships with their superiors. In the absence of such transparency, organizational Performance may be severely affected. Moreover, the employee respondents have suggested the following to ensure impossibility of misusing evaluation results by supervisors (managers):

Superiors should have adequate knowledge of their subordinates' job. In this way they can build their Self-confidence thereby avoiding their fear that competent subordinates may displace them from their positions.

Making the evaluation process as objective as possible, such as by giving higher weights to important job related matters that can be quantified thereby giving little room for manipulation of the ratings

Evaluations better be done by a committee of appraisers having direct or indirect work relations with the employee, rather than immediate supervisors alone Introduction of a system of upward evaluation whereby superiors' performance is evaluated by their subordinates.

Involving raters in trainings that would allow them to maximize their rating ability and boost their ethical considerations (fairness) related to performance rating Raters better aid their appraisals with documentation, wherever possible

4.7 Employee access to Performance evaluation results and post assessment Discussion

Questions on whether employees (subordinates) are allowed to view their evaluation results and conversely whether supervisors (managers) allow their subordinates to view their rating results were posed to the sample respondents. The respondents were also asked whether they engage in appraisal discussions and whether they come across with any disputes related to the feedback giving process. The results are summarized in Table 8

Table 8 indicates that both parties to the appraisal system do have the same standing in relation to access to evaluation process results. The findings also indicate that 72% of the non-supervisors were invited by their supervisors for evaluation discussions whereby they are encouraged to freely express their comments on their performance ratings. 97% of the supervisors, on the other side, have disclosed that they have engaged in open discussions with their subordinates allowing the latter to freely express any comments on their performance ratings.

Table 4.6shows Employee access to evaluation results and evaluation discussion

Respondents		Yes	No	Total
Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express comments on their rating results?	Freq	25	2	27
	Percent	97	3	100
Have you ever been engaged in any sort of dispute with your subordinates due to the latter's	Freq	13	14	27
	Percent	48	52	100

Source: Questionnaire, March 2019.

The supervisory (managerial) respondents have forwarded the following benefits to showing

Employees of their performance ratings and inviting them to participate in post assessment discussions:

Letting the employee (rate) know what his/her performance-related strengths and weaknesses were during the evaluation period just ended so that he/she improves the observed weaknesses and reinforce the strengths in future.

Free discussions between rater and rate would instill sense of importance in the latter thereby strengthening the work relations between the two in the succeeding periods. This would motivate the employee to improve performance and allow the rater to see the otherwise obscured facet of their relationship.

The discussions would give supervisors the opportunity to discharge their responsibility of guiding their subordinates in the right direction. Unless subordinates are informed of their strong and weak points, it would be difficult to expect improvement from them. Performance weaknesses of employees usually reflect badly on supervisors' leadership capabilities and the latter's success in developing subordinates.

Free discussion among the parties would give subordinates the chance to air their voice on the strong and weak sides of the management that subordinates do not otherwise dare to raise other times in the normal course of their relationship. This clears misunderstanding between the parties involved and improves employees' perception of the evaluation system.

With open discussions, attitude of one party to the other and to oneself would become explicit. Appropriate post assessment interviews would also be of help in minimizing perception of biases subordinates create in their supervisors when there was actually none. It would help the parties to make reconciliations in their views to each other thereby enabling them to change those attitudes that were formed on the basis of wrong perceptions of one to the other.

While the above are among the benefits of encouraging open post assessment discussion between supervisors (managers) and their subordinates, the following were cited by the respondents to be the associated costs:

The discussion may open the door for unnecessary debate which may lead to one party's formation of bad attitude to the other. It may further aggravate ill-will and hostility.

The practice may not work well for Ethiopians who in most cases are culturally bound not to accept face-to-face criticisms.

The supervisor may not be loyal to explicitly state his/her subordinate's weaknesses on the spot may prefer to recommend the poor performer for a possible administrative action by the concerned organ.

Although giving performance feedback is what is considered the most displeasing aspect of a manager's job, there is no point to omit this crucial task in so long as it is the only means to communicate employees what was right and wrong in employees' past performance habits.

Supervisors should not rashly opt for secretly informing the concerned Human Resource Department before giving the employees the chance to openly discuss the reasons behind those weaknesses with them through which solutions may become evident. However, evaluation process should be reminded that they may not be required to disclose ratings results to their subordinates particularly when the appraisal is carried out with the initiation of management with the intention of making specific administrative decisions.

A supervisor (manager) must have the patience to handle performance evaluation discussions and must have good knowledge of conflict management as most employees might get nervous when told about their performance weaknesses, which they do not want to listen about. People in most cases commit the so called self-serving bias attributing success to them and blaming others when they are judged to the negative.

Table 4.6 also indicates that 48% of the supervisory respondents have had conflicts with their subordinates following performance feedback. Those who had this experience have managed the conflict through giving employees a sort of counseling so that the latter improve their weaknesses in the succeeding periods. All the respondents have favorably responded that their subordinates have improved subsequently as advised.

4.8 Employees Perception on the Practice of the Evaluation System in their bank

Given the following choices, the sample respondents were asked as to what their perceptions ofthe evaluation system in their organization looks like.

The answers from the respondents are summarized in Table 6 below.

A. A mere evaluative tool that aims at magnifying subordinates' performance weaknesses

B. As a developmental tool that reinforces positive behaviors and stimulates improvement of weak performances in future

C. As a process that adds to the paper work of managers without benefits sought

D. As an administrative tool on which various administrative decisions are based

E. Other

Table 4.7 Respondents' perception on appraisal system of the Bank

Questions		A	B	C	D	Other	Total
How do you perceive the performance appraisal system in Your organization?	Freq	9	6	20	5	-	40
	percent	23	15	50	13	-	100

Source: Questionnaire, March 2019.

As far as perception of the respondents is concerned, the above table 4.7 indicates that 50% of employees do perceive the Bank's evaluation system as a mere paper work that adds the work load of managers, while the response rate for their counterpart supervisors (managers) was only 15%. The Table further displays that although the majority of the supervisors (80% from Table 4.7) do not think that the performance evaluation system of the Bank is meeting its intended objectives, just equal portion of them (80%) perceive the system as either a developmental or administrative tool or a combination of these.

These findings regarding differences among respondent's perceptions of the evaluation purpose appear to be related to differences in the roles that play in the evaluation process. As evaluators, supervisors (managers) are most likely to convince themselves of the real significance of the evaluation system, while subordinates, on the other side, may render the system unimportant, building negative attitudes towards it.

It is said that people's behavior is based on their perception of what reality is, not on reality itself. Accordingly, no matter what the reality behind the purposes of performance evaluation at the Human Resources Department, unless efforts are made to change employees' perception of the system, employees would continue to behave in similar fashion with little or no regard to what the effects of their performance ratings, which may at times lead to loss of initiative and productivity.

Table 4.7 indicates that despite their degree of prevalence, all problems listed above were found to characterize the evaluation system of the Bank either in isolation or in combination. However, while absence of employee participation was given the highest regard by the non-supervisory respondents, comprising 38% of the total respondents, rater bias was cited as the major problem by a relatively large number (30%) of the supervisory (managerial) respondents. While 25% of respondents said that there is no link between some evaluation criteria and employee job Problems are always prevalent in any evaluation system. It is often said that addressing the problem correctly is half way to solving the problem. Thus once the problems are addressed in this way, the Bank should look for the appropriate solutions, which inherently are implied in the problems.

Finally, the major general comments or observations of the respondents on the evaluation system of the Bank, gathered through both the questionnaire and structured interviews made with the

Human Resource Department, are summarized in the following findings:

The link between performance evaluation and rewards would better be explicit. So far no employee has been fired in relation to performance-related problems. This was not because there were no problems but because evaluation was not strictly meeting its intended purposes.

Supervisors be assessed on the quality of ratings (their effort to exhibit objectivity in the midst of subjective criteria) – their fairness in assessing their subordinates.

The evaluation process would better be effective if formats were designed taking into account nature of the job employees are accomplishing, their positions, qualifications, etc. Moreover, appraisal criteria should be updated from time to time with changes taking place in the external environment and allowing employees to involve in setting performance standards so as to enhance the connection between employee job and performance criteria

Evaluation should be conducted with a view to maximizing employee benefits

Appropriate trainings that increase raters' understanding of the evaluation instrument and other aspects of the system should be given to raters. Alternatively, appointing knowledgeable supervisors who have the necessary competence and experience about the duty that their subordinates handle

Use of multiple raters instead of a single boss, possibly involving customers where appropriate

Giving due respect to performance appraisal, which seems neglected at present. Employees should be constantly reminded about the impact that their performance ratings would have on their future in the organization.

The performance evaluation process of the bank has little or no contribution to the overall strategic objective of the Bank.

Evaluators should devise ways to uniformly assess subordinates' performance over the evaluation period without being biased by regency and primacy effects

Management should not unnecessarily interfere in the process, such as by limiting the number of employees that should fall under the extreme high and low levels of the rating scale – as is the case with the normal distribution

Encouraging raters to conduct post assessment interviews with their subordinates

4.9 Opportunity to Participate in Designing the Form

According to Beer (2010), the form used to record the performance of the employees is blamed if it is cumbersome, not customized and if employees did not participate in the design of the form of evaluation. Accordingly, respondents were asked if they participated in design of the form and their response is presented in table 4.8

Table 4.8 Employees' Response on whether they participate in designing the Form

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	0	0
Disagree	20	50
Neutral	2	5
Agree	10	25
Strongly agree	8	20
Total	40	100

Source: Questionnaire, March 2019.

As shown in table 4.8 above 50% of respondents disagreed they got an opportunity to participate in the design of performance evaluation form. 25% agreed they got an opportunity to participate and 5% were neutral. On the other hand, interview discussion with the HR directorate also disclosed that the bank does not have practice of participating employees in evaluation form design. The response of employees shows that they don't have an opportunity to participate in designing the form. As Beer (2010) affirmed an evaluation form is blamed when employees do not participate in its design. When employees are evaluated by the form whose design they have not participated, they lack ownership and confidence on the form. This in turn, would increase dissatisfaction with the process of performance evaluation.

4.10 Access to See Performance Evaluation Result

It's within the employees" rights to know how they are progressing in performing the assigned tasks. They should have access to see their performance evaluation result. Table 4.9 presents employees" response whether they have access to see their performance evaluation result.

Table 4.9 Employees' Response on whether they have Access to see their Performance evaluation result

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	0	0
Disagree	4	10
Neutral	2	5
Agree	31	78
Strongly agree	3	8
Total	40	100

Source: Questionnaire, March 2019.

As shown from the above table 4.9, 78% of respondents agreed that they have access to see their performance evaluation result. 2 % were neutral and while 10% disagreed. Responses of employees show that employees of the bank have access to see their Performance evaluation result. In line with this, an interview conducted with HR directorate also revealed that employees have access to see their result and will sign on the form explaining they agree with the result or not. The fact that employees have access to see their evaluation result shows transparency of the performance evaluation process. Having access to their evaluation result also helps employees know their strength and limitations, as well.

4.11 Appealing to Higher Official if the Evaluation Result is biased and Inaccurate

According to Mathis and Jackson (2007) rater bias occurs when a rater's values or prejudices distort the rating. Rater bias may be unconscious or quite intentional. If a manager has strong dislike of certain ethnic groups, this bias is likely to result in distorted evaluation result for some people. When this happens, rates may want to appeal to higher officials. The following table depicts employees" response whether they can appeal to higher official if they believe their evaluation result is biased or inaccurate.

Table 4.10: Employees' Response on whether they can Appeal to Higher Official

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	0	0
Disagree	7	18
Neutral	2	5
Agree	25	63
Strongly agree	6	15
Total	40	100

Source: Questionnaire, March 2019.

The above table 4.10 shows that 63% of the respondents agreed that they can appeal to higher officials if they believe their evaluation result is biased and inaccurate. 18% indicated they cannot appeal while 5% indicated they are neutral. The employees" responses depicts that majority of the respondents said that they can appeal to higher officials when they perceive their evaluation is biased and inaccurate. An interview discussion with HR directorate confirmed that employees can appeal to higher officials if they perceive their performance evaluation is unfair. As Mathis and Jackson (2007) stated it is likely that performance evaluation result can be biased or inaccurate. When it becomes a case, there should be a mechanism through which employees can appeal to higher officials. The existence of appealing mechanism in the Bank means the management has given due focus to PA process which helps employees in venting out their ill feeling which otherwise would negatively affect the work relationship between the employee and the rater. And helps employees boost their confidence on the evaluation process.

4.12 Timely Provision of Feedback by the Supervisor

Feedback is an important part of the performance evaluation. According to Longenecker (2007), the rates should be given feedback on their competence and overall progress within the organization. The feedback should be specific and timely and be against the predetermined performance expectations. The feedback should be provided on a continuous basis – daily, weekly or monthly reviews (Lee, 2010). Employees" response whether they receive timely feedback frequently is shown in the following table.

Table 4.11: Employees' Response whether they Receive Feedback from their supervisors

Level of Agreement	Respondents	
	Frequency	**Percent**
Strongly disagree	0	0
Disagree	3	8
Neutral	0	0
Agree	30	75
Strongly agree	7	18
Total	40	100

Source: Questionnaire, March 2019,

As depicted in the table 4.11 displays75% and 18% of the respondents agreed and strongly agreed that they receive timely feedback from their subordinates concerning their performance; while 8% indicated they don't receive feedback. This indicated that they provide performance feedback to their subordinates. The above response shows that majority of the bank's employees witnessed that rates receive timely feedback from their raters. The interview discussion made with HR directorate also disclosed that employees are given feedback in timely manner during the evaluation period. Giving specific and timely feed back to the employees on their performance helps both the Bank and the employees in correcting any shortcoming manifested during work performance and motivates employees towards better future performance.

4.13 Giving Similar Ratings to Subordinates in order to Avoid Resentment and Rivalry among Employees

Respondents were asked about the existence of such a practice and their response is shown as below.

Table 4.12: Employees' Response whether Supervisors give Similar Ratings to All Staffs

Level of Agreement	Respondents	
	Frequency	**Percent**
Strongly disagree	3	8
Disagree	18	45
Neutral	5	13
Agree	10	25
Strongly agree	4	10
Total	40	100

Source: Questionnaire, March 2019.

As can be observed from the above table 4.1245% of the respondents did not agree that their supervisors give similar ratings to all employees, while 25% of respondents agreed that they do and 13% were neutral. From this can be inferred is that large number of employees agreed that there is no such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. While some of them agreed that there is practice of giving similar rating. This means that there is practice of giving similar rating in Awash Bank S.C. which is one of the problems of Performance evaluation. When all employees are given similar ratings, high performers will get demotivated while low performers will be reinforced to keep on the same performance level. This will hamper performance of the Bank.

4.14 Supporting Performance Evaluation with Specific Incidents of Good and Poor Performances

Good and poor performances incidents focus on key factors which make difference in performing a job efficiently. The necessity of this system is to try to measure individuals" performance in terms of incidents and special episodes which take place in job performance (Mondy,2008). In line with this, respondents were asked if their supervisors support performance evaluation with specific good or bad performance events. The response is demonstrated in the table below.

Table 4.13: Employees' Response on whether Evaluators Support their Evaluation with incidents of good and Poor Performances

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	6	15
Disagree	16	40
Neutral	5	13
Agree	10	25
Strongly agree	3	8
Total	40	100

Source: Questionnaire, March 2019

As depicted in the above table 4.13 25% of the respondents agreed that their evaluators support performance evaluation with specific events of good and bad performances; while 40% of respondents indicated they don't support performance evaluation with specific events of good

and bad performances and 13% of respondents were neutral. From this it is possible to say that larger number of the respondents indicated that raters don't support their performance evaluation with specific events of good and bad performances. From this it is possible to deduce that not all raters support evaluation result with incidents of good and bad performances. According to (Mondy,2008), this method is more credible for it is more related to job and based on individual's performance than characteristics. Supporting evaluation result with specific incidents of good and bad performance will alert employees that their performance is critically viewed and give due attention to carefully perform whatever they do.

4.15 Keeping File on what Employees have done During the Evaluation Period

By keeping a file of specific critical incidents for each employee, evaluations tend to be more accurate (Greenberg, 2009, as cited in Robbins, 2008). Files, for instance, tend to reduce leniency and halo errors because they encourage the evaluator to focus on performance-related behaviors rather than traits. The following table shows employees" response whether their raters keep file of what they have done during the evaluation period.

Table 4.14: Employees' Response on Whether their Raters Keep Performance File

Level of Agreement	Respondents	
	Frequency	**Percent**
Strongly disagree	0	0
Disagree	5	13
Neutral	3	8
Agree	26	65
Strongly agree	6	15
Total	40	100

Source: Questionnaire, March 2019

As shown in table 4.14 above, 65% of respondents agreed that their raters keep records; while 13% disagreed and 8% were neutral. This indicates that they keep file of employees" performance during performance evaluation period. From the responses, it is possible to say that majority of the respondents who clearly indicated their agreement and disagreement, agreed that raters keep file of what their subordinates have done during the performance evaluation period. However, the number of respondents who disagreed is not negligible. Rating employees without keeping records leads to regency error, focusing only on recent happenings (Saiyadain, 2009).

4.16 Clarity and Objectivity of the Criteria

The evaluation criteria used to measure performance of employees have to be clear and objective. In line with this, respondents were asked to indicate their level of agreement with clarity and objectivity of the criteria. Their response is shown below in table 15.

Table4.15: Employees' Response on Clarity and Objectivity of the Evaluation Criteria

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	2	5
Disagree	11	28
Neutral	0	0
Agree	23	58
Strongly agree	4	10
Total	40	100

Source: Questionnaire, March 2019

As table 4.15 above describes 58% of the respondents agreed that the criteria are clear and objective. While 30% of respondents disagreed that they are clear and objective and10% were strongly agreed. The response shows that though most respondents said the criteria are clear and objective, there still were respondents who claim otherwise.

4.17 Customization of Evaluation Criteria Based On Characteristics of the Job

Respondents were asked whether the criteria against which their performance is evaluated are customized based on their job. The response is shown in table 16 below.

Table 4.16: Employees' Response on whether Evaluation Criteria are customized

Level of Agreement	Respondents	
	Frequency	Percent
Strongly disagree	0	0
Disagree	9	23
Neutral	3	8
Agree	22	55
Strongly agree	6	15
Total	40	100

Source: Questionnaire, March 2019

As the above table 4.16 shows that, 55% of the respondents agreed that the evaluation criteria are customized while 23% of respondents were disagreed and 8% of the respondents were neutral. Thus Majority of the respondents said the criteria are customized based on characteristics of their job. While some of the respondents said the evaluation criteria are not properly customized.

4.18 Benefits of Performance Evaluation

If undertaken properly, performance evaluation benefits both the employees and the organization a lot. According to Reza (2007), performance evaluation helps for training and development, motivation and satisfaction, monitoring recruitment and induction and employee evaluation and control.

Employees were asked whether they understand benefits of performance evaluation to them and the Bank. Their response is presented in table 4.17

Table 4.17: Employees' Understanding of Benefits of Performance Evaluation to the Employees and the Bank

Level of Agreement	Respondents	
	Frequency	**Percent**
Strongly disagree	0	0
Disagree	2	5
Neutral	0	0
Agree	32	80
Strongly agree	6	15
Total	40	100

Source: Questionnaire, March 2019

As can be seen from table 4.17, 80% of the respondents agreed that they understand the benefit of performance evaluation to the employees and the bank and also 15% of the respondents were strongly agreed while 5% of respondents said that they don't understand. This shows that majority of the employees understand the benefit performance evaluation has to the employees and the bank and have general knowledge about benefits of performance evaluation.

4.19 Employees' Perception of Performance Evaluation Process of Awash bank S.C

Perception employees have on process of performance evaluation will indicate how the practice in Awash Bank S.C. is. Employees" response with this regard is depicted in table 4.18 below.

Table 4.18: Employees' View Whether Performance evaluation process of awash bank is Worthwhile

Level of Agreement	Respondents	
	Frequency	**Percent**
Strongly disagree	0	0
Disagree	10	25
Neutral	2	5
Agree	20	60
Strongly agree	4	10
Total	40	100

Source: Questionnaire, March 2019

As the table 4.18 shows that, 60% of the respondents agreed that performance evaluation process of the bank is worthwhile. 5% indicated they are neutral and 25% of respondents were disagreed that it is not worthwhile. This shows that the current performance evaluation process of the Bank is productive and helped in realizing the benefits of performance eevaluation to the employees and the organization.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

This summary is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

Based on the discussion and data interpretation undertaken in the previous chapter, the following summaries of finding are derived. Most of the respondents showed that they receive performance feedback from their Supervisors timely during the evaluation period. Respondents agreed that they have access to see their performance evaluation result.

Most of the respondents are male with 55 percent of the total and the dominant age group is fall in category of 36-45 years with 43 percent of the total followed by 26-35 years with 33 percent. This indicates that most of the current employees believe that when their age increases they want to stay in the bank even if some employees do not want stay in the bank.

Employees agreed that they can appeal to higher officials when they perceive their Performance evaluation is biased and inaccurate even though reasonable numbers of respondents were neutral. Assessment of Performance Evaluation Practice Awash Bank Share Company It was identified that employees have opportunity to participate in designing performance evaluation form. Still there were respondents who said they do not get an opportunity to participate in designing of performance evaluation form. Managerial employees agreed that there is as such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. Nevertheless, there was meaningful number of respondents who agreed that there is no practice of giving similar ratings to all employees. Though most of the respondents agreed that their evaluators keep file of what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances, there still were reasonable number of respondents indicating that their evaluators do not keep file. Most of respondents are comfortable with current frequency of conducting performance evaluation twice a year with significant number of respondents seeking it to be conducted twice and every 3 months. No reason is stated for current practice of conducting performance

evaluation biannually than say that the Policy document dictates. It was learned that Performance evaluation result is used for salary increment, bonus and promotion purposes. Respondents indicated that performance evaluation is being done by immediate supervisors. There are few respondents who believe that performance evaluation should be done by colleagues and customers. It was found that the criteria used to evaluate employees" performance are clear and objective. But, there were meaningful number of respondents who said it is not objective and clear. Respondents indicated that there are performance evaluation criteria that should be added to and removed from the current form used by the Bank. It was discovered that respondents have differing opinion about customization of criteria. While majority of non-manager respondents said the criteria are customized based on characteristics of their job, large number of managers indicated it is not customized. Respondents agreed that performance evaluation process of the bank is worthwhile.

5.2 CONCLUSIONS

The study was conducted with main objective of assessing the performance evaluation practice of Awash Bank Share Company. In order to answer the basic research questions data were collected from employees of the bank by using questionnaires and unstructured interview and interpreted. After careful analysis of performance evaluation practice at awash Bank the following conclusions are made. The Bank is conducting Performance evaluation twice a year. It is an immediate supervisor who is responsible to conduct performance evaluation. Employees are given feedback during evaluation period; are allowed to see their result and can appeal to higher officials if they believe their evaluation result is biased and inaccurate. The Bank's raters use file of what employees have done during the performance evaluation period and support their performance evaluation with specific events of good and bad performances. The results of the study do not confirm the existence of problems indicated in the statement of the problem. The Bank is using Performance evaluation result for the purpose of salary increment, bonus and promotion. The criteria used to measure performance of employees are objective. But, among the criteria are some which don't have direct connection with the actual work and vague to understand. Employees of the Bank perceive that performance evaluation has benefits to both the employees and the bank and the current performanceevaluation process of the Bank is productive and helped in realizing the benefits of performance evaluation Hence, the practice of employees'

performance evaluation in the bank is satisfying the criteria for effectiveness, fairness and cost effectiveness.

Employees agreed that they can appeal to higher officials when they perceive their Performance evaluation is biased and inaccurate.

Assessment of Performance evaluation Practice Awash Bank Share Company It was identified that employees have opportunity to participate in designing performance evaluation form

Managerial employees agreed that there is as such practice of giving similar ratings to all staff members to avoid resentment and rivalry among colleagues. Most of the respondents agreed that their evaluators keep file of what they have done during the performance evaluation period and support the performance evaluation with specific events of good and bad performances

Performance evaluation result is used for salary increment, bonus and promotion purposes. Respondents indicated that performance evaluation is being done by immediate supervisor

5.3 Recommendations

On the basis of the findings and conclusions reached, the following recommendations were forwarded in order to improve the performance Evaluation practices of Awash Bank S.C.

➢ In order to enhance focus given by branch managers the bank's management should persuade them of importance of Performance evaluation towards achieving organizational goals. The HR directorate should well communicate employees of performance standards and expectations when they are placed in their respective job positions.

➢ The practice of having file on what employees have done during the evaluation period should be followed by all raters. With this regard the bank's HR directorate should follow up those who are not having file and encourage those using it currently.

➢ Performance evaluation practice should be conducted 3 or 4 times a year than making it twice a year by taking into account the necessary resources required. Because frequent evaluation can avoid surprises and therefore problems later when the evaluation is communicated. On top of this the bank's management should motivate its supervisors and managers to give subordinates frequent feedback as much as possible, than waiting

the appraisal period. It is this way that employees can continuously improve their performance.

➢ Performance evaluation criteria should be revised in participation of the employees for they are the actual persons who do the job and evaluated. Better to use combination of evaluators than solely depend on immediate supervisors. Using combination of evaluators alleviates subjectivity and other problems encountered with single evaluator. The bank's management has to acquaint raters with different types of performance evaluation methods; particularly with the one the bank is employing so that they will clearly identify the strengths and limitations of the method they are using. Hence, the bank's management should give training to supervisors and managers who are responsible for conducting performance evaluation. This will boost raters" ability to evaluate and alleviate raters" bias.

➢ The link between performance evaluation and rewards should be explicit. The performance evaluation system should be well aligned with other HR functions (reward system and training and development). Performance evaluation should be a major consideration in making administrative and developmental decisions related to employees. Developmental benefits of performance evaluation should be given due emphasis as they enhance employee motivation and contribute to changing employees' perception of the process to ensure owner ship and sense of belongingness to the Bank and also contribute to the increased quality of service rendered by the Bank and to ensure complete picture of employees' performance.

➢ Appropriate and practical trainings that aim at increasing raters' knowledge of the subject matter of performance evaluation should be among the priorities in the Human Resource Department's periodic training and development plans. Practice and feedback training in which raters are given the opportunity to practice rating and they are allowed to compare their ratings with those of experts in the field or a predetermined 'true score' may be preferred.

➢ Providing employees with timely feedback on their past performance and conducting post assessment interviews must be done to establish a two-way communication. Rater training suggested above should also enhance the ability of raters in handling these

interviews in a way that promotes a conducive work environment where harmony presides over dispute regarding performance evaluation.

➢ Finally, the Bank should appreciate and value individual employee or team participation in its entire work process for effective and efficient utilization of work force to achieve target goal.

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St Mary's University

School of Graduate Studies MBA Program

Questionnaire to be filled by the Respondents

Dear respondent,

My name is Genet G/mariam, prospective graduating student of MBA at Saint Mary's University. The purpose of this questionnaire is to collect information for a study being conducted on the topic, "Assessing the Performance evaluation Practice at Awash Bank S.C." as partial fulfillment of Master's of Business Administration (MBA). To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research. Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Directions

Please use tick mark ( ) in the boxes provided to choose from the options given and answer in writing where appropriate.

You don't have to write your name.

Part I: Respondent's Profile

1. Gender: Male Female ☐   ☐

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

3. Academic Qualification:

High School Complete ☐   Diploma ☐   B.A Degree ☐   Master's and above ☐

4. How many years have you been working in the bank?

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

5. Name of your department or area bank _____

PART II. QUESTIONS ON PERFORMANCE EVALUATION

1. How often is employee performance evaluation practiced in Awash Bank?

(A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

2. How often do you think performance evaluation should be performed to ensure effectiveness in a year?

(A) Once (B) Twice (C) Quarterly (D) Monthly (E) Other period, specify _____

3. Do you provide those employees working under your supervision with job descriptions and clear performance expectations?

Yes ☐   No ☐

5. In your opinion, who should evaluate an employee's performance?

A) Immediate supervisor? B) Colleagues C) Subordinates

D) The employee himself/herself E) Customers F) others, specify _____

_____

6. Do you think that the performance evaluation in your organization is strictly meeting its Intended purposes of determining employees' compensations, promotion, demotion, transfer and identification of an employee's training needs?

Yes ☐   No ☐

7. Do you think that weights assigned for the criteria in the appraisal form are appropriate in judging the real worth of a subordinate? In other words, are all the criteria equally relevant to you in light of the tasks you are actually engaged in or those requirements put on your job description?

Yes ☐   No ☐

8. Do you engage in appraisal discussions with your subordinates thereby encouraging them to freely express their complaints or any suggestions regarding their rating results?

Yes ☐ No ☐

9. How do you perceive the performance appraisal system in your organization? (You may tick more than one)

(A) As a mere evaluative tool that aims at magnifying subordinates' performance weaknesses in Which case it creates frustration in their future performance as well as in your feedback

(B) As a developmental tool that reinforces positive behaviors and creates the ground for improvement of weaknesses in future performance

(C) As a process that adds to the paper work of managers without benefits sought

(D) As a management tool on which various administrative decisions are based

(E) Other, specify

_____

12. Does the practice of employees'performance evaluation satisfy the criteria for effectiveness, fairness and cost effectiveness?

    A. Yes   B. No

13**.** Any suggestions on the employee performance appraisal practice of the bank and on how to improve its effectiveness. (You may also suggest any possible alternatives to performance appraisal if you believe that the latter has no real benefits to success of the whole organization)

_____

_____

Part III: Information on Performance Evaluation Practice

Please mark ( ) or tick the statement that indicates your **level of agreement** in the responses box. Please note that:

5=Strongly Agree   4=Agree   3= Neutral   2=Disagree   1= Strongly Disagree

S ATEMENTS	5=Strongly Agree	4=Agre	3=Neutral	2=Disagree	1=Strongly Disagree
1. Employees have got the opportunity to participate in the design of the performance evaluation form used to measure their performance.					
2.Employees have access to see their performance evaluation result					
3.Employees can appeal to the higher official if they perceive their result is biased and inaccurate					

4.I frequently provide feedback to the subordinate in a timely manner during the appraisal period				
5.Do you provide those employees working under your supervision with job descriptions and clear performance expectations?				
6.In order to avoid resentment and rivalry among employees, I give them equivalent ratings				
7.I generally support my evaluation with specific incidents of good and poor performances				
8. I usually keep a file on what my subordinates have done during the appraisal period to evaluate their performance.				
9.The performance evaluation criteria used to measure my subordinates" performance are clear and objective				
10. The performance evaluation form used to evaluate my subordinates" performance is customized based on the characteristics of their job.				
11. I know that employees understand benefit of Performance evaluation to the				

employees and the bank.					
12.I think the performance appraisal process is worthwhile					

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

_____

_____

_____

Thank you

St Mary's University

School of Graduate Studies MBA Program

Interview Questions

ForAwash Bank Human Resource Staff

How do you see the performance evaluation of the bank in respect of its contributions to the achievement of organizational mission and goals? Have you formulated these objectives of performance evaluation? If so, what are they?

1. To what extent is performance evaluation system of the bank meeting its intended purposes? For example it sometimes may happen that decisions that have to be made on the basis of performance appraisal (such as bonus declaration) would be taken before employee appraisal results have reached the human resources department.

2. What efforts have been made to improve or otherwise change the appraisal practices of the bank? It is well known that a number of organizations, particularly those in the public sector, are introducing a number of performance management practices such as, the result-oriented performance appraisal system (ROPAS), integrated performance management systems and most recently the balanced score card performance management systems. In this regard, how do you see the effectiveness of the bank's existing rating scales method of performance appraisal?

3. What employee performance-related problems have you come across so far – like in terms of number of customer complaints, turnover, absenteeism, lack of motivation following unfavorable supervisor ratings etc?

4"What would happen to the performance of employees in the absence of job descriptions and clear performance standards?"

5. How do you see the capability of existing raters and the dependability of the rating results for decision –making purposes? Have there been any attempt to develop rating skills of appraisers though formal training programs?

6. What are the contributions of the bank's human resource department in insuring implementation of periodic performance appraisals by the Bank's different organs on a timely basis? What procedures are in use for this purpose?