THE CHALLENGES ENCOUNTERED IN THE IMPLEMENTATION OF PERFORMANCE APPRAISAL IN FINANCIAL INSTITUTIONS IN TANZANIA:

THE CASE OF BANK OF AFRICA
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THE CASE OF BANK OF AFRICA

By

Harriet Kemirembe

A dissertation submitted to Dar es salaam Campus College in partial fulfilment of the Requirement of the award of Master In Science in Human Resource Management Degree of Mzumbe University.

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled **Challenges encountered in the implementation of Performance Appraisal in Financial Institutions in Tanzania: A case study of BOA Ilala Branch**, in partial/fulfilment of the requirements for award of the degree of Master of Science in Human Resources Management of Mzumbe University.

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I, Harriet Kemirembe, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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ACKNOWLEDGEMENT

I am grateful to the almighty for helping me all the way to complete this study as a part of my HRM Program. This report is prepared on the basis of my theoretical knowledge and from the information that I have collected from different sources.

I would like to convey my sincere and deep appreciation to all the people who helped me prepare this report.

First of all I want to express my gratitude to my course coordinator, Dr. Leonard Wilhelm who gave me guidelines and suggestions to prepare this report and extended his valuable support as and when needed. Without his kind cooperation, it would be very difficult for me to complete this report.

I would like to pay my gratitude to the members of BOA Ilala Branch for their kind cooperation to help me in collecting and understanding the information on performance appraisal at BOA Ilala district. Without forgetting boss at work who has been giving me courage, support and permission to collect the data to accomplish my dreams.
DEDICATION

This work is dedicated to my parents who first sent me to school, my twin brothers and the Last born Kiiza Dennis who kindly encouraged me to begin my master degree.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>OPRSA</td>
<td>Open Performance Review and Appraisal System</td>
</tr>
<tr>
<td>RIF</td>
<td>Reduction in Force</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>CSRP</td>
<td>Civil Service Reform Program</td>
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<td>PSRP</td>
<td>Public Service Reform Program</td>
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<tr>
<td>PO-PSM</td>
<td>President’s Office- Public Service</td>
</tr>
<tr>
<td>MDA</td>
<td>Ministries, independent Department Agencies</td>
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<td>RBM</td>
<td>Result Based Management</td>
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<tr>
<td>PIM</td>
<td>Performance Improvement Model</td>
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<tr>
<td>CACRS</td>
<td>Closed Annual Confidential Report System</td>
</tr>
<tr>
<td>MYR</td>
<td>Mid - Year Review</td>
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<tr>
<td>PSMEP</td>
<td>Public Service Management and Employment Policy</td>
</tr>
<tr>
<td>BOA</td>
<td>Bank Of Africa</td>
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<tr>
<td>IFC</td>
<td>International Financial Cooperation</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro Finance Institutions</td>
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<tr>
<td>CRDB</td>
<td>Commercial Rural Development Bank</td>
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<tr>
<td>FBME</td>
<td>Federal Bank of Middle East</td>
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<tr>
<td>KPA</td>
<td>Key Performance Areas</td>
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<tr>
<td>M E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MUCHS</td>
<td>Muhimbili University College of Health Sciences</td>
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<tr>
<td>AEAF</td>
<td>AUREOS East Africa Fund</td>
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<tr>
<td>ATMs</td>
<td>Automatic Transaction Machines</td>
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ABSTRACT
Performance appraisal system is important to any organizational work performance; it determines the organization’s success or failure. The aim of this study was to evaluate the challenges encountered in the implementation of performance appraisal in financial institutions in Tanzania. The focus of the study was on the employees of the Bank of Africa Ilala District. A cross-sectional survey was selected for this study because it was cheap to undertake compared to longitudinal survey and the results from the sample can be inferred to the larger population. The study population was all the employees of BOA Ilala. The whole populations of staff were selected as respondents. A structured questionnaire was used to collect the data for analysis. The analysis of the collected data was done by using of descriptive statistics and frequency tables. The findings from the study have established that performance appraisal function in financial institutions face a number of problems brought by factors such as poor organization systems, personality and leadership. Issues such as ratting errors, lack of adequate training, performance appraisal schedules, and biasness just to mention a few have been hindering the performance appraisal functions. The researcher has also described the recommendations on how the performance appraisal should be conducted to avoid problems. For example the ratting standards, qualities of the performance appraisal tools and schedules. Conclusively the managers should ensure that performance appraisal has an impact to the employee’s improvement in their job performance.
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CHAPTER ONE

1.0 Introduction

This chapter outlines the processes which prompted the initiation of the study. It describes the background, problem definition and questions, the research objectives and the relevance of the study. This study intends to investigate the challenges encountered in the implementation of Performance appraisal in Tanzania specifically Bank of Africa. Performance appraisal is a critical element in the performance management process but it is not the performance management process itself. Performance appraisal is a sub-set of performance management and relates to the formal process of assessing and measuring employee performance against agreed objectives. Formal appraisal takes place regularly, usually annually, although it can occur more often. Performance appraisal invokes a variety of employee responses, from a feeling that it is ‘a waste of time’ to feelings that ‘I want to know how well I am doing’. An observation by Neale (1991)

1.1 Background of the problem

Many private organizations and financial institution in particular have adopted the Government’s OPRAS system currently. The practice is a key instrument for individual employees that emphasize the importance of participation, ownership and transparency through involving employees in objectives setting, implementing, monitoring and performance reviewing process. This way ensures continuous communication between supervisors and employees; and understanding on the linkage between organizational objectives and individual. Stress, anxiety, and fear often accompany performance appraisals both for the employee being reviewed and for the supervisor conducting the appraisal.

However the system does not work as well as expected as Dick G explains that there are several reasons performance appraisal does not work; ‘No Ownership, too often, neither the manager nor the individual has any sense of ownership. They weren’t involved in the design or administration of the system. They frequently are not
trained to use it effectively. Finally, human resources rarely ask about their reactions to and opinions of the system (and ignores any suggestions they make to improve it). Managers don’t like to deliver negative messages to people with whom they must work, and whom they often like on a personal basis. Employees don’t like to be told that they are not quite as good as they think they are. Negative messages generate defensive reactions and promote hostility, rather than serve as useful performance feedback.

In many cases Performance appraisal has been used as a tool for punishing subordinates, or wrongly being regarded to be a disciplinary instrument for supervisor. Several cases witnessed supervisors threatening subordinates to rank them lowly as a punishment for whenever a subordinate differs with a supervisor in their professional or even social relationships. In the case of Chausiku Abdallah Vs Africare Tz(2011) Unreported the plaintiff has urged that among other things which led him to wage claims for unfair termination was the fact of being unfairly ranked in the performance evaluation.

Furthermore in the case of petition against Dr. Masumbuko Lamwai’s win in Ubungo constituency. Dr. Lamwai claimed that he was supposed to be a Professor but he couldn’t be due to improper ratings of his performance evaluation. Such claims from even a Senior staff of higher learning institution is a clear picture that performance appraisal in many offices is not properly conducted, and once it is conducted then those appraising or doing it merely for the sake of having filed documents in their Personnel files. Moreover they are just doing it once a year, normally at the end of the year.

However, effective performance management is more than a once-a-year formal appraisal event. Continuous review of employee performance is needed together with effective feedback. Giving feedback can be challenging and managers need good communication skills to ensure that feedback is constructive and helpful, competent manager will constantly monitor staff performance and make realistic and considerable comments on a day – to day basis to assist and develop their
effectiveness. A staff appraisal scheme seeks to formally encapsulate the essence of that relationship and record comments from both sides at annual or twice a year. It provides the employee with feedback about his or her performance during the period of appraisal. Such feedback has a motivational effect on the employee. If the employee's performance is appraised as satisfactory, performance appraisal aims at recognizing the good work done and becomes an expression of gratitude from his or her employer, and therefore an encouragement to work harder. According to McGregor (2002) the main purpose of appraisals is to help managers effectively staff companies and use human resources, and, ultimately, to improve productivity. When conducted properly, appraisals serve that purpose by: (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates’ effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations.

The end result of all these negative and ambivalent feelings is an employee review which is incomplete, sloppy, and ultimately ineffective. The simple truth is that by underestimating the inherent power of performance appraisals, many managers are neglecting a major aspect of their management roles. Understanding these feelings, overcoming them and administering effective appraisals have motivated me to conduct this study so as to address the challenges which hinder the successful operation of the whole exercise of Performance appraisal.

1.2 Statement of the problem

In spite of good objectives of various regulations, performance appraisal has not improved in many organizations as the result there is inadequate employees’ productivity weak motivations and insufficient job satisfaction and also to take the feedback positive. Although there are criticism on the process of performance appraisal by various researchers and management practitioners, organizations continue to use it. It has been suggested that utilization of performance management
systems make companies perform strategically better, in financial terms, than those which invest less in this process (Rheem 1996, Glenn 2002).

To many managers, performance appraisal is nothing more than a tedious chore. As a result, these managers overlook the problem-solving power of a properly conducted appraisal. Other managers view employee reviews as a test of their own supervisory capabilities; they often become fearful that they will not “measure up” in their employee’s performance for all categories of employees i.e. from the chief executive to the lowest employees. It is questionable how a single appraisal instrument can manage to capture enough job attributes of all job categories in the organization (Ngirwa 2005).

There has been the recurring problem to most managers in scheduling the performance appraisal for example most managers do it once a year. (Ngirwa 2005) pointed out that ‘if it can be afforded, however, it is highly recommended that employee performance be appraised more frequently in order to enable feedback to be given close to the task, and behaviour modification to be handled with the desired degree of immediacy.’ From this point of view of the researcher, therefore, it is critical to understand the challenges encountered in the implementation of performance appraisal in the financial institutions in Tanzania as the case study Bank of Africa Ilala district.

1.3 Research objectives

1.3.1 Main objectives
This research aims at identifying and assessing the challenges encountered in the implementation of performance appraisal in the financial institutions in Tanzania, especially the Bank of Africa will be used as a case study.
1.3.2 Specific objectives
- To identify and assess the implementation of performance appraisal in the financial institutions
- To assess the views, attitudes and perceptions with the financial institutions regarding performance appraisal implementation.
- To identify and describe the challenges and prospects for performance appraisal effectiveness in the financial institutions.

1.4 Research questions
- How is performance appraisal implemented in the financial institutions?
- When was the initiative started in the financial institutions?
- To what extent does performance appraisal help the financial institutions in their operations?
- What are the challenges which confront financial institutions in implementing performance appraisal and how can these challenges be explained?
- How is the general implementation of performance appraisal viewed within the financial institutions?

1.5 Significance of the study
The study will enable the managers to review their performance appraisal ratings. Performance appraisal ratings are very important to the career of a financial institution employee. They are used in a variety of critically important ways. For example, performance ratings have an impact during a reduction-in-force (RIF). A performance rating is also a factor in making promotion selections and in determining who will receive a performance award. A performance rating provides a basis for taking adverse action because of poor performance, which can mean a reduction in grade or even removal from the institution. In short, the performance rating that you give an employee can have a major impact on the employee's career. Further, employees have a right to know how they are performing. Consequently, establishing performance requirements, and appraising employee performance is a job that must be taken seriously.
The research will help the appraisals avoid issues of the hallow effect. This is when someone is appraised highly, because of one outstanding characteristic. For example, when someone is a very good speaker, this outstanding skill or ability will serve to cloud the judgment of the appraiser and there will be a tendency to grade this individual highly, irrespective of whether he performs or not.

The research will build up the sense of belongingness competitiveness of the employees to an organization through self evaluation. From a manager's point of view, the goal of the performance appraisal should be more than an opportunity to document specific criteria for salary increases, promotions or disciplinary actions, Should also involve ongoing communication. Setting achievable goals with clear expectations and having a plan of action for the next period.

The study will enable the stake holders to understand the main functions which effective performance appraisal serves, the administrative function, the performance enhancement function, and the employee development function. Numerous administrative decisions in organizations are or should be based on systematic data about employee performance. Also of relevance here is the issue of legal liability. The performance appraisal will enable the managers identify the skills, knowledge and capability of the employee. It should identify who is working effectively and taking responsibility and who is having difficulty with their job. By using this information, jobs and responsibilities can be adjusted so that the capabilities of each employee are being used most effectively.

The final function of appraisal of the performance is to assist employees to develop their potential by identifying strengths and weaknesses in their work and by assessing needs for training and development. The study will also be useful for the academician who may wish to conduct further study on this area as it will acquire them comprehensive understanding of the problem.
CHAPTER TWO
LITERATURE VIEW

2.1 Overview
This chapter reviews literature relevant to the research objectives. It builds a theoretical foundation upon which the research is based. It commences with an examination of what performance is, and why it is measured. The chapter then considers how performance appraisal fits into the parent discipline of performance management. A literature review covering appraisal functions and the problems associated, and this includes reference to BOA Ilala branch. The above secondary data will then lead to the building of the conceptual model that will be tested through the research.

2.2 Conceptual definitions

2.2.1 Performance appraisal
Performance Appraisal is defined as the process of assessing the performance and progress of an employee or a group of employees on a given job and his or their potential for future development. It consists of all formal procedures used in working organizations and potential of employees. According to Flippo, 1979; “Performance Appraisal is the systematic, periodic and an important rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.”

Sited the characteristics of performance appraisal as;

1. Performance Appraisal is a process.
2. It is the systematic examination of the strengths and weakness of an employee in terms of his or her job.
3. It is scientific and objective study. Formal procedures are used in the study.
4. It is an ongoing and continuous process wherein the evaluations are arranged periodically according to a definite plan.
5. The main purpose of Performance Appraisal is to secure information necessary for making objective and correct decision of employees.
2.2.2 Performance appraisal systems

A performance appraisal system is an integral employee practice of the macro human resources (HR) framework of an organization. It is a formal—and at times informal—and documented process of the performance of workers, professionals and other staff members of an organization. All professionally managed businesses and enterprises have performance appraisal systems to measure the intrinsic worth and work performance of employees and encourage, motivate and reward them based on their performances.

2.2.3 Performance management

Armstrong (2000) “performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of people who work in them, and by developing the capabilities of individuals and teams”.

Walters (1995) Performance Management is about the arrangements organizations make to get the right things done successfully. The essence of Performance Management is the organization of work to achieve optimum results and this involves attention to both process and people.

Armstrong (2000) suggests that when it is used well, it will contribute to organizations’ success, and as such, is a vital management function. Radnor and McGuire (2004) also argued this point, but their research revealed, through a case study at Bradford Health Authority, that effective performance management in the public sector could be considered to be closer to fiction than fact. Of all the literature reviewed on the wider subject of performance management, Radnor and McGuire (2004) are amongst the minority in conducting in-depth attitudinal surveys that aid their findings.

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1 w.com http://www.ehow.com/
2.2.4 Management

Mary Parker Follett (1868–1933) in the early twentieth century, defined management as "the art of getting things done through people". She described management as philosophy.

In all business and organizational activities is the act of getting people together to accomplish desired goals and objectives efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources. Because organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to 'manage' oneself, a pre-requisite to attempting to manage others.

2.2.5 Performance evaluation.

Performance evaluation is a constructive process to acknowledge the performance of a non-probationary career employee. An employee's evaluation shall be sufficiently specific to inform and guide the employee in the performance of her/his duties. Performance evaluation is not in and of itself a disciplinary procedure.

2.2.6 Feedback

It is the Process in which the effect or output of an action is 'returned' (fed-back) to modify the next action. Feedback is essential to the working and survival of all regulatory mechanisms found throughout living and non-living nature, and in man-made systems such as education system and economy. As a two-way flow, feedback is inherent to all interactions, whether human-to-human, human-to-machine, or machine-to-machine. In an organizational context, feedback is the information sent

http://en.wikipedia.org/wiki/Management
Business.dictionary.com
to an entity (individual or a group) about its prior behavior so that the entity may adjust its current and future behavior to achieve the desired result. Feedback occurs when an environment reacts to an action or behavior. For example, 'customer feedback' is the buyers' reaction to a firm's products and policies, and 'operational feedback' is the internally generated information on a firm's performance. Response to a stimuli (such as criticism or praise) is considered a feedback only if it brings about a change in the recipient's behavior.

2.2.7 Rating.
A quantity measured with respect to another measured quantity (a measure of a part with respect to a whole; a proportion) (Ngirwa 2005) A rating scale is basically an appraisal instrument that consists of a list of traits against which employees’ performance is evaluated. The rating scales can be in a series of boxes or a continuous scale. If boxes are used they normally range from excellent, through good, satisfactory, fair, to unsatisfactory and the appraiser is required to tick the appropriate box against each trait. If continuous scales are used, they normally range from 9 to 0 and the appraiser is required to tick the appropriate figure against each trait. In order to improve the use value of the rating scale, a provision is made for the ratter to write a descriptive comment.

2.3 Critical review of supporting theories or theoretical Analysis
For decades, performance appraisal has received considerable attention in the literature, from both researchers and practitioners alike. Many authors (Bernardin & Klatt, 1985; Hall, Posner, & Hardner, 1989; Maroney & Buckley, 1992; Thomas & Bretz, 1994) maintain that ‘there is a considerable gap between theory and practice, and that human resource specialists are not making full use of the psychometric tools available’. To support their claim, these authors cite surveys of practitioners concerning current performance appraisal methods and use.
Haberstroh (1965:1182) drew two broad conclusions from his review of performance measurement research: “First, performance reporting is omnipresent and necessary so. Second, almost every individual instance of performance reporting has something wrong with it.” Performance appraisal remains omnipresent and problematic even today.

Common outcomes of an effective performance appraisal process are employees’ learning about themselves, employees’ knowledge about how they are doing, employees’ learning about ‘what management values’ (Beer, 1981). According to Stephan and Dorfman (1989) outcomes of effective performance appraisal are improvement in the accuracy of employee performance and establishing relationship between performance on tasks and a clear potential for reward.

Performance is typically judged subjectively because performance in many jobs is not amenable to objective assessment (Ferris and Judge, 1991). Such subjectivity enables a ratter’s personal agenda to drive the appraisal rating process. Ratters, for example, may be motivated to manipulate ratings as a means to satisfy personal goals and to accommodate contextual demands (Fried and Tiegs, 1995). According to Murphy and Cleveland (1991), frequently pursued goals of ratters can be categorized into

1. Task-performance goals (e.g. to motivate or maintain performance)
2. Interpersonal goals (e.g. to maintain a positive work group climate)
3. Strategic goals (e.g. to increase one’s standing in the organization); and
4. Internalized goals (e.g. to maintain one’s values).

Longeneckeret (1987) interviewed executives to obtain their views on performance appraisal processes and concluded that executives were more concerned about the consequences of the ratings (for themselves, the rates, and the work group) than whether or not their ratings accurately reflected employee performance. These researchers found executives to both inflate and ‘deflate’ ratings depending on the goals to be achieved. For example, executives’ ‘inflated’ ratings to maximize
subordinates’ merit increases to avoid confrontations over lower performance ratings, and to avoid creating a permanent record of poor performance appraisal politics.

Although there is no direct evidence that perceptions of performance appraisal, politics affect job attitudes negatively, a number of studies have found perceptions of organizational politics to predict job satisfaction (Cropanzano et al., 1997; Ferris and Kacmar, 1992; Gandz and Murray, 1980).

The job satisfaction rejects part in employees’ reactions toward their opportunity for within-organizational advancement (Schneider et al., 1992). Therefore, when employees perceive their performance ratings, and hence pay increase and promotion, to be determined by political considerations rather than performance factors, they are likely to experience reduced job satisfaction. Furthermore, because employees tend to view workplace politics as undesirable, they may withdraw from their organization as a means of avoiding political activities. One form of withdrawal is employee turnover.

The rating policies and procedures need to be assessed in private organization like BOA to ensure an effective performance process. It is a key factor of the process of performance appraisal. Both the rater and the ratee need to be trained on how to use the rating tools.

The concept of the balanced scorecard was originally developed by Kaplan and Norton (1992). They took the view that ‘what you measure is what you get’, and they emphasize that ‘no single measure can provide a clear performance target or focus attention on the critical areas of the business. Their scorecard requires managers to answer four basic questions, which means looking at the business from four related perspectives. How do customers see us? (Customer perspective); what must we excel at? (Internal perspective); can we continue to improve and create value? (Innovation and learning perspective); how do we look at shareholders?
A study presented in a 1992 Journal of ~ana~ernenatr't article consolidated surveys of hundreds of companies. The study found that the average performance appraisal system is over 11 years old and that the typical system was designed by personnel specialists with little or no input from managers or employees.

Design and implementation of an effective performance appraisal in Tanzanian private sectors possibly is seen as one of the most difficult tasks faced many managers and human resource development professionals. The frustration of those in human resource development over performance appraisal is matched by that of the users. Roush (1991: 267) suggests that public sector managers are engaged in a never-ending search for an evaluation instrument that at once minimizes bias and subjectivity, promotes motivation and individual productivity, and maximizes the achievement of effectiveness and efficiency.

Brown (2001) cites major problems of Performance Appraisal practices. He cites lack of training for managers particularly affects performance appraisal systems. Hartle (1997) cites study by the Local Government Management Board in 1990, concerning appraisal. Key findings were;

1. Managers do not take the process seriously
2. Inadequate effort from all involved
3. Bad communications and training hinder effectiveness
4. The systems are too individualistic, remote and divisive, and
5. Ratings can be inconsistent and unfair

Wilson and Western (2001) take this further, suggesting current appraisal procedures excite most staff to a level comparable to a trip to the dentist.

Taking a focus on BOA (BANK OF AFRICA) despite of the problems facing the performance appraisal seems to be embedded into the private and public sector. It is here to stay. Managers and employees continue to accept performance appraisal systems whilst accepting they are fraught with the inaccuracies.
Stephen Robinson (2003) the management should evaluate three most popular sets of criteria which are individual task outcome, behaviors and traits. And the performance appraisal methods are written essays, critical incidents, graphic rating scales, multi-personal ranking, the most popular comparisons are group order ranking, individual ranking and paired ranking.

Stephen Robinson (2003) Managers ignore giving feedback to employees unless pressured by organizational policies and controls, managers are likely to ignore this responsibility. There are at least three reasons. First managers are often uncomfortable discussing performance weaknesses directly with employees. Given that almost every employee could stand to improve in some areas, manager fear a confrontation when presenting a negative feedback. The solution is not to ignore but to train managers how to conduct a constructive feedback session.

Brown (2004) there is a notable tendency for appraisers to adopt the central tendency in appraising. Few wish to give high or low appraisals, and prefer to place most employees in the average range. Where appraisals impact on payments, some companies use the forced distribution method, ensuring that the results fit into the standard bell curve.

On the other the findings on the research which was done by students of the Washington State University revealed the barriers to effective performance appraisal are the appraisal errors. A few of the most common appraisal errors are:

   a) Personality Conflict
   b) Halo or Horn Effect
   c) Tendency Error
   d) Similar to Me Effect
   e) Contrast Effect

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*Washington State University Human Resource Service [http://provost.wsu.edu/manuals_forms/index.html](http://provost.wsu.edu/manuals_forms/index.html)*
f) First Impression

g) Political Error.

h) Opportunity Bias

Judgment errors: People commit mistakes while evaluating people and their performance. Biases and judgments errors of various kinds may spoil the show. Bias here refers to distortion of a measurement. These are of various types: First impressions (primacy effect): The appraiser’s first impression of a candidate may color his evaluation of all subsequent behavior. In the case of negative primacy effect, the employee may seem to do nothing right; in the case of a positive primacy effect, the employee can do no wrong (Harris, p.192).

Halo: The Halo error occurs when one aspect of the subordinate’s performance affects the ratter’s evaluation of other performance dimensions. If a worker has few absences, his supervisor might give the worker a high rating in all other areas of work. Similarly, an employee might be rated high on performance simply because he has a good dress sense and comes to office punctually!

Horn effect: The ratter’s bias is in the other direction, where one negative quality of the employee is being rated harshly. For example, the ratee rarely smiles, so he cannot get along with people!

Leniency: Depending on ratter’s own mental make-up at the time of appraisal, ratters may be rated very strictly or very leniently. Appraisers generally find evaluating others difficult, especially where negative ratings have to be given. A professor might hesitate to fail a candidate when all other students have cleared the examination. The leniency error can render an appraisal system ineffective. If everyone is to be rated high, the system has not done anything to differentiate among employees.

Central tendency: An alternative to the leniency effect is the central tendency, which occurs when appraisers rate all employees as average.
Performance appraisals are a common and powerful tool in business. They allow an employer to offer feedback to an employee, and let them know how they can improve and where their skills are strongest. An appraisal can let a good employee know that they're appreciated and a difficult employee a path for how to improve. However, designing an appraisal can be a challenging process for even the best managers. A fair appraisal will offer the best value to both yourself and your employees and make your business run that much better.

According to ILO, performance appraisal should, as far as possible, be used to assess the contribution of the employee to the organization’s policies and programmes and should be linked to the individual’s job description. The appraisal instrument should be discussed and agreed with the union with bargaining rights at the workplace. Trade unions should play an active role in the development of appraisal systems in the workplace, and should try to ensure that they have a development focus, aimed at improving the human resources employed.

Stewart (2007) Methods and Technique of rating in appraising the performance

**Paired comparison**

A manager assesses the performance of pairs of individuals until each employee has been judged relative to each other employee, or until every possible combination of individuals has been considered. A rating scale is then produced from the number of times each individual was related as better.

In the long run – individuals are assessed with reference to a single measure of effectiveness or merit and placed in a hierarchy (i.e. from best to worst).
Forced distribution

Again individual’s performances one given single ratings, but this time allocated, usually by percentage, to categories or ranked performance levels according to some predetermined distribution. Absolute methods are assessed with reference to some standards of performance and not to other individuals.

Narrative approach

The appraiser describes in his or her own words the work performance and behavior of the employee during a given period. The report may be in the style of an essay or a controlled written report which asks for answers to certain headings or guidance.

Rating scales

This method lists a number of factors such as job related qualities or behavior or certain personality traits and then individual is rated on the extent to which they possess these factors. The rating scale can either be numerical or alphabetical or graphically represented on a continuous i.e. from very high to very low.

Critical incident techniques

The appraise records incidents of the employee’s positive and negative behavior that have occurred during a given review period. Thus this form of appraisal is based upon specific examples not subjective assessment.

Behaviorally

Numerical, alphabetical and single adjectival anchors such as ‘average’ and above ‘average’ may be difficult to define and ambiguous for assessors. Thus bars are designed to replace or in some cases, add to these scale anchor points, with description of specific examples of actual job, behaviors. The first stage is to define specific activities required to successful performance in a job specific behaviors
which correspond to high, moderate and low performance are them identified within this dimension.

**Result oriented method.**

Objectives and standards are set assess specific results and outcomes arising from job performance and not job behavior. The appraisal process then exams to what extent these objectives have been reached.

There are many difficulties associated with the assessment of performance appraisal. The inherent subjectivity of the process may lead to claims of favors, bras and arbitrariness. For example, one of the employees studied by Geary (1992:46) exclaimed;

‘Your appraisal depends on of your supervisor if you are liked or socialize with him you’re more likely to get a good review’

Appraisers may allow the evaluation of a single observed trait, characteristic, objectives, competence, etc. to influence their ratings on all subsequent factors. If the appraiser judges the employee on one factor, he or she may give high ratings to all other areas of performance even though the appraisee’s actual performance in this aspect may be weaker or unobserved. This is known as the ‘halo’ effect. On the other hand a negative rating in one aspect could lead to other performance factors be in evaluated this is called ‘horns’ effect.

Problems of subjectivity are particularly evident when non-quantifiable criteria are being used for assessment purposes.

- Appraisers may find different to identify, not to mention measure, the district contribution of each individual (see Kennie and Lowe, 1990’47).
- There may be external factors beyond the control of the individual employee which affect their performance.
- Line managers or supervisors may luck technical skills and people management to conduct and effective appraisal.
- Management’s resistance to appraisals may be due to a perception of being placed in the ‘embarrassing’ situation of having to pass judgments on and criticizing their fellow workers. Mc.Gregor (1957.90).
Lack of time and resource may hinder managers in providing comprehensive and effective performance reviews and objectives setting. Moreover managers may perceive the appraisal process as a bureaucratic nuisance and form filling exercise. (Long 1986.65).

There is a conflict in nature of performance review procedures which attempt to assess performance for training and development purposes at the same true as for pay purposes. E.g. Randell (1973) has argued that the reward should be completely separate in terms of operation and documentation to performance, potential and organization reviews.

An appraisal outcome which labels an employee as simply ‘average’ or determines that he or she is not a ‘high – flyer’ may lead to de-motivation. To state true general principal.

When a person begins to judge on another, unless that judgment is favorable, reaction and resistance begin to set in (magorison 1976)

Solution to the performance appraisal problems (Making appraisal work)

Appraisal instruments:
Different researchers sighted the solution for performance appraisal problems as in developing the appraisal instrument attention should be paid to the key success factors to be evaluated which may include knowledge, skills, competencies, targets and other variables. These should be clearly detailed and defined (Brown 2001)

Rating procedure:
Brown (2003) the rating of an employee should be done by the immediate supervisor who should be knowledgeable about the employee’s work through first hand observation. Sometimes this close relationship may introduce bias. One difficulty of a personal nature between supervisor and employee may color future assessments beyond what is acceptable.
Applications of OPRAS (Open Performance Appraisal System)

Reviewing and discussing the appraisal results; it is important that the appraisal interview should allow for frank and free discussion between the interviewer and the interviewee. It is also important that the personnel department should be able to facilitate reviews of appraisals, when requested to do so by an employee who feels aggrieved by an appraisal.

For example different styles of appraisal interview were succinctly described fifty years ago by the American psychologist Norman Maier (1958). The most widely adopted means of identifying the way to tackle the performance appraisal interview is the problem solving style and has been summarized as;

The appraiser should brief the appraisee on the form of the interview, possibly asking for a self appraisal form to be completed in advance. To so extent this is establishing rapport, with the same objectives, and makes the opening of eventual interview easier.

As self-appraisal gives the appraisee some initiative, ensures that the discussion will be about matter which the appraisee can handle and on ‘real stuff’.

The appraiser has to review all the available evidence on the appraisee’s performance, including reports, records on other material regarding the period under review. Most important will be the previous appraisal its outcomes.

Appraisal schemes are met by many employees with distrust, suspicion, and fear. For example one resident in Kennie and Lowe’s study performance appraisal stated:

“People are very apprehensive about their appraisals. Most people working on the shop floor have probably never come out of any formal test they have taken very well – they thus feel they have everything to fear and nothing to gain – this is at the heart of their disquiet about the whole system and why, in principle, the infinitely
prefer a collective system for security. They also fear they will have the will pulled over their eyes, and are not skilled negotiators. (Kinnie and Lowe, 1990:49)

Objective are generally jointly agreed upon by the employee and manager and used to measure and assess employee’s performance. Objective setting is assumed to be an impartial process of evaluation. Often companies use the acronym SMART to help set effective objectives.

\[ S = \text{Specific stretching} \]
\[ M = \text{Measurable} \]
\[ A = \text{Agreed or Achievable} \]
\[ R = \text{Realistic} \]
\[ T = \text{Time – bounded} \]

**Training of the appraisees and the appraisers**

Companies should ensure that those who are responsible for conducting appraisals are well-trained, and should attempt to standardize the appraisers to ensure as far as possible that their grading are similar. Properly administered performance appraisal schemes are invaluable for determining merit increases along scales or ranges, for promotions, and in helping to make selections for lay-offs

(Ngirwa 2005) appraising employee performance is a professional function in HRM. It is thus incorrect to assume, that anyone can appraise performance, simply because they are managers, and by virtue of their positions, they are empowered to do so. Managers need to be trained to be good appraisers, and the human resources department should keep them up to date on emerging technology and research in the field of performance appraisal. It is precisely for this reason that we are recommending the conducting of periodic appraisal seminars or workshops.
(Ngirwa 2005) performance appraisal training should be for all potential appraisers. The right time for this training program is at the beginning of the year of business, so that appraisers can continuously and consistently appraise performance throughout the year. Such training may subsequently be conducted after every two years but of necessity it needs to be conducted when the organization has undergone significant changes e.g. restructuring, and recruitment of new managers.

**Feedback should be given promptly;**

When employees perform poorly, they should seek feedback from managers. In return, managers should give constructive feedback to employees, so that they can improve their performance. However, this kind of meaningful exchange about employee performance is often precluded by managers themselves. Some managers have an overly supportive style and feel uncomfortable giving negative feedback. Other managers are intolerant of failure and react harshly to feedback-seeking from poor performers. This causes employees to stop asking for feedback or even to avoid discussing performance with their managers entirely. Moss and Sanchez (2004:22)

**Job performance appraising techniques and criteria;**

The performance appraisal process should base on the specific criteria, which are related to job description. Since performance appraisals are formal systems that provide feedback to employees. Good feedback should follow as closely as possible on an action, should be specific rather than general, and should be limited to actions that pertain to an employee's responsibilities and that fall within an employee's control (Mohrman 2005)

A matrix of degrees of performance should be developed, and the factors should be weighted and points awarded to the various factors (Llyod 2005). The appraisal system needs to be administered so that it possible for both parties. Form filling should be kept to a minimum and the time allocated for this activity should be sufficient for it to be done properly, but not so much that the task is seen as unimportant and of low priority.
Appraisal system needs to be supported by fill up action. Work plus agreed by appraiser and appraisee need to be monitored to ensure that they actually take place or that they are modified in accordance with changed circumstances or priorities. Training needs should be identified and plans made to meet those needs. Other development plans may involve the HR (human resource) department in arranging temporary transfers or moves to another department when a vacancy arises. Harder to do this it is vital that appraisal forms are not just field and forgotten. Peter Goodge and Philip Walts are consultants working in the field of 360 – degree feedback and one of their suggestions demonstrated the importance of follow-up “We suggest that organizations should spend 20% of the project budget on the assessment and 80% and the subsequent envelopment support (Goodge and Welts 200p.51)

(Anderson 1997 pp. 112-13) recommended structure for the performance appraisal interview as shown in fig. below;

| Purpose and rapport | - Agree purpose with appraisee. |
| - Agree structure for meeting. |
| - Check that pre work is done. |

| Factual interview | - Review of known facts about performance in previous period. |
| - Appraisal reinforcement. |

| Appraisee views on performance. | Appraisee asked to comment on performance over the last year. What has gone well? |
| What could be improved; what they liked; what they disliked |
| Possible new objectives. |

| Appraiser views | Appraiser adds own perspectives, asks questions and disagrees as appropriate with what appraisee has said. |

| Problem solving | Discussion of any difference and how they can be solved. |

| Objective setting | Agreeing what action should be taken and by whom. |
Performance appraisal should be a continuous process;

Ngirwa (2005) Employee appraisal is usually processed annually or perennially. If it can be afforded, however, it is highly recommended that employee performance be appraised more frequently in order to enable feedback to be given close to the task, and behavior modification to be handled with the desired degree of immediacy.

Tell the employees the significance of performance appraisal;

Effectiveness will be greater if all involved are clear about what the system is for. The personnel manager and senior managers need to work out what they want in the appraisal system to achieve and fits in with other Human Resource activities that feed into it and are fed by it, such as career planning, training and HR planning. Those who have to operate the system also have to appreciate its objectives otherwise they are just filling in forms to satisfy the some HR people, as we see at the open of this focus on skills.

Most of working people do not have that same absolute measure for their own personal performance which is all part of a more general, corporate endeavor. Individual effectiveness or ineffectiveness can be caused by many factors.

Appraising performance is not a precise measurement but a subjective assessment it has a long history of being damned for its infectiveness at the same time as being anxiously sought by people want to know how they are doing. It is difficult to do; it is frequently done badly with quite serious results. But in rare occasions when it is done well it can be invaluable for the business, and literally, life transforming for the appraisee.

Some managers battle on with their system, but recognize that they are ineffective and inadequate or disliked. What can be done is to encourage the system to work as effectively as possible.
The results should be made useful;

It is vital that the system is visibly owned by senior and line management in the business and that it is not something done by HR department. This may mean for example, that appraisal forms are kept and used within the department and early selected types are fed for HR functions. Ideally forms should be a working document used by the appraisee and appraiser throughout the year.

The more open the appraisal system is, that is, the more feedback appraises are given about their appraisal ratings the more likely appraises are to accept rather than reject the process. Similarly the greater the extent to which the appraisee participate in the system, the greater the chance of gaining their reservation already made.

Involvement of both appraises and appraisee;

The involvement of both appraises and appraisee in the identification of appraisal criteria has already been noted Stewart and Stewart (1997) suggest that these criteria must be

(i) Genuinely related to success or failure in the job
(ii) Amenable to objective, rather than subjective Judgment and helpful if they
(iii) Are easy for the appraiser to administer
(iv) Appear fair and relevant to appraisee
(v) Strike a fair balance between category requirements of the present job. While at the sometime being applicable to the wider organization.

Appraisers need training in how to appraise and how to conduct appraisal interviews. Appraisee will also need some training if they have any significant involvement on the process. An excellent performance appraisal system is of no use at all if managers do not know how to use the system to the best effect Stewart and Stewart (1997).
2.4 Empirical analysis of relevant studies

2.4.1 General studies

Although the use of performance appraisal has increased over the last few decades, the practice of formally evaluating employees has existed for centuries. As early as the third century A.D., Sin Yu, an early Chinese philosopher, criticized a biased ratter employed by the Wei dynasty on the grounds that “the Imperial ratter of Nine Grades seldom rates men according to their merits but always according to his likes and dislikes” (Patten, 1997:352).

Systematic employee appraisal techniques came into prominence just after the end of World War I. During the war, Walter Dill Scott succeeded in persuading the United States Army to adopt ‘man-to-man’ rating system for evaluating military officers, although formal performance appraisal probably began in the United States in 1813 (Bellows and Estep, 1954) when army General Lewis Cass submitted to the War Department an evaluation of each of his men using such terms as ‘a good-natured man’ or ‘knave despised by all’ (Murphy and Cleveland, 1995:3).

Most of the merit rating plans from 1920 to the mid-1940s were of the rating scale type with factors, degrees and points. Indeed the analogy between a point plan of job evaluation and a rating scale plan of merit is very close. From the early 1950’s greater interest was devoted in the performance appraisal of technical, professional and managerial personnel. However it has to be pointed out that with the changing nature on the emphasis, the terminology has also been changing over the years. Some of the other terms currently being used include personnel appraisal, personnel review, progress report, service rating, and performance evaluation and fitness report.
Ainsworth et al. (2002: 31) identified the main components of performance management:

1. Performance planning setting and agreeing on goals and targets
2. Regular performance review and discussion reviewing progress against goals and targets.
3. Performance evaluation measuring and evaluating performance against goals and targets and identifying and verifying gaps in performance
4. Corrective and adaptive action - developing strategies to close performance gaps.

One of the problems of performance appraisal is that it has several objectives, and in order to meet one objective you may hamper the achievement of another. One solution is to separate the performance appraisals, having one to identify the way the employee can improve, and a separate one—preferably at a different time, and conducted in a different manner—to allocate rewards.

In practice, most employees are appraised by their immediate supervisors, but it is important to remember that appraisal can take a number of other forms. Employees can be appraised by their immediate supervisor, by themselves ('self-appraisal'), by peers, by subordinates or by people outside the employee's work area or even outside the organization (for example, customers).

A common criticism of performance appraisal is that while in theory it is used to generate objective data about employee performance, in practice it is subject to major error and is far from objective. It takes a degree of expertise to conduct an objective and meaningful appraisal. Unfortunately, few supervisors are given training in this.

The same kind of appraisal cannot be used for all people and all cultures. There are often factors which make a system that works with one group inappropriate for another. For example, direct criticism results in 'loss of face' in some Asian cultures and can cause demoralization. In such instances, alternative ways have to be found to communicate the information about poor performance. Also, in collectivist cultures,
the very idea of individuals being held responsible for results is unusual—so team or group appraisals may be more suitable for these environments.

The Performance management Institute of Australia conducted a survey of Australian employees’ attitudes towards Performance Management in the workplace. Approximately 450 employees responded from a wide variety of businesses and enterprises. The research found that, over 59% of employees received performance reviews once per year or less. This implies that the majority of Australian managers are failing to properly engage their employees. Effective management requires a continual goal setting and review process which gives employees regular feedback of management expectations and frequent praise for achievement of desired goals.

Haberstroh (1965:1182) drew two broad conclusions from his review of performance measurement research: “First, performance reporting is omnipresent and necessary so. Second, almost every individual instance of performance reporting has something wrong with it.” Performance appraisal remains omnipresent and problematic even today.

"Till the end of 80s, though there was a large body of research in aspects of performance appraisal concerning accuracy of measurement, employee participation, types of performance measurements and other areas, there was no substantial research that specifically link with the problems associated with increased job performance and effective performance measurement with the performance appraisals. Then in 1994, a study conducted by Bruns and McKinnon, studied the following hypotheses and determined the link between performance appraisals and increased job performance through them. The first hypothesis stated that employees in organizations with well-defined, regular performance appraisal systems have more knowledge of their daily activities in more specific, precise terms than employees in corporations where this is not the case. The study further concluded that these organizations hence experience increased employee performance. The second hypothesis stated that employees in companies with well-defined and periodic...
performance appraisal systems concentrate their tasks on areas on which they are evaluated. In other words, such performance appraisals effectively measure the employee performance.

This study has further been used throughout this paper as a recent step in this evolutionary process with the previous studies taken as classics.

Among the problems of appraisal are prejudice, insufficient knowledge by the appraiser of the appraisee, the halo effect, the problem of context, the paper work, the ignorant of outcomes, appraising the wrong features and the tenderly for everyone to be appraised as just above average Derek Tomington (2008)

2.4.2 Studies in African countries;

In African countries, several problems arise with regards the institutional framework concerning the implementation of the performance appraisal system. Most supervisors who are supposed to appraise their subordinates do not even know what performance measurement is all about. Similarly most employees do not equally know why they are being appraised. The rationale for the exercise in most organizations is not clear.

There is, also in most cases no linkage in terms of recommendations contained in appraisals forms and decisions reached regarding staff development i.e training or promotion.

The culture of being nice to all or the ‘avoidance syndrome’ i.e refraining oneself from blame could are cited as an inhibiting factor. This is so pronounced that the whole performance appraisal scheme became a mere exercise or ritual carried out at the end of the year.

8 unpan1.un.org/intradoc/groups/public/
The contents of appraisals however, do not in most times reflect the true picture of employees. Further the complexity in understanding the mechanism of operation poses a big constraint.

In cases where the ‘point-rating scheme’ is used, the score for the person between 5 and 1 i.e from outstanding to unacceptable. The issue of subjectivity is also a case in point. Where goals and objectives are not clearly stated and the tendency to look at the individual as oppose the job is very high. At the same time the absence of job descriptions for many employees made the whole makes the appraisal system difficult.

The noted problems above in performance appraisal in African countries are due to;

- Lack of competence
- Errors in rating and evaluation
- Resistance from employees and trade unions
- Problems with leniency and strictness
- Problems with central tendency
- Hallow effect and biasness

2.4.3 Empirical studies in Tanzania.
Tanzania attained its independence in 1961. The political leadership committed itself to wage and win the war against poverty, disease and ignorance in order to bring about prosperity to all Tanzanians. The private services have been a strong arm of government as well as engine for growth and development was expected to ensure that the war against the three development enemies was executed to a successful end. However, by the late 1990s it was realized that it would take ‘ages’ for the government to combat and eradicate the three development enemies if at all deliberate measures and mechanisms were not put in place to reinvigorate and transform the public service into an institution of excellence capable enough to playing a pivotal role in achieving sustained national economic growth and
prosperity, and eradication of poverty in the 21st century\(^9\) (World Bank, 2008:3). Consequently, a number of reform initiatives in the public service were initiated for the purpose of accomplishing the government’s goals and objectives.

The Civil Service Reform Programme (CSRP) was launched in July 1991, it ran up to 1999. The major thrust of CSRP was “cost containment and the restructuring of Government”. This was succeeded by the Public Service Reform Programme (PSRP) which is implemented in a series of overlapping but mutually supporting phases.

The first phase spanning the year 2000 to June 2007 adapted the theme “Instituting Performance Management Systems”. This was specifically aimed at building an integrated system for creating a shared vision, understanding and agreement about the results to be achieved, and the operational framework for continuous performance improvement in standards and quality of public service delivery in Tanzania.

The second phase whose implementation commenced in July 2007 is expected to run until June 2012, and it flies under the banner of “Enhanced performance and Accountability”. The third phase is envisioned to operate from July 2012 to June 2017; its thrust set to be “Quality Improvement Cycle”. The implementation process of the PSRP is spearheaded by the President’s Office-Public Service Management (PO-PSM)

**Tanzania Approach to performance appraisal**

Performance management constitutes the kernel of Tanzania’s Public Service Reform\(^10\) Program (PSRP) which is implemented in the Ministries, independent Departments and Agencies (MDA) as well as the public sector in its entirety. The PSRP is implemented by the government of Tanzania in order to improve the MDAs’

\(^9\) See the Public Service Act, No. 8 of 2002, p.273; and the Public Service (Amendment) Act, 2007.. See also URT (1999). Public Service Management and Employment Policy. Dar es Salaam: Dar es Salaam: President’s Office-

service delivery, policy management and regulatory functions through a more vigorous and rigorous Public Service. Performance Management System (PMS) in Tanzania is geared at improving the efficiency and effectiveness in public service delivery, consequently ensuring value for money. PMS is one of the reform initiatives that provide a means to improve the effectiveness of the MDAs by linking and aligning individual, team and the public service objectives and results.

The approach which is used for performance management in the public service is holistic in structure and scope. This means that it is all-embracing, covering every aspect in the entire public service operations and its various constituents, the MDAs. The approach to performance management takes a comprehensive view of the components or various aspects of performance, focusing on how each of the components contribute to desired performance outcomes at organizational, departmental, team and individual levels.

Performance management also addresses what the employees do (their work), how they do it (their behavior) and what they achieve (their results). In totality and practice, performance management in the Tanzania embraces all formal and informal measures adopted by the public service entities to increase organizational, team and individual effectiveness. Performance management process is not an isolated function. It is concerned with continuous development of knowledge, skills and competencies of public servants.

**Strategies for Performance Management**

Effective performance management requires systems, including clear processes and procedures. Moreover, it presupposes an enabling institutional and legal framework as well as identification of the Key Performance Areas (KPAs). Performance management was the theme of Tanzania’s Public Service Reform Programme phase one which was implemented from the year 2000 to July 2007. The intent of the PSRP was to install Performance Management Systems (PMS) in all MDAs in an effort to re-professionalize the public service, improve its results orientation and make MDAs more accountable. The current Public Service Reform Programme phase II (2008-
2012) is geared at enhancing further and consolidating the initiatives geared at creating a sustainable performance management culture in the public service institutions.

**Policy and Legal Frameworks on performance appraisal function.**

The installation of the performance management system in Tanzania public service institutions were in consonance to the Public Service Management and Employment Policy of 1999 and the Public Service Act, No. 8 of 2002. The two instruments facilitated the institutionalization of performance management system in the public service. The policy stipulated clearly the need for a performance and results-oriented management philosophy in the public service\(^\text{11}\). The Act provides an enabling legal framework for managing performance in the public service. These instruments were important in order to give performance management initiative in the public service a legal status. The policy and legislation were important instruments to facilitate a gradual creation of performance-accountability culture in the public service.

**Processes and mechanisms of performance management**

Different approaches to performance management exist. In Tanzania a Result Based Management (RBM) was introduced using a home grown rubric referred to as Performance Improvement Model (PIM). This is an integrated approach to performance management with interlinked four stage processes and nine elements. This approach, among other things, requires all public service institutions to *plan, implement, monitor, evaluate, and report* on performance, and finally carry out *performance reviews*. From the year 2000 to 2006 PIM was installed in all Ministries, independent Departments, Executive Agencies and Regional Secretariats.

The public service introduced a number of processes, tools and mechanisms in order to facilitate the institutionalization of a performance management system which as well was emulated by private sectors. The specific tools for performance

\(^{11}\) See the Public Service Act, No. 8 of 2002, p.273; and the Public Service (Amendment) Act, 2007 See also URT (1999). Public Service Management and Employment Policy, Dar es Salaam: Dar es Salaam: President’s Office-Public Service Management, pp. 27-28
management include strategic and operational planning, client service charters, service delivery surveys, self assessment programmes, performance budgets, the introduction of Open Performance Review and Appraisal System (OPRAS) and comprehensive Monitoring and Evaluation (M&E) system 12.

**Open Performance Appraisal and Review System (OPRAS)**

A new innovation for managing individual performance in the public service institutions was the introduction of the Open Performance Review and Appraisal System (OPRAS) in 2004. This is a distinctive tool in the history of HRM in the Tanzanian public service. The OPRAS is one of the major tools that are critical to the adoption and nurturing of the performance management culture in the public Service. Therefore also the private institutions found it very important to engage themselves in the same thing. The tool which aligns the objectives of the individual officer with that of the department/division/ unit/section to the objectives of the organization is used in all public service institutions and fewer private institutions. The open Performance and Review appraisal system replaced the ‘Closed Annual Confidential Report System (CACRS) which was used before in order to assess the performance of employees in the public service institutions.

The CACRS was limited and largely generated one-sided information on the performance of employees in the public service.

The OPRAS requires all organizational employees and their managers to develop their personal objectives based on strategic planning process and the organizations’ respective service delivery targets 13. To develop the individual performance plan both the supervisor and subordinate have to agree on performance objectives,

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12 6 See United Republic of Tanzania (2005). Dar es Salaam: President’s Office-Public Service Management, p. 56

13 12 By organization we refer to the following: i.e. sector, department, division, unit or section.
performance targets, performance criteria and required resources in order to achieve the set targets and objectives. Moreover, there must be Mid-Year Review (MYR), which is important in order to keep track of the employee-cum appraisee’s progress in terms of meeting the annual personal objectives and to identify the resources needs that will be required to carry out the remaining six-month plan.

The installation of OPRAS by all MDAs has been made mandatory and the requirement is embodied in the Public Service Legislation\(^\text{14}\). About 2,500 public servants were trained on the use of OPRAS from the year 2004 to 2008. However anecdotal evidence reveals that: The adoption and institutionalization of OPRAS in the MDAs has been patchy. The compliance rate is estimated to be about 51 percent for, arguably, a variety of reasons\(^\text{15}\).

There are claims that the initial OPRAS forms were overly complicated to complete and they were not context-sensitive to different professional cadres in the public service. Some public servants remained skeptical of their intended use especially for promotion purposes. Little dissemination took place at the middle and lower levels of the MDAs or in field offices. The prognosis however is for their increasing use as staffs become more familiar with the technique\(^\text{16}\).

**Current situation of performance appraisal in Tanzania**

Tanzania public Performance Management is about measuring, monitoring and enhancing the performance of the staff, as a contribution to overall organizational performance (Martinez and Martineau, 2001). In Tanzania, there are only two separate tools to enhance performance of health workers, one implemented at


\(^{15}\) World Bank Implementation Completion and Results Report for a Public Service Reform Project (IDA-33000 IDA 3300A) p. 13.

\(^{16}\) Ibid. p. 13
MUCHS (Muhimbili University College of Health Sciences) and the other in form of SASE. The latter mainly applies to staff in various ministries. Public sector experienced the use of Open Performance Review and Appraisal System (OPRAS) in July 2004, through Establishment Circular No.2 of 2004. OPRAS replaced the Confidential Performance Appraisal System which was characterized by absence of feedback and poor help in the identification of the training needs of the employees. That's why failed to promote performance improvement and accountability in the Public Service.

These changes in appraising performance of Public employees are in line with Public Service Management and Employment Policy (PSMEP) of 1998 and the Public Service Act No. 8 of 2002, which both emphasizes on institutionalization of result oriented management and meritocratic principles in the Public Service.

At this point of view the author noted that there are problems facing the performance appraisal functions in public sectors such as BOA but the literatures have not well revealed and made clear to both managers and their subordinates. The author intends to go further in searching the problems hindering the performance appraisal functions, and the significant weaknesses in both the theory and practice of performance appraisal functions.

2.5 Analytical framework (for studying the problem and analysing the data)

A conceptual framework explains, either graphically, or in narrative form, the main things to be studied – the key factors, constructs, or variables – and the presumed relationships between them (Miles & Huberman 1994). Of the many options available, the model below is chosen for this research.

This study uses categories to develop characteristics of an effective performance appraisal functions. These characteristics are used to develop a practical ideal type performance appraisal system. "Practical ideal types can be viewed as standards or points of reference". (Shields1997:30). The elements of the ideal type are not rigidly
fixed. There is more than one useful way to envision the "ideal" (Shields 1997: 30). The ideal components are presented in the model below.

Conceptual frame work

Effectiveness of management on
Performance appraisal function
In financial institutions

**Organizational Management systems**
- Training
- Appraisal instruments
- Communication
- Trade unions policy
- Rating design
- Rating technique
- Political errors
- Appraisal
- Time table

**Personality errors/ personality**
- Personality conflict
- Halo or Horn effect.
- Tendency error
- Similar to me effect
- Contrast effect
- First impression
- Biasness
2.6 The underlying theory or assumptions

Performance appraisal in public sector face many challenges, some of these may be the barriers to the effectiveness on the implementation of the performance appraisal functions. The framework shows that the barriers based on the organizational factors, political factors and personal and interpersonal factors, each of which consists of some elements which affects the effectiveness in implementation of performance appraisal functions at BOA Ilala district. The barriers may vary from one organization to another depending on the nature of the organization. The framework above generalizes the situation in different organization and it can be used to solve the related problems.

2.7 Elements of variables

A variable is something that can change, such as 'gender' and are typically the focus of a study. Every research has at least two types of variables, an independent and dependent. An independent variable is the variable that the researchers systematically manipulate in the experiment. An independent variable is measured, manipulated, or selected by the experimenter to determine its relationship to an observed phenomenon. This might be a variable that you control, like a treatment, or a variable not under your control, like an exposure. It also might represent a demographic factor like age or gender. While the dependent variable is often manipulated by the researcher, it can also be a classification where subjects are assigned to groups. In a study where one variable causes the other, the independent variable is the cause. Jugwash (2008)

In this research on investigating the problems facing the effective management of the performance appraisal function in private sectors, the dependent variables will be the problems facing the effective management of performance appraisal functions in private sectors; case of BOA in Ilala district. The independent variables are (i) organisational management systems on performance appraisal processes which includes; performance appraisal training, appraisal instruments, rating design and techniques, communication barriers, trade union policy, performance appraisal
schedule (frequency), (ii) personality errors which includes; Personality Conflict, Halo or Horn Effect, tendency Error, Similar to Me Effect, Contrast Effect, First Impression, Political Error, Opportunity Bias to mention a few.

2.8 Relationships between the elements

Organizational management systems on performance appraisal processes

a) Rating techniques and Errors
The rating error and poor rating techniques have been noted to be among the major problems in performance appraisal functions in most organization. BAO being one of the private organizations may also be affected by rating errors. Evaluators often make one of five mistakes when rating performance, rating an employee based on how much they like or dislike him or her, rating everyone at one level, for example high, medium, or low rating an employee at the same level on each job dimension, leasing the rating form and reference materials make the judgment instead of taking the time to make actual observations and translate them to the appraisal form letting recent performance influence ratings ("halo/horns" effect)

b) Trade unions policy;
According to ILO, performance appraisal should, as far as possible, be used to assess the contribution of the employee to the organization’s policies and programmes and should be linked to the individual’s job description. The appraisal instrument should be discussed and agreed with the union with bargaining rights at the workplace. Trade unions should play an active role in the development of appraisal systems in the workplace, and should try to ensure that they have a development focus, aimed at improving the human resources employed.

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17 Texas State Auditor’s Office, Auditing Auditor Performance, p. 12, 1992
In developing the appraisal instrument, attention should be paid to the key success factors to be evaluated which may include knowledge, skills, competencies, targets and other variables. These should be clearly detailed and defined.

Tanzania government has shown the efforts of supporting the effectiveness of performance appraisal functions by introducing the open performance appraisal systems (OPRAS) BOA being part of the private sectors in Tanzania is directly affected by OPRAS.

c) Communications

Human resources decisions should be consistent with appraisals. Feedback should be performance-related, credible, timely, and pertain to performance over which the employee has some control. Feedback should be useful in developing performance goals and evaluating training needs (Moore, p. 3).

Performance appraisal systems should provide a basis for a clear understanding of the relationship between pay and performance. Note, however, that the current trend is to separate performance appraisal systems from compensation systems. Performance appraisals should also provide information that can lead to a sense of accomplishment and should explain to employees which behaviors are appropriate and which are not (National Research Council, p. 146).

Performance standards must be communicated to employees in advance of performance appraisal. Employees are more receptive to a performance appraisal system when open communication and discussion of the system occur between managers and employees.

Information about the appraisal process should be presented in a format which allows employees to feel actively involved in the process. Communication about the performance appraisal system should demonstrate the value of the system to the employee. Communication of the system should include written documentation.
Training on the performance appraisal system should include the mechanics of the system and the skills needed to operate the system (Mohrman, pp. 135, 138, 139).

d) Training

The manager must be able to facilitate the exchange of information between the entity and the individual. Performance appraisers who are trained to recognize effective and ineffective performance and are aware of possible system problems will provide more reliable ratings than untrained appraisers. Training helps appraisers develop a common frame of reference for evaluating performance (Moore, p. 5).

**Timeliness of performance appraisals**

Although no single rule exists as to how often appraisals should be given, most organizations conduct them annually. This assumes that the performance cycle of the employee matches the annual operating cycle of the entity. The rule of thumb is that appraisals should not be conducted until performance can be reasonably measured (Mohrman, pp. 119-123). Therefore, employees who work on short-term projects should be apprised more frequently than those assigned projects with longer terms. Appraisals should be timely and given as frequently as the stated policy indicates.

**Organizational culture**

Performance appraisal systems should be linked to the entity's strategy, be consistent with the entity's organization culture, effectively evaluate individual performance, facilitate supervisor/subordinate communication, provide for ongoing performance feedback, and reinforce personal development. The performance appraisal system must comply with relevant state and case law.

(Ngirwa 2005) An appraisal instrument or tool is a form, which is used to record details of an employee’s performance appraisal. Depending on the complexity of the organization, as elicited in the heterogeneity of its job family, an organization may want to use more than one instrument e.g. one for managerial staff and another one

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for non-managerial staff but also a separate instrument for jobs that are completely different from others in the family. An example of a job that may be completely unique in the family is ‘mortuary attendant’ in a hospital. In HRM the discussion on appraisal instruments deals with five main issues:

Structural Adequacy i.e. whether the instrument covers the major information required for the appraisal exercise. Please see our discussion and sample of the appraisal instrument below.

Coverage i.e. whether the instrument covers sufficient duties appraisal criteria or performance standards of the target appraisees.

1. Number i.e. how many instruments do you need for appraising employees? Usually heterogeneity of job design and administrative convenience determine the number of instruments to use.

2. Managerial practice i.e. management may want to use the instrument to achieve other goals. In the instrument suggested in this section, management wishes to use the instrument to commit employees to the achievement of production targets, and to keep their performance sharply focused on their performance throughout the year.

3. Guiding instructions i.e. whether the instrument contains sufficient instructions to guide expert and non-expert users. For transparency, the instrument should be clear and convenient to use for both the managers as appraisers and the employees as appraisees. In the instrument proposed in this section, the instructions appear immediately after each part and they are italicized.

**Performance appraisal policies**

Policies and procedures for the appraisal system must be written either in policy format or in a manual. Performance should be documented and recorded on an appraisal form. Evaluation criteria should be clearly stated. Evaluations should include supporting documentation and evidence of feedback. The appraisal system
should allow for a response from the employee verifying that the results of the appraisal have been communicated to him or her (Pomeranz, p. 136).

**Organizational policy**

Organizational politics is an important determinant in the pay systems based on performance evaluation as both supervisors and subordinates have a possibility to affect the results of the appraisal process. Sometimes supervisors might be tempted to manipulate ratings in order to influence the behavior of their subordinates or even to affect their own position in the organization.

The main characteristics of organization politics are the readiness of people to use power in their efforts to influence others and secure their own interests or, alternatively, avoid negative outcomes within the organization. Organization politics is usually described as a self-serving behavior which seeks to achieve self-interests, advantages and benefits at the expense of others.

Many experts and researchers have stated that political behavior is a natural part of the performance appraisal process. For example, Murphy and Cleveland (1995) pointed out that it may be irrational to give accurate ratings if they are about to hurt the manager. In situations like this it is easier to follow one’s own motivates and manipulate ratings. Also Longenecker, Sims and Gioia (1987) very openly brought up that it is only human to consider the impacts of one’s ratings. Since managers need to live with their decisions, it would be even hurtful not to think what will happen after each rating. Furthermore, Longenecker and associates (1987) found out that the supervisors, who seem to continuously manipulate the ratings, don’t usually admit that their behavior is in any way political. Quite contradictory, they consider manipulation as a part of good management and define all kind of organization politics as a tool which helps them to balance effectiveness and survival.
Political Error – Factors other than performance affect the performance appraisal.

Personality/ Personal errors which includes;

Personality Conflict – Personality conflict between the employee and the supervisor can cause the leader to make an inaccurate assessment of the employee’s contribution.

Halo or Horn Effect – This is an assumption on the part of the supervisor that because the employee was good at one thing, they will be good at another, or vice versa.

Tendency Error – There are two kinds of tendency errors. Central tendency is when the supervisor tends to see everything as average, such as a 3 on a 5-point scale. Leniency is another tendency error where the supervisor tends to see the employee only in a positive light.

Similar to Me Effect – This occurs when there are non-job factors in common between the supervisor and the employee, such as social or religious similarities.

Contrast Effect – This occurs when comparing the skill of the employee with the skill of another employee, which results in an unfair judgment of the first employee.

First Impression – The performance appraisal is made without observation over time. This can be either positive or negative, based on impression that is created.

Biasness – This occurs when managers appraise only the employees and ignore apprising the managers this allows or causes an inaccurate performance appraisal to some extent.
2.9 Statement of hypotheses

Poor Organizational Systems and processes on performance appraisal management and personality errors inherent problems hindering the effectiveness of the performance appraisal function at BANK OF AFRICA in Ilala

There is no a significant relationship between organizational systems, individual personality and the effectiveness of the performance appraisal functions at BANK OF AFRICA.

2.9.1 Background to the study

Organization history

BOA TANZANIA commenced operations in Tanzania in 1993 as EURAFRICAN BANK TANZANIA Limited to service the corporate sector and went through a bad patch by experiencing a continuous period of loss-making. The problems stemmed from the poor state of the credit portfolio that resulted in a heavy level of provisioning. The acute liquidity problems emanating from the bad press that came along with this impacted negatively on public perception and the relationship with the regulators was extremely poor. This reached its lowest point when the Central Bank demanded a viable restructuring plan and put the Bank under close supervision in 2004.

The bank was put under a new management that drove the restructuring plan through, motivated staff and renewed the image of the Bank. The Bank is now financially stable and has sustained respectable profitability over the last two years. However, it is still venerable to market forces and needs to consolidate its gains by building a well diversified income stream. At the moment, the bank relies heavily on income from Treasury Bills, which do not attract any ancillary business. Therefore, other income streams like Trade Finance, Foreign Exchange Trading Income, other fees and commission and even net interest received from Customers are weak.
BOA BANK TANZANIA Limited is a Private Commercial Bank operating in Tanzania serving corporate and retail customers. BOA’s major shareholder, the BANK OF AFRICA GROUP is already operating in ten (10) other African countries namely: Benin, Mali, Burkina Faso, Ivory Coast, Kenya, Madagascar, Niger, Senegal, Uganda and Burundi with further plans of expanding. Other shareholders are AUREOS East Africa Fund LLP (AEAF), the Belgian Investment Company for Developing Countries, FMO and TDFL. Apart from the major shareholders above, BOA TANZANIA is indirectly affiliated to renowned international institutional investors including PROPARCO - a subsidiary of Agence Française de Développement (AFD), who is a significant shareholder in the BANK OF AFRICA GROUP, and International Financial Corporation (IFC).

2.9.2 Future outlook and proposal for the future
The bank focus on serving the Small and Medium client and thus it must create its own market niche. The branch expansion has been targeting the areas where it can get small and medium customer. In the plan the bank aims to open branches in Kariakoo, Gongolamboto and Kimara areas. These locations will give the bank a specific edge as it is populated by the low income earners.

In 2009 the bank will also open two branches in upcountry regions being Kigoma and Mbeya.

2.9.3 Mission and vision and philosophy
a. Mission
- To serve our customer with efficiency and courtesy.
- To contribute to the development of all our stakeholders.
- To optimize the growth of BOA Group through synergies and common development plans.
- To promote growth and stability of the economies in which we operate
b. Vision

- To be the preferred Bank in our chosen markets

c. Philosophy

- Professionalism, Integrity, Team Work, Innovation, Staff Development, Customer Focused

2.9.4 Objective and goals

The key goals that we have set out to achieve over the three year period of 2007-2009 are;

- To put the Bank on a sustainable path of stable profitability to achieve a minimum return on equity of at least 30% by 2009. This would be done by fully penetrating our chosen niche markets and ensuring productivity at all levels by instituting mechanisms for measuring and controlling the contribution of each staff to profitability at all levels.

- Develop a comprehensive marketing plan to aggressively build the business in the chosen market niche to achieve the target of increasing our deposit base and corresponding market share from the current 1% to at least 2.5% by Dec. 2009, if the growth is to be achieved through organic growth.

- Build on the improved image of BOA by entrenching good corporate governance, ethics and professionalism into all our actions and activities and working to attain the highest standards of Corporate Social Responsibility.

- Continue to develop and improve on risk based management practices in all our banking activities by reducing the fraud cases to 2% by December 2009.

- Modernise the Bank, in terms of its appearance, operations and customer service delivery. This will entail a refurbishment of the Head Office banking premises and establishment of additional delivery channels complete with ten additional ATMs, and dedicated ten sales personnel by December 2009.

2.9.5 The Banking Sector and Competition

Tanzania has a total of 28 fully fledged Commercial Banks. Two new commercial banks are likely to become operational in 2007. There is also a growing and active Micro Finance Institutions (MFI) participation in the Banking sector.
The Second generation financial sector reforms are still underway and these encompass changes across the entire financial sector including, banking, insurance, pension funds etc.

There is increasing market squeeze with the International Banks starting to look down at the top end of the SME market whilst the MFIs are restructuring themselves to focus on the bottom end of the SME market. Small banks like BOA BANK are caught up in the middle.

There are very few credit/debit cards in the market and not many retail outlets where they can be used. The Tembo prepaid card offered by CRDB has over 120,000 subscribers while Tanpay is a joint initiative between the Tanzania Postal Bank and Federal Bank of Middle East (FBME).

POS terminals will play an increasingly important role as retail outlets use this as a means to avoid charges in crediting cash to their bank accounts and the ability for customers to access what cash they need at convenient locations. The TANZANIA POSTAL BANK recently launched the Chap debit/POS\textsuperscript{19} whose success is yet to be determined.

There is an increasing number of ATMs in the market but the concentration has however remained in the urban centres. It is hoped that the central switch currently under consideration, will widen access further. Recent and forthcoming regulatory changes, in particular higher capital requirements may compel merger or closure of the small banks while giving advantage to the larger, stable, well-capitalized and well run institutions, including the future Eurafrcian Bank.

Almost all banks in Tanzania offer the full array of banking services with emphasis on Commercial Banking. The only specialised bank is perhaps, Citi Bank which

\textsuperscript{19} Point of Sales
offers pure Corporate Banking. NATIONAL MICROFINANCE BANK LTD, ACB and Azania Bank are also well-known for servicing the low-end of the SME market.

**Industry Performance and Competitive Analysis**

Tanzanian Banking sector is dominated by three categories of banks being large banks which control 71.2% of the industry profit, Medium banks which control 18.8% of the industry profit and small banks which control 10% of the industry profit.

**BOA TANZANIA position in the industry**

BOA BANK is within the upper quartile of the Small Bank group which has banks with total assets of just over TZS 70 billion to TZS 60 billion. This group comprises of TANZANIA POSTAL BANK, Diamond Trust, TANZANIA INVESTMENT BANK and BOA BANK, in order of size. Azania is added to close the group, although a significant difference of TZS 13 billion between the total assets of Azania and BOA BANK TANZANIA, and therefore not making it a significant threat.
CHAPTER THREE

3.0 Research Design

3.1 Overview
The purpose of this chapter is to describe the methodology and procedures that was used in this study. The following topics are discussed: (a) the research design, (b) the selection of the study area, (c) the sampling plan (d) the data needs, and (e) the data analysis procedures

3.2 Research strategies
The preferred approach for this study is a qualitative design. According to Creswell (1994), one of the chief reasons for conducting a qualitative study is that the study is exploratory and the researcher seeks to listen to informants and build a picture based on their ideas. In other words, a qualitative study allowed for the in-depth analysis of comments and perceptions that individuals hold regarding the appraisal system. It created a discussion among the researcher and the respondents which will allow gaining insight and direct understanding from the respondents. This is not possible in a quantitative study because the response would be mostly objective and the answers have to be quantified. Therefore, a qualitative study has allowed finding what the respondents really think of different aspects of the appraisal system and providing arguments for those views. In such a study the researcher gathers information, asks questions, form categories, looks for patterns and finally develops a theory or compares the pattern with other theories. Eventually a model has been constructed that to show the different factors that influence the evaluation management of the performance appraisal function in Tanzania Financial Institutions particularly BOA Ilala Branch

In order to analyze the research questions of this study in a qualitative manner, a case study approach was used. Case study refers to the collection and presentation of detailed information about a particular participant or small group, frequently
including the accounts of subjects themselves. A form of qualitative descriptive research, the case study looks intensely at an individual or small participant pool, drawing conclusions only about that participant or group and only in that specific context. Researchers do not focus on the discovery of a universal, generalizable truth, nor do they typically look for cause-effect relationships; instead, emphasis is placed on exploration and description (Colorado University, 2011).

3.3 Why choose a case study?

Case study method is a very popular form of qualitative analysis and involves careful and complete observation of social unit, be that unit a person, a family, any institution, a cultural group or even the entire community. It is a method of studying depth rather than breadth (Kothari, 2004). The case study place more emphasis on the full analysis of a limited number of events or conditions and their interrelations, it study deals with the process that take place and their interrelationship. Thus case study is essentially an intensive investigation of the particular unit under consideration. The objective of case study method is to locate the factors that account for the behavior – patterns of the given unit as an integrated totality.

According to Odum, (2007) the case study method is a technique by which individual factor whether it is an institution or just an episode in the life of an individual or a group is analyzed in its relationship to any other in the group. Poulne (2008) young describes case study as a form of qualitative analysis, where in careful and complete observation of an individual or a situation or an institution is done; efforts are made to concern and every aspect of the concern unit in minute details and then from case data generalizations and inferences are drawn.

This study was about investigating a contemporary phenomenon in a real life context. It was about studying the extent of problems associated with the performance appraisal functions and the factors that influence it. In this Endeavour when went for data collection, the pre-assumed hypotheses regarding different issues
about the performance appraisal in Tanzania public sector context. Such hypotheses were developed as a result of my past work experience in the field. For example, it was previously believed that most financial institutions did not want any performance appraisal system which could be used to find the defects and faults from the employee’s part. However, data I collected guided me to prove my hypothesis.

Therefore, choosing a case study approach has allowed me to pursue in-depth analysis of different aspects and to find the reasons behind each of those. Furthermore, in most instances, case study is focused on answering ‘how’ and ‘why’ questions. In this aspect, on one hand, the case study strategy complements the general objective of this study, which is concentrated on exploring ‘challenges encountered in the implementation of performance appraisal in Tanzania in financial institutions case study being BOA Ilala Branch.’ Most of the questions were presented in the interview guide (refer to Annex I) also focused on gaining the inside perspective of the respondent on the different issues presented. As such the responses received turned out to be different for every interviewee. Therefore, choosing a case study allowed for the exploration of the limitless boundaries between the phenomenon and the context.

3.3.1 Assumptions on case study
The case study method is based on several assumptions as follows:-

- The assumption of uniformity, in the basic human nature in spite of the fact that human behavior may vary according to situations.
- The assumption of studying the natural history of the unit concerned.
- The assumption of comprehensive study of the unit concerned.

3.3.2 Advantages of case study
There are a number of advantages in using case studies. First, the examination of the data is most often conducted within the context of its use (Yin, 1984), that is, within the situation in which the activity takes place (Zaidah, 2003). Second, variations in
terms of intrinsic, instrumental and collective approaches to case studies allow for both quantitative and qualitative analyses of the data (Hosenfeld, 1984).

Third, the detailed qualitative accounts often produced in case studies not only help to explore or describe the data in real-life environment, but also help to explain the complexities of real life situations which may not be captured through experimental or survey research.

3.3.3 Disadvantages of case studies
Despite these advantages, case studies have received criticisms. Yin (1984) discusses three types of arguments against case study research. First, case studies are often accused of lack of rigor. Yin (1984:21) notes that “too many times, the case study investigator has been sloppy, and has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions”.

Second, case studies provide very little basis for scientific generalization since they use a small number of subjects, some conducted with only one subject. The question commonly raised is “How can you generalize from a single case? (Yin, 1984)

Third, case studies are often labeled as being too long, difficult to conduct and producing a massive amount of documentation (Yin, 1984). In particular, case studies of ethnographic or longitudinal nature can elicit a great deal of data over a period of time. The danger comes when the data are not managed and organized systematically.

3.3.4 Survey Population
Identifying the population, Neumann (1994) specifies the unit being sampled, the geographical location and the temporal boundaries of population. Thus, in this study the population was the employees of Bank Of Africa Ilala Branch office, where the researcher collected the data.
3.3.5 Area of the Research
The study covered the Ilala Branch office of the Bank that has a high concentration of employees in different departments. The offices are situated in Dar es Salaam, the place where approximately it has the largest population and number of private sectors. On the other hand it is located in an urban area where quite a good number of the citizens depend on its services for their different activities.

3.3.6 Sampling Design and Procedure
As regards sample size Gupta (2002) pointed out, a mere size alone does not ensure representativeness thus a small sample, but well selected sample may be superior to a larger but badly selected sample. Hence, the sample size should neither be too small nor too large. It should be ‘optimum’. The optimum size is the one that fulfils the requirements of efficiency representativeness, reliability and flexibility. Sample study was employed to obtain respondents to the study; whereby the appropriate sample size of this study was estimated to be a total of 35 respondents who are employees of BOA Ilala office. The researcher then selected an average of four employees from each department or section for the interview and observations.

<table>
<thead>
<tr>
<th>No.</th>
<th>Respondents carde(2)</th>
<th>Expected sample size</th>
<th>% of target population</th>
<th>Method of gathering information</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Lower level staff</td>
<td>17</td>
<td>50</td>
<td>Checklist/questionnaire</td>
</tr>
<tr>
<td>(2)</td>
<td>Middle level staff</td>
<td>11</td>
<td>35</td>
<td>Checklist/questionnaire</td>
</tr>
<tr>
<td>(3)</td>
<td>Higher level staff</td>
<td>07</td>
<td>15</td>
<td>Checklist, and documentary sources</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>35</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source; Field Data 2011

In this study, the criteria for selection of the interviewees were: (a) the interviewee must have been directly involved and affected with the decisions made by higher level managers of the company; (b) the interviewee must have been a company’s employee, and (c) the interviewee who was willing to devote time and effort in
taking part in the study. The selection processes were dynamic, and sequential rather than static. Therefore, the final sample size of this study was expected to be thirty five (35) participants

3.3.7 Methods of Data Collection
The study employed different methods of data collection, whereby both primary and secondary data was collected. Primary data for the study were gathered by using checklists, in-depth interview and direct observations. The study also used secondary data, and the main expected sources were various official documents and reports relevant to the research problem.

The main goal was to “pick triangulation sources that had different strengths, so they could complement each other” (Miles and Huberman, 1994). In this study, triangulation of the data was be achieved by asking interview questions to participants who were workers of Bank Of Africa. Participants had to be of various levels of the decision-making process, including formal and informal channels. Moreover, the checklists to large extent was used to collect the primary data; it consisted of two sections, section “A” personal bio data and section “B “included the general questions which was drawn in accordance with set of variables of the study.

3.3.8 Data Processing and Analysis
Strauss (2002) recommended that data collection and analysis should be done in a sequential and interactive fashion, particularly at the beginning of data collection. Therefore, each of the ten interviews conducted, transcribed and almost completely was analyzed by the researcher before continuing to the next interview. The researcher interviewed the participants in their offices to triangulate by data source (Patton, 1990).

Descriptive statistics was analyzed basing on data and information that was collected from primary and secondary sources. Also other information were analyzed (by thematic analysis) on employees including general profile.
Meanwhile qualitative and quantitative data was analyzed by simple calculation using excel formulas so as to compute percentages and tabulation of responses. This was chosen because it takes data from almost a common and simple analysis to perform descriptive statistics and conduct statistical analysis.

3.3.9 Expected Results of the Study

As per my prior expectations of results in this research the hypothesis will be verified as the cause for the challenges encountered in the implementation of performance appraisal in Financial Institutions, which Stated that, "organizational systems and processes, individual personality are the major challenges towards the implementation of performance appraisal functions at BOA Ilala Branch." 

As it is stated in the literatures review that both appraisers and appraised considers performance appraisal as a threat to their job security. It is the nature of organizations that challenges on efforts towards goal achievement cannot be escaped. The literature has also revealed that element such as managerial support; training; setting of employee goals, setting of performance standards, observation of performance and appraising performance and the individual personality to mention a few, affects the management of performance appraisal function in Tanzanian private sectors, BOA being one of them as a financial institution.
CHAPTER FOUR

4.0 Findings and discussion

4.1 Introduction
The field work exercise which comprised of distribution of checklist, questionnaires and in-depth discussions to 32 employees took 3 weeks from 27th March 2013 to 23rd April. Checklists and questionnaires were distributed to the respondents that were selected randomly from the employees’ records, aimed at collecting data relating to variables conceptualizing the whole study.

4.2 Participants and data collection
The participants for this research were selected from the population of the employees in the Bank of Africa in Ilala Branch, and every subject was asked to fill out a questionnaire which elicited information concerning workers’ participation in management decision making at workplace.

The Majority of the respondents were males, comprising 59.4% of the given sample. The age profile of the sample consisted of four categories which were 20 years or less, 20 to 35 years, between 36 to 49 years and 50 years and above. The demographic profile of this study’s sample shows that slightly half of the respondents’ age is similar, among the different age group, which are 50% of the respondents belonged to the age group of between 20 to 35 years of age, while only 34.37% of the sample were between 36-49 years of age and about 9.38 of the respondents aged above 50 years old.

The main findings of the study are presented in the tables:
Table 2: Sex Distribution of Respondents

<table>
<thead>
<tr>
<th>Sex</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>19</td>
<td>59.4</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>40.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author’s Field Data, 2013

Table 3: Age Distribution of Respondents

<table>
<thead>
<tr>
<th>Age Groups</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 years or less</td>
<td>2</td>
<td>6.25</td>
</tr>
<tr>
<td>20-35 years</td>
<td>16</td>
<td>50</td>
</tr>
<tr>
<td>Between 36-49 years</td>
<td>11</td>
<td>34.37</td>
</tr>
<tr>
<td>50 years and above</td>
<td>3</td>
<td>9.38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 4: Respondents Educational Qualification

<table>
<thead>
<tr>
<th>Education qualification</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not attended school</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Primary education</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Secondary education</td>
<td>6</td>
<td>18.75</td>
</tr>
<tr>
<td>Diploma</td>
<td>04</td>
<td>12.5</td>
</tr>
<tr>
<td>Degree</td>
<td>17</td>
<td>53.13</td>
</tr>
<tr>
<td>Others (FTC, PGD, Masters)</td>
<td>5</td>
<td>15.63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.2.1 Performance appraisal rating standards and procedures at Bank of Africa Ilala Branch

Brown (2003) noted that the rating of an employee should be done by the immediate supervisor who should be knowledgeable about the employee’s work through first hand observation. Sometimes this close relationship may introduce bias.
The results in table 4 show that at Bank of Africa there are well planned rating standards based on the job criteria rather than personal issues. In the Current appraisal system the appraised criteria are rated accordingly using the rating scale such as 1, 2, 3, 4, etc or ranked ranging from excellent, good, satisfactory, fair, to unsatisfactory representing a given value of the level of performance to evaluate the job performance whereby people are rated as a team.

**Table 5: Rating criteria**

<table>
<thead>
<tr>
<th>Rating criteria</th>
<th>% Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on job related traits only</td>
<td>73%</td>
</tr>
<tr>
<td>Both personal and job related traits</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The system faced a lot of problems such as; the rating criteria were irrelevant in some categories, very important criteria were given very low marks compared to others, some people are just left without being evaluated due to many factors. Over 67% argued that, the rating system at Bank of Africa is unsatisfactory. For example a team work evaluation does not reflect equal motivation towards improvement in job performance since people who are not well committed to their job will be rated equal to the hard working employees. On the other hand employees are neglecting key important areas with low score and concentrate only to those which will give them a high score. The results represented in table 4.5 shows that most of respondents are not satisfied with the rating standards due to the reasons given above.
Table 6: Rating criteria and standards

<table>
<thead>
<tr>
<th></th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>33</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>67</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

On the other hand, during the in-depth interview the researcher noted that, the rating standards in the current performance appraisal at Bank of Africa (performance development program - PDP), where the score are planned to categorize the employees according to number of customers attended. This approach brings a kind of inequality among the staff members. For example there are some dates where the number of customers increases around the end of the month while the mid month experiences a tremendous drop of customers. But when comes to the issue of rating, all become rated equally. During the in-depth discussion the respondent’s doubts is that, in future may generate the problem of biasness as it involves trophy giving for the best performers.

Data collected through the questionnaire shows that the performance appraisal rating standards has elements of biasness. (Ngirwa 2005) a rating scale is basically an appraisal instrument that consists of a list of traits against which employees' performance is evaluated. The rating scales can be in a series of boxes or a continuous scale. If boxes are used they normally range from excellent, through good, satisfactory, fair, to unsatisfactory and the appraiser is required to tick the appropriate box against each trait. If continuous scales are used, they normally range from 9 to 0 and the appraiser is required to tick the appropriate figure against each trait. In order to improve the use value of the rating scale, a provision is made for the rater to write a descriptive comment to accompany the numerical ratings against each trait.

The rating scale is prone to errors, so departmental managers must remember that the departmental performance appraisal is part of the appraisal exercise for the entire
work organization. Departmental performance appraisal must eventually be consistent with appraisal in other departments in the organization.

4.2.2 Trade unions involvement on the management and implementation of performance appraisal in financial Institutions such as Bank Of Africa in Ilala Branch

According to ILO, performance appraisal should, as far as possible, be used to assess the contribution of the employee to the organization’s policies and programs and should be linked to the individual’s job description. The appraisal instrument should be discussed and agreed with the union with bargaining rights at the workplace. Trade unions should play an active role in the development of appraisal systems in the workplace, and should try to ensure that they have a development focus, aimed at improving the human resources employed.

The finding in table 4.6 shows that the appraisers recognize the contribution of the trade unions on performance appraisals function.

Here the problem is that, although the trade unions do recognize the performance appraisal function in private sectors and in particular the financial institutions, have nothing to do with the internal matters of an organization, so the work is left to the human resource managers or the organization as a whole.

Table 7: Involvement of trade unions

<table>
<thead>
<tr>
<th>Effect of trade unions</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>90</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author’s Field Data, 2011

4.2.3 The impact of communication in the implementation of the performance appraisal at Bank Of Africa Ilala Branch

Stephen Robinson (2003) noted that Managers ignore giving feedback to employees unless pressured by organizational policies and control; managers are likely to ignore this responsibility. There are at least three reasons. First managers are often
uncomfortable discussing performance weaknesses directly with employees. Given that almost every employee could stand to improve in some areas, manager fear a confrontation when presenting a negative feedback. The solution is not to ignore it but to train managers how to conduct a constructive feedback session.

(Ngirwa 2005) Performance appraisal grades and records are not secret to the employee. They are his/her property, should be shown to them, and may not be released to unauthorized persons without the employee’s express permission. An understanding of this fact explains the essence of feedback through the appraisal interview.

Table 8: Methods used to give feedback

<table>
<thead>
<tr>
<th>Methods used to give feedback</th>
<th>% Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opras</td>
<td>20</td>
</tr>
<tr>
<td>E-mail</td>
<td>40</td>
</tr>
<tr>
<td>Printed forms</td>
<td>30</td>
</tr>
<tr>
<td>No or delayed feedback</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Author’s Field Data, 2011

The results above, table 4.7 shows that there are a variety of methods of giving feedback to the appraised on their job performance. About 50% of staffs responded that, do receive feedback through the printed forms, and 44% receive feedback though an open interview between the appraised and the appraiser that is OPRAS. Table 7 shows that very few employees receive feedback by email. This shows that the OPRAS is still minimal in Bank Of Africa Ilala Branch, less than 50% in relation to its impact required for performance appraisal function.

Results from in depth discussion and the questionnaire revealed that feedback sometimes does not reach in time to the targeted people table 4.8. This is due to the bureaucratic system of processing and giving feedback. This to some extent distorts the meaning of the appraisal, take an example if the feedback for the appraisal done at the beginning of the year, is given at the end of the year, and the criteria is
required to be used at the mid of the year, will not give the real sense. Before the current performance system the feedback was not giving the true picture of the appraise criteria because it was dominated by biasness and exaggerations. The major problem with this may discourage the employees on their performance or the employees may lose trust to their managers and supervisors towards performance function.

Table 9: Delay of feedback

<table>
<thead>
<tr>
<th>Delaying feedback</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author’s Field Data, 2013

4.2.4 The relationship between the organizational systems and the effective implementation of performance appraisal function at Bank of Africa

Ngirwa (2005) noted that the main objective of performance appraisal is to improve employees’ performance, and through it to improve the performance of the organization. It is unfortunate that in many organizations both managers and their subordinates lead themselves to believe that the purpose of appraising employee performance is to promote employees, to award them salary increments, to fire them etc. All these are outcomes of performance appraisal, not its purpose.

Findings from the secondary data revealed that, the appraisal of job performance at Bank of Africa passed through three phases, which were named as Workers Performance Appraisal systems, one minute go system and performance development program (PDP) respectively.

4.2.5 The normal Performance Appraisal systems

360-Degree Performance Appraisal systems begun in 1990’s, it was based on assessing age, gender, personal history, social interactions and job related criteria. The ratter was to fill the appraisal forms which had a series of questions based on the
required information. The criteria were rated as 1, 2, 3, 4, etc and the total score was calculated at the end of appraisal process. In this system the ratter and appraiser is always the person on top position at each level in the organization structure and the overall scores are sent to the central office which is the final appraiser.

This system though could help the appraiser to get as many information as possible it faced a lot of problems. First of all there were a lot of misconceptions on the use of the performance appraisal for both the appraiser and appraised. It was misinterpreted as criteria for promotion and salary increment. Due to this fact the system was dominated by the biasness problems such as favors, similar to me; hallow effect, just to mention few. Some respondents when asked gave the sentences like, how could I score low marks to the person close to me; I could not score myself low because I may not be considered in promotion and salary increment.

Another weakness on this system, feedback was not given in time or not at all. Due to the reason that the forms were sometimes delayed or just damped, people disliked the too much paper work. When asked during the in depth discussion the respondents replied that; the forms for Performance appraisal were too bulk to be completed in time; We were just filling in the forms as a formality, no effect we could see by filling these forms, we did not get bonuses, no promotion and even salary increment. No follow-up on returning the forms; I tried to work hander strengthening my efforts to acquire high score but no recognition.

4.2.6 Balance Score Card

Balance score card was implemented under the influence of Dr. Idrisa (2007) who came up with a new idea which criticized the former performance appraisal system. He proposed to have a special department that would deal with performance appraisal activities which was under Principal performance appraisal officer. This system lasted for a very short time because could not show a big effect.

4.2.7 Minute Go

After the failure of balanced score card then came up with a new system called one minute go. This considered of 5 goals depending on the job performance. Each goal
was given the same weight and was rated and measured to get total marks. (Appendix VI- samples of one minute go appraisal forms)

This was a kind of an OPRAS; it was a kind of face to face interview. The score were discussed by both the appraiser and the appraised. The appraised had to state the reasons for lower score. After the agreement between them, they both sign the results and send it to the top person above in the organization structure till it reaches to the Bank of Africa Central office which is responsible in giving feedback and awarding processes. One minute go system was carried twice per months usually at the beginning and end of the month.

The researcher noted the problem with this system that, was used as a criterion for bonuses for the best performances, and was to be given according to the scores, that is the higher the score, the higher the bonus which in real since is not the objective of performance appraisal.

During in depth discussion, the interviewee responded that the system was not awarding fairy, we were given the bonuses in flat rate regardless the score differences except those scored below a certain value or those did not carry the one minute go appraisal; It is true that I was discouraged because no difference whether you score high or low. The researcher noted that this system did not create enough motivation of workers towards job performance. Its intended objectives were not effectively achieved.

4.2.8 Career Ladder

In 2008 career ladder replaced the one minute go system. This was categorized according to the professionals on their job requirements. The criteria for the performance appraisal were based on job requirements. This was also based on OPRAS as one minute go system. Whereby the appraiser and appraised sit together and discuss the achievement of one criterion after another (job requirement). The scores were given to each criterion which was recorded by the appraiser according to the appraiser’s responses. Marks were added and the total obtained was sent to the
central office. The results were used for promotion, sponsorship and for career development. (Appendix vii sample of career ladder forms).

Results from the in-depth interview showed that the system encouraged biasness, Hallo effect and similar to me between the appraised and the appraiser. On the other hand to some employers and employees it seemed as a threat towards loss of their positions. For example if make people be promoted may others might lose their posts.

4.2.9 Performance development program (PDP)
In 2010 a new system of performance appraisal was implemented, which replaced the career ladder system. This came up with a new idea of team work appraisal. In which the objectives were set depending on the region but was highly based on revenue collection. For example in Ilala region the categories which are assessed in team work as Planning office, Store, Technicians, Transport to mention a few. This system was only conducted in Dar es Salaam and mainly targets the customer care. Awards are given for the best performances with the highest revenue collection, usually the trophy. Results show that at the beginning this system was disliked by most employees about 86% but with time they came to enjoy the system. They aimed at acquiring the trophy.
During the in-depth discussion some respondents suggested that this system has kinds of weaknesses such as central tendency, some key performance area was given too low marks or sometimes not touched at all. Secondary data and an interview made between the researcher and the respondents shows that, the management system at Bank of Africa Ilala branch is highly concerned with the performance appraisal practice in the organization and they put it into practice. The system is facing the problem of implementations of the good plans. Tables 4.9 and 4.10 show the summary of the responses of the interviewees regarding the performance appraisal in all phases.

Table 10: Appraisers
Appraisers % respondents
Management 89
Self appraisal 14
Both employee and the employer 21
Total 100

Table 11: Dominating purposes for the performance appraisal

<table>
<thead>
<tr>
<th>Objectives of PA</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>23</td>
</tr>
<tr>
<td>Salary increment</td>
<td>18</td>
</tr>
<tr>
<td>Improvement of job performance</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.10 Awareness of performance appraisal Implementation in Bank of Africa at Ilala Branch

According to Ngirwa (2005) appraising the employee performance is a professional function in HRM. It is thus incorrect to assume, that anyone can appraise performance, simply because they are managers, and by virtue of their positions, they are empowered to do so. Managers need to be trained to be good appraisers, and the human resources department should keep them up to date on emerging technology and research in the field of performance appraisal. It is precisely for this reason that we are recommending the conducting of periodic appraisal seminars or workshops.

Ngirwa (2005) stated that performance appraisal training should be for all potential appraisers. The right time for this training program is at the beginning of the year of business, so that appraisers can continuously and consistently appraise performance throughout the year. Such training may subsequently be conducted after every two years but of necessity it needs to be conducted when the organization has undergone significant changes e.g. restructuring, and recruitment of new managers.

Table 12: People attended the training

<table>
<thead>
<tr>
<th>People attended training</th>
<th>% responses</th>
</tr>
</thead>
</table>

67
The researcher found that, over 40% of employees do not attend training on performance appraisal. This implies that the managers are failing to properly engage their employees. Effective management requires a continual goal setting and review process which gives employees regular training of management expectations on performance appraisal for achievement of desired goals. Ngirwa (2005) noted that, performance appraisers who are trained to recognize effective and ineffective performance and the awareness of possible system problems will provide more reliable ratings than untrained appraisers.

Results from the questionnaire, the researcher found that over 83% of respondents do not attend the training in monthly basis table 4.11 and 4.12. The problem comes if training frequency is very minimal its impact in performance appraisal will be very minimal. Table 13 shows the factors hindering training on performance appraisal at Bank of Africa Ilala. The researcher noted that training processes faced a sum of challenges that hinders the process to go smoothly.

### Table 13: Frequencies of people attending training

<table>
<thead>
<tr>
<th>Frequency of people attending training</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>10</td>
</tr>
<tr>
<td>Monthly</td>
<td>80</td>
</tr>
<tr>
<td>Not conducted</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

In referring table 4.13, the poor management support, fund allocation and lack of support being the dominating problem.

### Table 14: Factors hindering training
Factors hindering training | % respondents
---|---
Lack of time | 30
Poor training facilities | 0
Lack of qualified people | 1
Poor management support | 45
Lack of fund | 24
Total | 100

4.2.11 The effective use of the performance appraisal instruments by Bank of Africa

Different researchers sighted the solution for performance appraisal problems as in developing the appraisal instrument attention should be kept on emphasizing the key success factors to be evaluated which may include knowledge, skills, competencies, targets and other variables. These should be clearly detailed and defined (Brown 2001). The findings show that the appraisal instruments focused on factors such as skills, competences, service qualities and productivity referring tables 4.4, 4.5, 4.6, 4.7 and 4.9.

<table>
<thead>
<tr>
<th>Performance appraisal instruments</th>
<th>% Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never return forms</td>
<td>10</td>
</tr>
<tr>
<td>Half filled forms</td>
<td>20</td>
</tr>
<tr>
<td>Not meeting deadlines</td>
<td>40</td>
</tr>
<tr>
<td>Incorrectness</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

This indicates that instruments are well designed to match the intended objectives. Through an in-depth interview the researcher noted the problems with these instruments were the implementation processes and the accessibility of the instruments particularly the printed forms which are mainly used. For example people were reluctant in filling appraisal forms by returning incomplete forms 20%, giving false information 30%, delaying 40% and some do not return at all 10%. The
figure below shows the responses in percentages on the impact of printed form filling as an instrument for performance appraisal. The respondents complained of a too much paper work that was consuming most of their time.

Further more data collected from the research summarized in table 4.14 shows that at Bank of Africa Ilala Branch use mostly only one instrument for data collection to appraise employee performance for all categories. Form top management to the lowest employees. For example the ‘one minute go’ and ‘career ladder’ forms see the appendix use the same format for all staffs with regard to their respective department and areas of specialization.

Ngirwa (2005) noted that Very often Tanzanian organizations use a single instrument to appraise employees’ performance for all categories of employees i.e. from the chief executive to the lowest employees. It is questionable how a single appraisal instrument can manage to capture enough job attributes of all job categories in the organization.

4.2.12 The performance appraisal schedules at Bank of Africa Ilala Branch.
Ngirwa (2005) noted that Employee appraisal is usually processed annually or perennially. If it can be afforded, however, it is highly recommended that employee performance be appraised more frequently in order to enable feedback to be given close to the task, and behavior modification to be handled with the desired degree of immediacy. The findings show that most employees are appraised every month as shown in the figure 4.15.
Table 16: Frequency of appraisal

<table>
<thead>
<tr>
<th>Frequency of appraisal</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once in a year</td>
<td>10</td>
</tr>
<tr>
<td>Twice a year</td>
<td>43</td>
</tr>
<tr>
<td>Irregular</td>
<td>2</td>
</tr>
<tr>
<td>Monthly</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The response of the questionnaire statement “how often is performance appraisal conducted in your organization (BOA)?” was apparent that 43% of the respondents notified it is conducted yearly, 45% monthly. This shows that employees in Bank of Africa Ilala are well informed about the performance appraisal that is conducted for evaluating their performance. But coming to the case of these appraised in a year basis it is a problem because there can be some factors that may need an immediate solution which may end up unsolved. Lack uniformity in appraisal schedule among the members of the same staff may create problems such as biasness, central tendency, rating errors just to mention a few. With further discussion in an in-depth discussion the majority argued that with the current system of appraisal there are minimal ways people can escape the appraisal or be left behind. It is a team based system which largely targets all staffs at a certain department.

There has been the recurring problem to most managers in scheduling the performance appraisal for example most managers do it once a year. (Ngirwa 2005) pointed out that ‘if it can be afforded, however, it is highly recommended that employee performance be appraised more frequently in order to enable feedback to be given close to the task, and behaviour modification to be handled with the desired degree of immediacy’

4.2.13 Effect of personality errors on the performance appraisal functions at BOA Ilala Branch

Brown (2004) noted that there is a notable tendency for appraisers to adopt the central tendency in appraising. Few wish to give high or low appraisals, and prefer to
place most employees in the average range. Where appraisals impact on payments, some companies use the forced distribution method, ensuring that the results fit into the standard bell curve.

The table below shows different criteria used in appraising the performance at BOA Ilala district. The results show that performance appraisal at BOA at Ilala Branch is also affected by human factors or personal errors as shown in table 4.16. Tendency error 36% and halo affect 26% being the frequent problem followed by first impression 15%, biasness 13% and similar effect 10%.

During the in-depth discussion the respondents revealed to the researcher that, these problems arise as the result of the awarding systems on appraisal results. Some had statements such as ‘If you have a good relationship with the supervisor you are likely to have good appraisal grades and your name will appear in the award giving list’ the researcher noted this as a problem since most employees may end up discouraged especially those not recognized by the supervisor while are hard workers.
Table 17: Performance appraisal errors

<table>
<thead>
<tr>
<th>Personality errors</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horn or halo effect</td>
<td>26</td>
</tr>
<tr>
<td>Tendency error</td>
<td>36</td>
</tr>
<tr>
<td>Similar to me effect</td>
<td>10</td>
</tr>
<tr>
<td>First impression</td>
<td>15</td>
</tr>
<tr>
<td>Biasness</td>
<td>13</td>
</tr>
<tr>
<td>Contrast effect</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The results show that performance appraisal at BOA is also affected by human factors or personal errors as shown in table 4.16. Tendency error 36% and halo affect 26% being the frequent problem followed by first impression 15%, biasness 13% and similar effect 10%.

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## BOA ORGANISATION STRUCTURE

<table>
<thead>
<tr>
<th>KPA20</th>
<th>Focus Area</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration</strong></td>
<td>Office Administration</td>
<td>Produce agendas for and minutes of the meeting at each end of each month performance meeting</td>
</tr>
<tr>
<td></td>
<td>Corporate Governance</td>
<td>Develop and implement the governance manual during the first quarter of 2013</td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
<td>Sponsorship</td>
<td>The bank is to sponsor the European Film Festival during the third quarter of 2013</td>
</tr>
<tr>
<td></td>
<td>Promotions</td>
<td>Produce one hundred flyers and T-shirts for promoting Western Union Fund transfer in the second quarter of 2013</td>
</tr>
<tr>
<td></td>
<td>Communications</td>
<td>Produce monthly news letter by 28th February 2013.</td>
</tr>
<tr>
<td></td>
<td>Research and development</td>
<td>Carry out a research on new products introduced in the banking market by the second quarter of 2013.</td>
</tr>
<tr>
<td><strong>Human Resource</strong></td>
<td>Recruitment</td>
<td>Employ twenty new staff five in each quarter of 2013 to cater for new branches to open in the same year.</td>
</tr>
<tr>
<td></td>
<td>Training and development</td>
<td>Provide training to all the staff with a plan that at least each staff to attend two training by December 2013.</td>
</tr>
<tr>
<td><strong>Finance Department</strong></td>
<td>Report generation</td>
<td>Produce Management Report at end of each month of 2013 to assist management in making decisions.</td>
</tr>
<tr>
<td></td>
<td>Industry Analysis</td>
<td>Produce comparative analysis of the banking sector at each end of the month of 2013</td>
</tr>
<tr>
<td></td>
<td>Operational Budget</td>
<td>Produce yearly operational budget</td>
</tr>
<tr>
<td></td>
<td>Cash Flow forecast</td>
<td>Provide a 12 month cash flow budget</td>
</tr>
<tr>
<td><strong>Corporate Department</strong></td>
<td>Protect the interest of shareholders</td>
<td>Maintain Return on Equity at 19.7% and Return on Asset at 1.5%</td>
</tr>
<tr>
<td></td>
<td>Lending and advances</td>
<td>Maintain the loan growth rate at 35% for corporate client.</td>
</tr>
<tr>
<td><strong>Information and Communication Technology Department</strong></td>
<td>Branch Linkage</td>
<td>Ensure that downtime is maintained at lowest as possible by the end of February 2013.</td>
</tr>
<tr>
<td></td>
<td>Improve IT security</td>
<td>Restricted access to server room, with access control door and security features by February 2013.</td>
</tr>
<tr>
<td></td>
<td>Management Information System</td>
<td>Customer Profitability Report should be available by the mid of February 2013.</td>
</tr>
<tr>
<td></td>
<td>Business Continuity Plan</td>
<td>Ensure that BCP is tested twice before June 2013</td>
</tr>
<tr>
<td></td>
<td>Internet Banking</td>
<td>Ensure that the bank joins the Belgium Internet Facility at the mid of June 2013.</td>
</tr>
<tr>
<td></td>
<td>Improve service quality to customers</td>
<td>Ensure that cheque personalization is done internally to speed cheque personalization process by April 2013.</td>
</tr>
</tbody>
</table>
CHAPTER FIVE

5.0 Recommendations and conclusion

5.1 An overview
This is the last chapter of my research. It is divided into two parts, conclusion and recommendation. While the first part discusses in simple the meaning and the implication of the findings analyzed in chapter four, the second part contained views and suggestions of the researcher as to what should be done to improve, and if possible to solve the research problem.

5.2 Conclusion
The primary goal of the study was to analyze the challenges encountered in the implementation of performance appraisal in financial institution in Tanzania. Findings of the study suggest that organizational systems and individual personality affects the performance appraisal function in financial institutions. These includes factors such as rating errors, poor performance appraisal instruments, inadequate feedback mechanisms, organizational systems, personality factors that may create errors in measuring the performance of workers.

The study suggests several ways that the financial institution such as BOA Ilala management should adapt in order to enhance the quality performance appraisal system and its impact on employees’ performance. Recognition, feedback, participation in performance planning and performance review meetings, well designed performance appraisal instruments. Poor rating standards, performance appraisal scheduling, to mention a few, have been revealed that are the factors affecting performance appraisal system for the financial institution employees.

Findings have shown that the role of both supervisor (the Chairman) and staffs are important in evaluating employees (staffs), developing their capabilities and getting good results from them. Therefore, they should also be trained enough for conducting performance appraisal according to the philosophy of modern appraisal systems. It has been noted that the rating criteria are irrelevant in some categories,
very important criteria were given very low marks compared to others, and for example some people were just left without being evaluated due to many factors. Over 67% argued that, the rating system at BAO Ilala Branch is unsatisfactory. On the other hand employees are neglecting key important areas with low score and concentrate only to those which will give them a high score.

Various methods of giving feedback to the appraised on their appraised job performance seem to be a limiting factor in performance appraisal functions. About 50% of stuffs responded that, receive feedback through the printed forms, and 44% receive feedback though an open interview between the appraised and the appraiser that is OPRAS. The open performance appraisal has been neglected although is the best way of appraising the employees. Feedback sometimes does not reach in time to the targeted people. This is due to the beaurocratic system of processing and giving feedback. This to some extent distorts the meaning of the appraised criteria in question.

The researcher found that, over 40% of employees do not attend training on performance appraisal. This implies that the managers are failing to properly engage their employees. Effective management requires a continual goal setting and review process which gives employees regular training of management expectations on performance appraisal for achievement of desired goals.

The findings show that the appraisal instruments focuses on factors such as skills, competences, service qualities and productivity. It is still questionable whether the performance appraisal instruments are satisfactory to reach the intended goals. The problem to most managers in scheduling the performance appraisal has been noted as a factor that hinders the feedback to be given close to the task, and behavior modification to be handled with the desired degree of propinquity.
5.3 **Hypothesis verified**

The study had only one hypothesis which to the highest extent seems to be true. Which stated that ‘the performance appraisal systems and processes and human personality are the problems facing the performance functions in financial institutions, case of BAO Ilala’ since this is a qualitative research further quantitative research to be carried to prove the hypothesis.

5.4 **Recommendations**

On the basis of the findings, researchers recommend that the following measures must be taken by the BOA Ilala management in order to improve the current performance appraisal system.

- Performance appraisal should not only be conducted to take promotional, salary decisions for their workers, rather it should focus on improvements in employees’ performance and to develop workers’ professional career. The solution for performance appraisal problems as in developing the appraisal instrument attention should be paid to the key success factors to be evaluated which may include knowledge, skills, competencies, targets and other variables. These should be clearly detailed and defined (Brown 2001).

- 360-degree feedback system should be the base of appraisal system in BOA Ilala. Feedback should be taken from colleagues of the individual employee, administrative staff, and his supervisor like chairman or head of departments and from himself/herself.

A Good feedback should follow as closely as possible on an action, should be specific rather than general, and should be limited to actions that pertain to an employee's responsibilities and that fall within an employee's control (Mohrman 2005) Feedback from the customers should also be used in taking decisions regarding their performance. This feedback should be gradually taken and provided systematically to the employees.
Performance planning should be conducted before the performance period, where employees should be allowed to set the goals and objectives for them. The employees must be encouraged to identify their strengths and weaknesses; so that they can determine their key performance arrears (KPA’s) and set goals for future performance.

Chairman/HOD should conduct meetings with each staff for discussion on the planning of their performance, where each employee presents his/her performance development plan. In addition, continuous dialogue sessions should also be conducted between the staffs and HODs. If during the performance period, the Head of department feels that an employee is not working up to the standards, he should communicate to him immediately rather than waiting for the end of the year or month. The appraisal system should be administered so that it is possible for both parties. (Ngirwa 2005) Employee appraisal is usually processed annually or perennially. If it can be afforded, however, it is highly recommended that employee performance be appraised more frequently in order to enable feedback to be given close to the task, and behavior modification to be handled with the desired degree of immediacy.

Form filling should be kept to a minimum and the time allocated for this activity should be sufficient for it to be done properly, but not so much that the task is seen as unimportant and of low priority.

Performance appraisal system in BOA should be future oriented; it should be a descriptive system rather than an evaluative one. There should be maximum objectivity in the system rather than a system based on subjective judgments of the head. It should not be conducted only to rate the performance of employees in the past period; somewhat it should focus on the question of how the performance of the workers can be enhanced in future. How the employees can overcome his/her weak performance areas.
Chairmen/ HODs (head of departments) of various departments in BOA should be provided training from HR specialists to conduct appraisals of their staffs systematically and according to the philosophy of modern appraisal systems. They should be trained enough for the counseling of the staffs. Training needs should be identified and plans made to meet those needs.

After the performance is appraised, meetings on performance review discussion should be conducted between the Manager and their employees. Where in successes and failures of the staffs should be discussed in learning environment. Chairmen should notify staffs, how they can cope up with the factors that prevented them from doing better in the past period.

Supervisor (Chairmen) should recognize achievements and accomplishments of staffs properly, which is a highly unaddressed strategy of enhancing workers’ motivation. He can do this by offering different rewards to them. These rewards can be monetary incentives, excellence awards, staff of the year and public praise etc. When the head properly recognizes achievements and accomplishments of their faculty members in their departments, there is no doubt that will get more motivation to perform in an effectual manner.

Ratings create role congruency between supervisors and employees, involving such roles as ambiguity and conflict. Ideally, an organization should maintain lower levels of ambiguity and conflict between supervisors and employees, which could, in turn, relate to higher levels of performance and job satisfaction (Bernardin & Beatty, 1984). Basic preparation of a performance appraisal system clearly begins with the creation of fair appraisal system. A uniform set of performance standards should first be established for all members of the organization. Murphy and Cleveland (1995) point out that employee who believe that an organization's decisions are irrational or unfair are less likely to develop a strong organizational commitment, which, in turn, can create unwillingness to accept the outcomes of a performance rating. Therefore, a reliable and specific rating scale or
similar system should be established and used to evaluate specific employee performance. Finally, a follow-up self-appraisal completed by employees can be used to show a genuine interest in their perspective and their input into the system (Messmer, 2004).
REFERENCES


Gupta, C. (2006), Human Resource Management, Sultan Chand & Sons Delhi University, New Delhi India


ILO Convention Article 29


APPENDICES

CHECKLIST: ALL RESPONDENTS (Management)

CHALLENGES ENCOUNTERED IN THE IMPLEMENTATION OF PERFORMANCE APPRAISAL IN FINANCIAL INSTITUTIONS IN TANZANIA CASE STUDY BANK OF AFRICA ILALA DISTRICT.

INTRODUCTION
You are kindly requested to respond to this checklist as accurately as you can. The information you give will help us improve and develop our services.

Miss Harriet Kemirembe
I am studying Msc. in HRM at Mzumbe University.

PURPOSE
The purpose of the following survey is to study the problems facing the effectiveness of performance appraisal functions in public sectors. The phrase "performance appraisal" is used inclusively to mean any company and/or union program whose stated objective is to include employees in the managing their job performance.

INSTRUCTIONS:
Read each statement in the survey carefully. Then record your answer based on your experience with the office settings. Feel free to use the other side of the survey if you should need an additional space to explain any answer.

PART ONE

PERSONAL INFORMATION

NAME OF RESPONDENT [If you can]…………………………………………………………

DATE: ……………………………………………………………

3. Sex: Male ( ) Female ( )
4. Marital status:
   • Married ( )
• Not married ( )
• Separated ( )
• Widow ( )

5. Highest level of education attained by the respondent:
• Not attended school ( )
• Primary education ( )
• Secondary education ( )
• Diploma level ( )
• Degree level ( )
• Others (specify) .................................................................

6. Indicate your job status in terms of seniority:
• Lower cadre ( )
• Middle cadre ( )
• Higher cadre ( )
• Others (specify) .................................................................

7. Indicate your job status:
• Full time ( )
• Part time ( )
• Infrequent ( )
• None of the above (specify) ..............................................
PARTY TWO

You have been provided with more than one alternative choice for every statement. You are required to tick the appropriate. (You are allowed to tick more than one alternative)

1. Do you appraise the performance your employees and yourself?
   a) Yes
   b) No

If not which of the following can be the cause
   a) Lack of fund
   b) Lack of good management systems
   c) Lack of enough time
   d) Fear to lose good relationship with fellow workers

Who is responsible in appraising your performance?
   a) Top managers
   b) Line managers
   c) Self appraisal at each level
   d) All of the above

Do you train both appraisers and appraised on job performance appraising techniques?
   a) Yes
   b) No

After how long is the training basing on performance appraising procedures conducted?
   a) annually
   b) monthly
   c) No proper time table
   d) At the commencement of the job
   e) Never conducted

Which of the following can be hindering training the on appraising workers performance.
   a) Lack of fund
   b) Lack of training experts
   c) Most workers ignore and do not attend (lack of morally)
   d) Poor / lack of training facilities
   e) Lack of time
Which method are you mostly using in appraising the job performance at all levels?

a) Filling the special forms and mail it  
b) Filling printed forms  
c) Physical interview between the interviewee and the managers

How do you give feedback to your employees after the appraisal of job performance?

a) Though email  
b) Through printed Letters  
c) Face to face discussion  
d) Never give feedback

What is the main purpose of the performance appraisal functions in your organization?

a) for promotion criteria  
b) salary increment  
c) improvement of performance to meet the job criteria  
d) workers displacement

Which method of rating standard is used in your organization?

a) Descriptive  
b) Continuous  
c) Discontinuous

How can you evaluate the performance appraisal rating standards and procedures at BOA in Ilala branch?

a) Satisfactory, matches with the criteria  
b) irrelevant to the appraised criteria  
c) not disclosed to the appraise  
d) Encourage biasness.

Which of the following can be a shortcoming to the criteria of appraising of the job performance?

a) Based on job related traits  
b) Based more on personal than job related traits  
c) Encourage biasness on appraisal functions

Which of the following factors do you think affects your performance appraising procedures in your organization?

a) Personality Conflict Halo or Horn Effect  
b) Tendency Error  
c) First Impression  
d) Biasness –Personality Conflict Halo or Horn Effect
e) Similar to Me Effect
f) Contrast Effect
g) Biasness