

**THE ASSESSMENT OF RESULT ORIENTED
PERFORMANCE APPRAISAL AT COMMERCIAL
BANK OF ETHIOPIA, WORABE BRANCH**

**A RESEARCH PAPER SUBMITTED IN PARTIAL
FULFILLMENT FOR THE REQUIREMENT OF BA
DEGREE IN MANAGEMENT**

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Abstract

This research was conducted in commercial bank of Ethiopia worabe branch on the assessment of result oriented performance appraisal. The main objective of this study was to identify the problems that being faced by the bank on evaluation system. For the purpose of this study primary data was collected through questionnaire and interview and secondary data was collected from internet, books, and documents of the organization. The researcher also used census survey to collect data from employees. The collected data was processed and organized in descriptive manner and organized using table and percentage with relevant discussion. At the end of this study the researcher proved the main problem of result oriented performance appraisal in the bank was discrimination and evaluate based on most recent performance. Most of these problems were caused by errors from the raters.

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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Performance appraisal is the process of determining and communicating to an employee how he or she is performing on the job as establishing a plan of improvement. When properly conducted performance appraisal not only employees know how well they are performing but also influence their future level of effort and task directions (Bayars, 2009;289).

The history of performance appraisal is quite brief. It's roots in the eaarly 20th c can be traced to Taylors pioneering time and motion studies. But this is not very helpful. For the same may be said about almost every thing in the field of modern human resource management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of second world war not more than 60 years ago. It begin as simple methods of income justification.

([http... www.perfomance appraisal.com](http://www.perfomance appraisal.com))

Result oriented performance appraisal system is method of performance appraisal that used to evaluate employees based on their task performed. It promotes adverse, high performance work force by implanting and maintaining effective management. Its main objective is to measure employees based on what they achieved. (www.apps.gov/human capital/standard).

Different organizations used result oriented performance appraisal to evaluate employees performance. But according to some employees suggestion there have been problems regarding to result oriented performance appraisal. So this study tried to assess those problems in commercial bank of Ethiopia worabe branch.

1.2. Background of the organization

Historical evidence indicates that banking in Ethiopia started since 1905; in the same year bank of Abyssinia started its operation at the time of minilik II and signed contract with the Egypt national bank. During that period bank of Abyssinia had open various branches in main market centers in Ethiopia, for instance Diredawa, Desie, Gambella, Gore and other.

The state bank of Ethiopia was found in 1942 with in objectives farming the duties of both commercial and central banking. In 1963 the state bank established as share company to take over the commercial banking activities of the state bank of Ethiopia. In 1974 revolution commercial bank of Ethiopia got its strength by emerging with privately owned Addis Ababa bank. Since then it has been playing significant role in the development end over the country.

The commercial bank of Ethiopia which is striving to embark in to world class commercial bank by rendering state of reliable service to its millions of customers both locally and abroad. The business strategy of the bank focus on the stake holders services. At the end of fiscal year 2011/12 the number of branches reached more than 500 and stretched across the country with a lot of employees.

The state owned commercial bank. of Ethiopia still dominants the market interms of asset deposit, capital and customer base, branch network and computation from private bank over the last 20 years. This make it one of the most reliable and strong commercial bank in the country. Its strong capital based above 67 years of rich experience in the market and large branch network throughout the country.

Vision

To become world class commercial bank. the term world class in this context presumes efficiency, good cooperate, good governance and move toward best international banking services.

Mission

It committed to maximizing share holders value through enhanced financial intermediation and customer satisfaction. It strongly believe that reliability and public confidence are the base of its success. The fundamental components of its mission statements are towards customers share holder, employees and the public.

Commercial bank of Ethiopia worabe branch is one of the branches which found southern Ethiopia, Silte zone worabe town. It far 170 km from Addis Ababa and 192 km from its district. Its strategy, mission and vision are the same as discussed above in the same way.

2.3. Statement of the problem

In any organization one of the ways to enhance organizational performance is positively influence the labor component of productivity. Result oriented performance appraisal is one way of influencing employees to achieve organizational goals. It creates motivation on employees and increases organizational productivity.

Although result oriented performance appraisal has the above purpose some employees believed that some public enterprise have problems regarding the result oriented performance appraisal. commercial bank of Ethiopia worabe branch is one of the organization, there for it has problems, such as unfair evaluation and some evaluation errors like evaluate all subordinate on one dimension, evaluating employees on most recent work performance, discrimination based on personal characteristics and using high or low rating.

So the study would try to answer the following basic questions.

1. What methods does the organization use to evaluate its employees?
2. What is the perception of employees towards result oriented performance appraisal?
3. What are the major problems that affect result oriented performance appraisal?

1.4. Objective of the study

1.4.1. General objective

The general objective of the study is to assess the problem related to result oriented performance appraisal in commercial bank of Ethiopia woabe branch.

1.4.2. Specific objectives

The specific objectives of the study are

- I. To identify the criteria used for evaluate result oriented performance appraisal.
- II. To know the attitude of employees towards result oriented performance appraisals.

- III. To identify the major problem that affect result oriented performance appraisal.
- IV. To suggest possible solutions to the existing appraisal problems.

1.5. Significance of the study

There is no more researchers done on result oriented performance appraisal in the given area. Therefore, as the first research it will give the following importance

- I. it used as reference for other researchers who intend to further investigation.
- II. It helps managers of the organization to recognize the factors affecting result oriented performance appraisal and take corrective measures.
- III. The study could help the student researchers to acquire more insight and experience of conducting research.
- IV. It may serves as a lesson for other organizations that are practicing similar work.

1.6. Scope of the study

Assessing all about result oriented performance appraisal unmanageable. So the paper deals with the criteria of the evaluation, the major problems and employees attitude towards result oriented performance appraisal. Due to time and budget constraints the study conducted in a single organization i.e commercial Bank of Ethiopia worabe branch and all employees of the bank were included in the study.

1.7 Limitation of the study

- i. Low return of questionnaires
- ii. Budget and time constraints
- iii. The employees of the bank were not voluntary to share information.
- iv. The employees carelessly filled the questionnaire.

So I believe, if this paper has over looked same areas of the problems, it is due to the problems mentioned above.

CHAPTER TWO

REVIEW RELATED LITERATURE

2.1. Definition

Performance appraisal is the process of determining and communicating to an employee how he or she is performing on the job and, establishing a plan of improvement when properly conducted performance appraisals not only let employees know how well they are performing but also influence their future level of effort and task direction. Effort should be enhanced if the employee should be classified through the establishment of a plan for improvement (Byars, 2009;289).

A more comprehensive definition of performance appraisal is a formal, structured system of measuring and evaluating on employees job related behavior's and out comes to discover how and why the employee is presently performing on the job and how the employee can perform effectively in the future so that the employee organization and solcers all benefit.

Performance appraisal is defined as evaluating an employees current or past performance relative to his/ her performance standards. The appraisal prices there fore involves.

Setting work standard

Assessing the employee's actual performance

Providing feedback to the employees with aim of motivating that person to eliminate performance do ficienres or to continue to perform above (Desler, 1999:312).

2.1.1. Purpose of performance appraisal

Performance appraisal of employees serves useful purposes they are

- i. A scientifically done appraisal provides vital information which can greatly help in making and enforcing decisions regarding promotions, pay increases termination and transfers. It permits each individual to be considered on the same basis as every one else. It reduces the chances of nepotism, mothates individuals to put in their best. A sound performance appraisal system can be of great use to a man power planner when confronted with the task of preparing a succession planning scheme.
- ii. Systematize performance appraisal provides information on which performance comparison can be made.
- iii. A good performance appraisal system helps in employees development. The weakness once identified can be removed either by providing necessary training or through proper placement.
- iv. Appraisal result may be used to counsel with each employee about his future development this can be accomplished when the supper visor reports on the evaluation and tells each individual how he is doing and how he can improve.
- v. Performance appraisal provides a basis for the development guide for each reason. This guide should include identification of the individuals position for which he seems best qualified, the limitations or training needs derived form a comparison of appraisal results with position requirements and recommendations for raining to fill out the persons competence

a schedule showing the development program should also be provided. This schedule will disclose when the candidate can be promoted to the next higher position with promise of successfully carrying out his unties (Hendry, 1995:161).

2.1.2. The role of appraisal in managing performance

Many experts feel that traditional appraisal doesn't improve performance and may actually backfire. They argue that most performance appraisal systems neither motivate employees nor guide their development. Furthermore, "they cause conflict between supervisor and subordinate and lead to dysfunctional behaviors. The traits measured are often personal in nature, and "who likes the idea of being evaluated on his/her honesty, integrity, teamwork, compassion, cooperation, objectivity. In fact, traditional can be useless or counterproductive. Researchers in Korea recently found that even discussion and goals were clearly set and career issues discussed, few of the reviews had a positive impact on the employees' subsequent job performance. In a study of almost 300 managers from midwestern U.S. companies, 32% rated their performance appraisal as "very ineffective", while only 4% rated them "effective to a large extent". Another survey of 181 manufacturing and service organizations conducted that 11% had stopped using annual appraisals, while 25% more planned to discontinue them within two years.

Some argue for dumping appraisals entirely. For example, quality management expert like W. Edwards Deming basically argues as follows: they say the organization is a system of interrelated parts, and that an employee's performance is more a function of factors like training, communication, tools, and supervision than of his or her own motivation.

Furthermore, performance appraisal can have unintended consequences. Forced distribution appraisal, in particular, can undermine teamwork. These experts were therefore very skeptical about traditional appraisal methods. (Dessler, 2004; 265).

2.2. Performance appraisal method

This section will discuss each of the following performance appraisal methods:

Goal setting, or management by objective (MBO). Management by objective (MBO) consists of establishing a clear and precisely defined statement of objectives for the work to be done by an employee. Establishing an action plan indicating how those objectives are to be achieved, allowing the employee to implement the action plan, measuring objective and taking corrective action.

Multi-rater assignment (or 360-degree feedback)

One currently popular method of performance appraisal is called multi-rater assessment or 360-degree feedback. With this method, managers, peers, customers, suppliers or colleagues are asked to complete a questionnaire on the employee being assessed; the person assessed also completes a questionnaire.

Work standard approach

Method of performance appraisal that involves setting a standard or an expected level of output and then comparing each employee's level to the standards.

Essay appraisal

Method of performance appraisal in which the rater prepares a written statement describing an individual's strengths, weaknesses, past performance.

Critical incident appraisal.

Method of performance appraisal in which the rater keeps a written record of incidents that illustrate both positive and negative behaviors of the employee. The rater then uses these incidents as a basis for evaluating the employee's performance.

Graphic rating scale

Method of performance appraisal that requires the rater to indicate on a scale where the employee rates on factors such as quantity of work, dependability, job knowledge, and cooperativeness.

Check list method

Method of performance appraisal in which the rater answers with yes or no to a series of questions about the behaviors of the employee being rated.

Ranking method

Methods of performance appraisal in which the performance of an employee is ranked relative to the performance of others (Byars, 2009:296).

2.3 Potential problems in performance evaluation

2.3.1. Opposition to evaluation

Most employees are worried of performance evaluation perhaps the most common fear is of subjectivity on the part of the rater rather subjective bias and favoritism are real problems that create opposition to most performance evaluation systems these fears are hidden, however, and other more general arguments are provided (Invancevich, 1998:294).

2.3.2. System Design and operating problems

Performance evaluation systems break down because they are poorly designed. The design 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 received (Invancevich, 1998:294).

2.3.3. Rater problem

Even if the system is well designed problems can arise if the rater is not cooperative and well trained.

Such problems including

Standard of evaluation problems with evaluation standards arise because of perceptual differences in the meaning of the words used to evaluate employees.

Leniency or Harshness error performance evaluations require the rater to objectively reach a conclusion about performance being objective is difficult for every one some raters see every thing as good these are lenient raters, other raters see every thing as bad these are harsh raters.

Halo effect it is a problem, which arises in performance evaluation when a supervisor's rating of subordinate on one trait biases the ratings of the person on other traits. Halo error can be either negative or positive.

Recent behavior bias – Recency error occurs when a manager evaluates employees on work performance most recently, using one or two months prior to evaluation.

Contrast effects individual evaluation techniques each employee is supposed to be rated with out any regard to an other employees performance

Personal bias error – A person bias rating error is an error related to a personal bias held by a supervisors some can be conscious such as discrimination against some one because of appraisal's personal characteristics like age, sex and race (Ivancevich, 1998:295).

2.4. Role of supervision in appraising performance

The immediate supervisor's

Supervisor's rating are the heart of most appraisals. This makes sense. The supervisor should be and usually is in the best position to be and evaluate the subordinates performance. And is responsible for that persons performance traditionally the persons direct supervisors his or her performance however other options are critically available and are increasingly use.

Peer Appraisal

With more firms using self management teams, peer to team appraisal. The appraisal of an employee by his or her peers are becoming more poplar. For example, an employee choose an appraisal chair person each sear. That person then selects one supervisor and there other peers to evaluate the employee work.

Rating committee

Many employers use rating committees. These committees usually contains the employees immediate supervisors and three or four other supervisors. Using multiple others can be beneficial while there may be discrepancy in ratings by individual supervisors, the composite ratings tend to be more reliable, fair and vlaid such ratings have higher inter after ratability or consultancy than do rating obtains form several peers

Self rating

Should employees appraise themselves the basic problems of course is the employees usually rate them selves higher than they are rated by supervisors or pears. In one study, for instance, it was found that when asked to rate their owner job performances, 40% of employees usually rate themselves in the top 10% (“ one of the best” While virtually all remaining employees rated them selves either in the top 25% (well above average”) or at

least in the top 50% (“above average”) usually no more than 1% or 2% will place themselves in below average category.

Appraisal by subordinates

More firms today let subordinates rate their supervisors' performance as a process, some call upward feedback. The process helps top managers diagnose management style, identify potential “people” problems and take corrective action with individual managers as required (Dessler, 1999:258).

2.5. Eliminating rating errors

Behavior-based rating scales were originally designed to help eliminate the kinds of rating errors just described but when such scales didn't demonstrate more on the rating process. In other words, more recent efforts to improve performance evaluations in organizations have centered on helping raters to more accurately observe, recall and report behaviors.

Rater training

One popular way to improve managers' ability to conduct effective performance appraisals is through rater training programs. Many types of programs exist, differing in focus, cost and direction. The two most popular types of training programs designed to eliminate common rating errors such as halo error and training programs designed to improve the supervisor's observation and recording skills.

Programs dealing with errors do seem to eliminate many of these from ratings. In addition, even short, relatively inexpensive programs are effective at accomplishing this goal. However, there is much loose evidence that this kind of training actually increases the accuracy of appraisals. Programs focused on observation and recording skills may offer greater improvement in accuracy than those that simply focus on errors.

Avoiding problems with employees

For the evaluation system to work well the employees must understand it and feel that it is a fair way to evaluate performance in addition they must believe that the system is used correctly for making decisions concerning pay increases and promotions.. Thus for a performance evaluation system to work well, it should be as simple as possible unnecessary complexity in rating forms or other evaluation procedures can lead to dissatisfaction among employees the system should also be implemented in a way that fully informs employees about how it is going to be used (Ivancevich, 1998:287).

The feedback interview

An effective performance evaluation system involves two-way communication. That is there must be active communication between the supervisor and the subordinate about performance. Evaluation should not be viewed simply as once a year completion of rating forms on the contrary. It is a continuing process.

To help with the communication the supervisor should hold an evaluation interview with each subordinate in order to discuss his or her appraisal and to set objectives for the upcoming appraisal period. In addition experts advise that actions concerning the employee's development salary should not be discussed during this interview. Thus although most organizations with formal evaluation systems give employees feedback many are not doing in the best way possible.

Normal major describes three generally used approaches to these interview situations tell and sell tell and listen and problem solving research on when indicates that tell and sell approach is best for new and experienced employees and that the problem solving approach which encourages employee participation is useful for more experienced employees especially those with strong work ethic although these types of interview differ in terms of the supervisor's behavior, effective evaluation feedback sessions share a number of characteristics annual discussions of performance should include.

- i. Review of overall progress
- ii. Discussions of problems that were encountered

- iii. Agreement about how performance can be improved
- iv. Discussion of how current performance fits with long range career goals.
- v. Specific action plans for the coming year how to reach short and long term objectives (Ivancevich, 1998:288).

2.6. Performance related pay

According to irrigation and biandamer performance related pay stands in contrast to the philosophy which had animated the desing of managerial pay system for much of the post war era. This had emphasized service involving the acquiring of experience through steady job nature and incremntal pay scales. The scope for continuing pay progression through a typical 5-8 point incremental scale was an encouragement to cointue in past, while a serious of stepped bands promised further progression band widt and overlap fitting jobs with in the claes, and getting the differentiates and increasingly underpinned both managerial and blue coller pay structures as the use of incentives declined. Such systems however, were essentially in ward looking and tied to state conceptions of the organization and its environment. This was reelected in the critisms increasingly made of job evaluation that it promoted bureaucracy was costly rigitd and inflexible and failed to respond to change consequently been rapidly changing nature of jobs in many sectors.

Pressures for such change are nicely illustrated in a consultancy report on the banking sector which for so long typified the traditional model with its emphasis in quality, hierarchy, control and peromantly defined jobs.

- i. Traditional salary structured and incremental scales and sen as acting as a brake on change and inhibition flexibility. They are too strongly related to length of service and in hibit side ways career development use.
- ii. There is an ear universal view that performance related pay needs to occupy agreter part of the total remuneration package; the present systems are felt to discriminatate not at all between the excellent and the adequate on performer.

- iii. There is a feeling that the conventional generous benefits within the financial sector need to be provided on a more selected basis. Regional pay variations for example would substantially reduce bank costs.

Put simply performance related pay is about making a proportion of pay dependent on some objectively defined criteria. This may range from company profits to specific individuals' output targets, varying according to the nature of the job. As such PRP is more of strategy or approach than a system it embraces a great variety of schemes and different motivations (Hendry, 1995:304)

2.7. Identifying and measuring employee performance

Performance is essentially what an employee does or does not do. Employee performance that affects organizational performance

- Quantity of output
- Quality of output
- Timeliness of output
- Presence at work
- Cooperativeness

Linkage between strategy outcomes and organizational results organizational strategy.

Performance management practice

: Identify expected performance levels

Measure individual performance then evaluate

Provide feedback on individual performance

Provide assistance as needed

Reward or discipline based on performance

Employee performance

Performance management outcomes

Development

Productivity

Advancement

Discipline

Pay raises

Termination

Organizational results

Goal met or not met

Obviously other dimensions of performances might be appropriate in certain jobs, but those listed are common to most. However they are general each jobs has specific job criteria which are jobs performance dimensions that identify the elements most important in a job. (Jacason; 2008:89)

CHAPTER THREE

METHODOLOGY

3.1.The research type

The type of research conducted in this study was descriptive type of research in order to describe the existed situations

3.2.Data sources

The researcher used both primary and secondary data for the accomplishment of the study. Primary sources were employees of the bank and secondary sources were written documents internet and different books

3.3.Instruments of data collection

The primary data was collected using mailed questionnaire form employees and unstructured interview from the manager in order to achieve the study. Secondary data was collected after verifying their accuracy before using them.

3.4.Sampling and sample size

The researcher used census survey to collect data from employees. The reason for this is to cover all employees. There were small number of employees i.e 40 employees in the bank. To increase the accuracy the researcher used this type of method.

3.5.Data processing and analysis

The desired data were collected using qualitative and quantitative method. After the desired data were carefully gathered the quantitative data were processed and analyzed precisely using table and percentage. Secondary data and interviews were described by word with out any numerical measures.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter summarizes the data collected from commercial bank of Ethiopia worabe branch through questionnaire and interview. 40 questionnaires are distributed to employees, among these 32 were collected and the remaining were uncollectable due to different reasons.

4.1. General characteristics of the respondents

Table 4.1.1. sex and age structure of respondents

	Item		No	Per cent
1	Sex	Male	20	62.5
		Female	12	37.5
		Total	32	100
2	Age	<25	5	15.6
		25-35	16	50
		36-45	6	18.8
		>45	5	15.6
		Total	32	100

Item 1 table 4.1.1. represent the sex composition of the respondent in commercial bank of Ethiopia worabe branch. Out of 32 respondents 20(62.5%) were males and the remaining 12(37.5%) were females.

Item 2 table 4/1.1 of describes the age composition of the respondents. Out of the total respondents 15.6% are less than 25 years, 50% were found the age group of 25-35, 18.8% were found 36-45 and the remaining 15.6% were greater than 45 years.

The upper table implies that relatively males are more dominant than females due to either educational gap or some other factors and the age structure of most employees are young.

Table 4.1.2. Educational status and service year of employees in the bank

	Item		No	Per cent
3	Educational status	High school	4	12.5
		Diploma	9	28
		Degree	16	50
		Other	3	9.5
		Total	32	100
4	Service year in the bank	1-2 years	10	31
		3-5 year	15	47
		6-10 year	7	22
		Total	32	100

Item 3 of table 4.1.2. describes the level of educational status of the respondents out of 32 employees the majority i.e 50% were educational level of degree, 12.5% were high school, 28% were diploma and the rest 9.5% were others.

Item 4 of table 4.1.2. shows how long respondents staid in the bank. Out of the total 32 respondents 47% of respondents staid in the bank for 3-5 years, 31% of the respondents staid in the bank for 1-3 year and the rest 22% staid 5-10 years.

The upper table implies educational status of the employees have good performance but most of the employees staid for short period of time because the establishment of the bank had no long life.

Table 4.2. Understanding of employees and officials on result oriented performance appraisal

Item	Number of respondents	Per cent
High	23	71.9
Low	9	28.1
Total	32	100

Table 4.2 understand of employees and officials on result oriented performance appraisal. Among 32 respondents 23(71.9%) have high understanding about result oriented performance appraisal which encompasses the majority of employees. The remaining 9 (28.1%) of respondents were low understating from the total respondents

From these we colcude that the majority of the employees have good understanding about result oriented performance appraisal

Table 4.3. employee toward result oriented performance appraisal

Item	Number of respondents	Per cent
Good	19	59.4
Bad	5	15.6
Neither good nor bad	8	25
Total	32	100

The above table indicates the attitude of employees toward result oriented performance appraisal. 19(59.4%) of the respondents replied they have good attitude toward the evaluation 8(25%) of the total responders replaid that, they have neither good nor bad attitudes towards the evaluation system. Every small number of the employees have negative attitude which accounts 5(15.6\%) of the respondents

The above information implies that most employees have good attitudes toward rsultoriented performance appraisal. But not all employees have good attitude because

some of them have bad attitude and some other respondents were unable to express their feeling toward the evaluation system.

Table 4.4. feeling of employees towards the evaluation system of the bank

Item	Number of respondents	Per cent
Good	21	65.7
Poor	6	18.7
I don't know	5	15.6
Total	32	100

From the above table we can understand that form the total respondents 21(65.7%) of the respondents indicated that they have good attitude toward the evaluation system. 6(18.7%) of respondents have poor feeling towards the evaluation system and the remaining 5(15.6%) haven't any feeling toward the evaluation system of the bank.

From the above analysis we conclude that most of the employees have good feeling toward the evaluation system

Table 4.5. the criteria used to evaluate employees in the bank

Item	Number of respondents	Per cent
Quality of work	3	9.6
Quantity of work	7	21.8
Experience in work	7	21.8
Knowledge and skill	8	25
All	7	21.8
Total	32	100

The above table shows that what criteria the bank used to evaluate employees. according to the survey out of 32 employees who said the criteria that the bank used to evaluate the performance of employees is knowledge and skill of work which accounts 25% of the total employees. Some other employees replied that the bank used quality of work and experience in work each of this accounts 21% of the total respondents. 21.8% of the respondents replied that all are the criteria's which used to evaluate employees in their

bank. very small number of respondents said that the organization uses quality of work which accounts 9% of the total respondents. According to the above data the bank uses the criteria of knowledge and skill experience in work, quality of work and quantity of work. But the bank mostly depends on knowledge and skill, to evaluate employees.

Table 4.6. employee participation and feed back from the bank regarding the appraisal

Item	Number of respondents	Per cent
Do you participate in the appraisal		
Yes	17	53.0
No	15	47.0
Total	32	100
Had you obtained information of your evaluation on time		
Yes	16	50.0
No	16	50.0
Total	32	100

Item 1 of table 4.6. Shows employees participation in the appraisal process. Among the total respondents 17(53%) of the respondents participated in the appraisal process, where as 15 (47%) didn't participate in the appraisal process. This implies that the bank didn't give equal participation to all employees even if it relatively incorporated the majority of the employee.

Item 2 of table 3.6 indicates whether employees got feed back about their evaluation result on time. Among the total respondents 1(50%) stated that the responsible body informed them about their result on time, whereas 16(50%) replied that the responsible body didn't inform their result on time.

Table 4.7 shows that what employees expect if there is no evaluation in the bank

Item	Number of respondents	Per cent
Lack of commitment toward job	4	12.5
Reduce productivity	4	12.5
Incompetence with others	13	41
All	11	34
Total	32	100

Table 3. indicates that from the total respondents who were asked 13(41%) responded that absence of performance appraisal results incompetence with others, 4(12.5%) replaid each and employees who responded lack of commitment toward a job and reduce productivity. The remaining respondents relied all of the above mentioned problems are existed in their bank. Which accounts 11(34%) of the total respondents.

From this we conclude that all of the respondents are aware of the problems that could exist if there is no performance appraisal especially incompetence with others, so there should be a good performance appraisal system.

Table 4.8. method of performance appraisal system

Item	Number of respondents	Per cent
Man to man comparison	5	15.6
Grading method on a given level of out put	8	25.0
Evaluate based on performing different tasks	19	59.4
Total	32	100

Table 4.8 shows that from the total respondents who were asked 5(15.6) responded that man to man comparison method (25%) responded that grading method, where as 19 (59.4%) replied appraisal by the task performed (MBO)

From those we conclude that most of respondents replied that the method of appraisal the bank depend is by the task performed based on the rules and regulations of the bank

Table 4.9. The appraisal method that the bank used

Item	Number of respondents	Per cent
Questionnaire to mangers, customers or colleagues	10	31.3
Based on employees out put or achievement	11	34.4
Evaluating committee	5	15.6
Subordinates	6	18.7
Total	32	100

From the above table that the bank depends mainly on work standard (Based on employees out put or achievement) which accounts 11(34.4%) of the total respondents. In addition of this the bank also depends on questionnaire i.e distributes questionnaires to managers, customers or peers and put their opinion suggestion and dissatisfaction in the given questionanires name which accounts 10(31.3%) of the total responds, 6(18.7%) of respondents said that their evaluation is based on subordinates and only 5(15.6%) of respondents replied their evaluation is according to evaluating committee.

According to the above data the bank used work standard and questionnaire to evaluate employees

Table 4.10 what employees get if they carry out their task properly

Item	Number of respondents	Per cent
Salary increment	7	21.8
Promotion	10	31.3
Moral incentive	14	43.7
All	1	3.2
Total	32	100

Table 4.10 shows what employees get if they carry out their task properly. From the total respondents 7(21.8%) replied if they carry out their job properly, They will get salary increment while 10 (31.3%) replied that they will get promotion from their bank. But most of the respondents responded that they will get moral incentive which accounts 14(44%) and the remaining stated all one applicable in our bank which accounts 1(3.2%) of the total respondents.

Based on the above data when the employees carried out their task properly the bank gave to the employees a moral incentive, promotion and salary increment. But the majority gains moral incentives.

Table 4.11 problems of result oriented performance appraisal

Item	Number of respondents	Per cent
Discrimination	14	43.7
Evaluate based on most recent performance	12	37.5
All	6	18.8
Total	32	100

Table 4.11 indicates what problem are existed in the bank. from the total respondents 14(43.7%) replied there were discrimination in the bank, 12(37.5%) side the bank evaluate its employees based on most recent performance and 6(18.8%) replied all the above problems have been existed in their bank.

From the above data we conclude that in the bank there have been some problems such as un fair evaluation and evaluate based on most recent performance. But the main problem of the bank is unfair evaluation or discrimination .

Table 4.12. Reasons for problems identified table 4.11

Item	Number of respondents	Per cent
System design problem	7	21.9
Rators problem	21	66
Problem from employees	3	9.4
All	1	3.2
Total	32	100

Table 4.12 shows the reason for the problems in the bank. According to the respondents opinion 7(21.9%) said the reason for the problem are system design problems 21(66%) of respondents replied raters problem 3(9.4%) of respondents replied problem form employees and only 1(3.2%) said all of the above are reason for retting problems.

From the above data we conclude that in the bank raters problems are intensified and the most reason for evaluation problems. In addition to this system design problems and problems from employees are the major source of evaluation problems

Table 4.13 employees feed back about problems in the bank

Item		No	Per cent
Is there any problem at the time of implementing result oriented performance appraisal	Yes	19	59.4
	NO	13	40.6
Total		32	100

From the above table we conclude that the majority (59.4%) of the respondents answered there have been problems in the bank at the time of implementing result oriented performance appraisal. But, 40.6% answered there is not any problem in the bank.

The problems which the majority mentioned are, disagreement, failed to consider all tasks of employees, performed, careless evaluation and raters biasness are among the problems.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of findings

The following are short summary of data presentation and analysis

1. Majority (72%) of employees have good understanding on result oriented performance appraisal.
2. Majority (59%) of the respondents have good attitude towards result oriented performance appraisal.
3. Majority (25%) of the respondents replied the bank depends knowledge and skill of each employee to evaluate them.
4. Relatively most (53%) of the employees participate in the appraisal process.
5. Most (60%) of the employees are evaluated based on achieving or performing different tasks according to the given standard.
6. Majority (44%) of the respondents get moral incentive rather than financial incentive if they carry out their task properly.
7. Most (44%) of the employees have discrimination based on some factor like sex, age , race etc.
8. majority (66%) of the cause of the appraisals problems are raters problems

5.2. Conclusion

Based on the findings of the data the following conclusion are analyzed

1. Understanding of employees and officials on result oriented performance appraisal are relatively good.
2. In the bank most employees have good attitude towards result oriented performance appraisal.
3. In the bank various criteria that used to evaluate result oriented performance appraises are quality of work, Quantity of work experience with work and knowledge and skill of work. But according to the data analyzed, the bank mostly depends on knowledge and skill of work.
4. The absence of performance appraisal causes lack of commitment toward a job reduce productivity of employees and incompetence with others. So the existence of performance appraisal helps employees to understand problem existed areas.
5. The method of performance appraisal system that the bank used to evaluate employees are man to man comparison, grading method and appraisal by the task performed. But the bank was mostly depends on appraisal by the task performed i.e the bank sets an objective or give a task to the employees and measures those tasks how the employees preformed.
6. The employees are evaluated by using questionnaire, work standard, evaluating committee and subordinates. Work standard and questionnaire are the main tools of evaluating. Before measuring the employee directly the evaluator distributes the questionnaire his employees and after getting the questionnaire every employee put his or her opinion, suggestion and his dissatisfaction on the given questionnaire and he or she summit the form to the supervisor or the manager. At the end the mangers reads the suggestion and the comment given on the format carefully and also measure his or her task performed at the same time and compare their task relative to the objective.
7. In the bank the rewards for employees were accomplishing their task in good manner and salary increment promotion and moral incentives, but most employees get moral incentive for the accomplishment of their task in good manner.

8. there have been many problems in the bank among those problems some are un fair evaluation, discrimination based on some factor, failed to consider all task of employees preformed, elevate all in one direction and failed to give employees feedback on time are some of the problems. Among these problems discrimination is the most one. There was also poor reward system un willingness of employees and biasness. The cause of the above problems are system design problems, rters problem and problem from employees. Raters problems are the most significance one in the commercial bank of Ethiopia worabe branch.

5.3. Recommendations

1. What I want to recommend to here is that the management should give great emphasis and attention for performance appraisal. Because performance appraisal have many benefits for the employees and the bank. Among such benefits it increase productivity increase motivation on employees, and it provides better rewards for employees who perform his/her job effectively and efficiently.

2. To change the employees attitude towards result oriented performance appraisal the bank should create awareness to employees, give enough reward who perform their task effectively and give a chance to express their feeling and opinion about the evolution. The management should also needs effective implementation of result oriented performance appraisal. Because only effective implementation of appraisals leads employees to improve their performance other wise instead of being a base for productivity, it would be a case of grievance with in employees

3. The human resource department should provide effective training program to the supervisor in order to improve the result appraisal skills. The training used to reduce rating errors such as bias, discrimination, error in interpretation etc. the training also used the rater to have good relation with subordinates. Generally training helps the rater to display a sense of fairness and justice when dealing employees performance appraisal.

4. Making employees active participating is the homework of the bank; the parallel communication which creates mutual understanding between supervisors and subordinates. The rater must encourage subordinates to express their ideas and opinions and keep him self well informed about his subordinates accomplishment .

5. The bank should develop objective oriented training needs assessment to have a continuous training for better out results based management. The performance appraisal should be used as a source of such information that would selctivley identify the unique training needs and match them with the specific employees to be training. rewards are the

human resource element that should be regarded to the employees to heighten their market which is function of the high expected out put.

6. As conclusion to the objective that was analyzing the main purpose of performance appraisal system in worabe commercial bank it is important to know that employees must be totally involved in the development of the system to decrease the source problems.

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Appendix I

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES

JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMIC
DEPARTMENT OF MANAGEMENT

The purpose of this questionnaire is about result oriented performance appraisal in commercial bank of Ethiopia Worabe branch as fulfillment of the requirement for the completion of bachelor degree in management. So, I kindly request your sincere cooperation, because your cooperation is very important to accomplish the study. Your information will be kept confidentially.

Instructions

1. No need of writing name
2. put “✓” mark in the given box provided and write in the spaces given.
3. you can choose more than one

I, Personal information

1. Sex: Male ☐ Female ☐
2. Age: <25 ☐ 25-35 ☐ 35-45 ☐ >45 ☐
3. Educational status:- High school ☐
 Diploma ☐
 Degree ☐
 Above degree ☐
 Other _____
4. Service year in the bank:- < 3 years ☐ 3-5 years ☐ 5-10 year ☐

II, questions

5. What is the level of your understanding of result oriented performance appraisal ?
- High ☐ very high ☐ Low ☐ very low ☐ Good ☐ Bad ☐ Neither
good nor bad ☐

6. What is your attitude towards result oriented

Good ☐ Bad ☐ Neither good nor bad ☐

7. How do you feel about performance system of the bank?

A, very good ☐ B, Good ☐ C, I don't know ☐

8. What is the criteria used to evaluate employees in your bank?

Quality of work ☐

Quantity of work ☐

Experience in work ☐

Knowledge and skill of work ☐

9. Do you participate appraisal process? (You can choose more than one)

A, Yes ☐

B, NO ☐

10. what problems exist, if there is absence of performance appraisal

A, Lack of commitment towards Job ☐

B, Reduce productivity of employees ☐

C, Incompetence with other ☐

D, Others specify please _____

11. Had you obtained information of your evaluation result on time ?

A, Yes ☐

B, NO ☐

12. Which method of performance appraisal system is practiced in your bank?

A, Man to man comparison ☐ B, Grinding method on a given level of output ☐

C, Evaluate based on performing different tasks ☐

D, Others specify _____

13. What type of appraisal method your bank use to evaluate employees? (you can give more than one answer)

A, questionnaire ☐

B, Work standard ☐

C. Evaluating committee ☐

D. Subordinates ☐

Is other specify please _____

14. What is the return for you in your organization, if you have carried out your task in a good manner?

A, Salary increment ☐

B, promotion ☐

C, Moral incentive ☐

If any other specify please _____

15. what problems are there toward result oriented performance appraisal in your bank

A, Evaluate based on most recent performance ☐

B, Discrimination ☐

C, Evaluate all in one direction ☐

Other specify _____

16. What is the reason for the problem arises on question No “15”

A, System Design problem ☐

B, Raters problem ☐

C, Problem from employees ☐

If other specify please _____

17. Is there any problem of implementation of result oriented performance appraisal

Yes ☐ NO ☐

18. If your answer for Question No “17” is “yes” mention the problems

19. What is your suggested solutions for the problems identified for question No 18

Appendix II

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMIC
DEPARTMENT OF MANAGEMENT**

Interview to management

1. What look like your bank background?
2. What method used to evaluate employees in your bank?
3. How feel employees towards the evaluation method?
4. What problems are faced at the time of implementing performance appraisal?
5. How the management was solved the problems faced in your organization?