

# THE ATTITUDE OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL: A STUDY ON AMHARA CREDIT AND SAVING INSTITUTION, ETHIOPIA

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## ***Abstract***

*The primary purpose of this study was to examine employee attitudes toward performance evaluation criteria, the performance appraisal process, the outcome of performance appraisal, problems of the performance appraisal system, and employee attitudes toward Amhara Credit and Saving Institution's overall System of employee performance Appraisal.*

*The survey was descriptive, and data was collected using a Likert-scale questionnaire. The questionnaire has given to three hundred ninety-seven individuals and from the total 352 were collected from the respondents in the Institution. The study found that performance determines employee promotions and salary increases. The institution has good culture to show employee performance results, better performance expectations reflect their essential role, and good experience provides a job description and clear performance expectations. This expectation will improve employee productivity and performance appraisal perception.*

*The institution did not participate in developing employee performance evaluation criteria or regularly reviewing and improving them. The institution did not give employees timely and accurate feedback.*

*Respondents said the rater depends on personality, attitudes, and appearance. Respondents were asked why raters rate employees higher than they should avoid conflicts. This situation may dissatisfy employees with performance reviews. Employees' satisfaction with some aspects of the performance appraisal system does not guarantee overall satisfaction. Implications of these and related findings are discussed.*

**Keywords:** *employee, performance, appraisal, attitude, and performance appraisal.*

## 1. Introduction

Managers' significant challenges in all aspects of business determine how to get the most out of their staff. The combined performance of all employees within a company forms the synergetic whole known as organizational performance. Given this reality, it is essential to plan, coach carefully, and evaluate employee performance to ensure it is consistent with organizational goals. However, according to (Anjulo, 2021), most organizations do not prioritize performance evaluation. A formal performance review program may have several goals, including performance improvement, establishing a foundation for individual compensation, determining training requirements, and determining promotion eligibility (Opatha, H. 2021).

There is still a lack of studies looking into them in the microfinance institutions in east Africa. Ethiopian microfinance institutions were unsuitable for employees' perceptions of the performance appraisal system. Correspondingly, researchers were encouraged to address this gap by starting a study examining and verifying employees' perception on Amhara Credit and Saving Institution on the performance appraisal system.

Therefore, to better understand performance appraisal issues, this study was conducted to assess the attitude toward performance appraisal practices in Amhara Credit and Saving Institutions in Ethiopia.

This study's main objective is to assess employees' attitudes towards performance appraisal in Amhara Credit and Saving Institution and to provide specific recommendations.

## 2. Related Literature Review

People are valuable resources, and they, like all resources, must be managed effectively in order to perform optimally. People must be motivated in order to achieve organizational performance. According to Cole (2000) and Zedeck and Cascio (1982), if People cannot be motivated difficult to improve organizational performance.

Organizations may employ human resource programs, including performance reviews, training, and performance management, to help achieve organizational goals. If this is the case, it is critical to consider how these initiatives will affect the many businesses that use a formal or informal evaluation system to assess employee performance and contribution (Carroll & Scheiner, 1982).

Performance management is a continuous process that evaluates, improves, and recognizes an individual's or team's performance while aligning it with the organization's strategic objectives. Performance management refers to any action taken to improve performance, such as employee training and development, the development of performance standards, performance appraisal, the development of performance plans, and the management of career mobility (Matheny, 2003).

Employee satisfaction and perceptions of the process have been a focus of research on performance appraisal effectiveness and evaluation methods. The final effectiveness of a performance appraisal system is heavily influenced by its users' perceptions of the process (Roberts, 1990).

Rather than focusing on accuracy, the goal of performance appraisal should be to ensure fairness in the process. A piece of content that needs to be evaluated could contribute to

corporate goals or measurements such as production, cost-cutting, and return on investment (Robbins, 1996). The challenges with performance appraisal are one of the oldest management techniques, are well known (Lorsch, 1987).

The evaluation may not be well-received if the only criteria emphasize activities over output (results) or personality above performance (Pan & Li, 2006; Lorsch, 1987; Lee, 1985).

Businesses require a mechanism to provide "fair" and "consistent" performance evaluation, Boice and Kleiner (1997). The fairness is depending on the principles and attitude of performance appraisal. Performance assessment is a critical tool for changing employee attitudes. Employee participation and perceived objective clarity improve performance appraisal satisfaction, leading to a good attitude and affective commitment. Developmental performance appraisal focuses on increasing employees' feelings of worth and belonging to a team (Levy and Williams, 2004).

Employees' perceptions of the fairness of the performance appraisal system predict their attitudes toward the appraisal process. Employees are more likely to disregard criticism if they do not believe the performance appraisal system is fair, trustworthy sources, or correct information (Levy & Williams, 2004).

### **3. Research methodology and study area**

The survey research methodology was used to carry out this investigation. The study's target population was the employees and managers of Amhara Credit and Saving Institution.

#### **3.1. Sampling design**

This study examines how employees understand performance assessments on Amhara Credit and Savings Institution. The sample respondents were chosen using both purposive and random sampling methods. This study drew on both primary and secondary sources. The primary data was gathered using both closed- and open-ended questionnaires. Secondary data were gathered from the institution's manuals, historical records, literature, the internet, and other performance evaluation reports.

#### **3.2. Data analysis techniques**

The research used mixed methods to explain employees' perceptions toward Amhara Credit and Saving Institution's performance evaluation practices. The study employed descriptive statistical approaches such as mean, percentage, and standard deviation based on the data obtained. Questionnaires were coded, entered a computer, processed, using SPSS 23. The replies on the Likert scale were divided into five broad categories for analysis: strongly disagree, disagree, neutral, agree and strongly agree.

### **4. Data presentation and analysis**

In this section, the data from primary and secondary sources are presented and analyzed. The researcher distributed 397 questionnaires randomly and collected from 352 respondents of the target population. All the responses submitted by respondents were examined and discussed by the researcher.

#### 4.1. Respondent Demographic Characteristics

The following describes the descriptive data analysis on the demographic characteristics of the sampled ACSI employees.

Table 1: Summary of employee demographic statistics (N= 352)

| Variable          | Valid                  | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|------------------------|-----------|---------|---------------|--------------------|
| Gender            | Male                   | 219       | 62.2    | 62.2          | 62.2               |
|                   | Female                 | 133       | 37.8    | 37.8          | 100.0              |
| Total             |                        | 352       | 100.0   | 100.0         |                    |
| Age               | 18–30 years            | 28        | 8.0     | 8.0           | 8.0                |
|                   | 31–40 years            | 211       | 59.9    | 59.9          | 67.9               |
|                   | 41–50 years            | 98        | 27.8    | 27.8          | 95.7               |
|                   | Above 50 years         | 15        | 4.3     | 4.3           | 100.0              |
| Total             |                        | 352       | 100.0   | 100.0         |                    |
| Educational level | Diploma                | 130       | 36.9    | 36.9          | 36.9               |
|                   | Undergraduate Degree   | 134       | 38.1    | 38.1          | 75.0               |
|                   | Post graduate          | 13        | 3.7     | 3.7           | 78.7               |
|                   | Other (please specify) | 75        | 21.3    | 21.3          | 100.0              |
| Total             |                        | 352       | 100.0   | 100.0         |                    |
| Work Experience   | Less than 5 years      | 12        | 3.4     | 3.4           | 3.4                |
|                   | 6-10 years             | 153       | 43.5    | 43.5          | 46.9               |
|                   | 11-15 years            | 143       | 40.6    | 40.6          | 87.5               |
|                   | More than 15 years     | 44        | 12.5    | 12.5          | 100.0              |
| Total             |                        | 352       | 100.0   | 100.0         |                    |

Source: computed & compiled from Questioner (2021) SPSS 23 output.

The descriptive analysis of the data on the demographic characteristics of the sampled employees of ACSI is shown in table 1. Gender of the respondents: based on the analysis of the data (62.2%) and (37.8%) of the employee respondents were males and females, respectively. The result reflected the prevalence of male dominance in ACSI.

Regarding age groups, 95.7% of the respondents were between the ages of 18 and 50 only 4.3% were over 50 years old. The result implies that the employees who work in the institution are under the productive age.

Regarding respondents' educational backgrounds, 78.7% had a first degree, diploma, or postgraduate degree, while 21.3% had other educational levels such as a certificate, 12 complete, or below. The result shows that the chosen institution has qualified employees with the necessary skills.

When we came to the respondents' employment history in the chosen branch, the majority (96.6%) had more than five years of experience. The results show that the responder had higher knowledge, expertise, and acquaintance with the chosen institution.

## 4.2. Analysis of the Study

This section examines the variable's findings, based on Amhara Credit and Saving Institution respondents.

### 4.2.1. Descriptive Statistics

Employee attitudes toward the institution's performance appraisal system were analyzed using descriptive statistics using arithmetic means and standard deviations for respondents.

The following table shows the measurements of central tendency (means) and measures of dispersion (standard deviation) for employees' attitudes regarding the performance appraisal system.  $5-1=4$  was used to compute the mean range, which was then divided by the number of options on the scale ( $4/5 = 0.8$ ). The following table includes the new scale.

Table 2 attitude of employees on performance appraisal system scale

| Mean Class |                           | Frequency         | Justification  |
|------------|---------------------------|-------------------|--|
| >1.0-1.8<  | From 1.0 to less than 1.8 | Strongly disagree | If respondents completely disagree with the point, choose          |
| >1.8-2.6<  | From 1.8 to less than 2.6 | Disagree          | If respondents moderately disagree with the point choose           |
| >2.6-3.4<  | From 2.6 to less than 3.4 | Neutral           | If respondents have no idea or information on the subject, select  |
| >3.4-4.2   | From 3.4 to less than 4.2 | Agree             | If most respondents agree on the concept, select                   |
| >4.2-5.0<  | From 4.2 to 5.0           | Strongly Agree    | If the item closely matches the respondents' responses, select it. |

The average score of all the elements that made up the component was calculated to determine each item's mean score. Similarly, to obtain the mean of employees' perception of performance appraisal, the means of the factors were calculated to make a constructive comparison among all the items.

Table 3 Descriptive Statistics for the primary purpose of the performance appraisal

| Items  | N   | Mean | Std. Deviation | Frequency |
|--|-----|------|----------------|-----------|
| To decide employee promotion   | 352 | 3.98 | .674           | Agree     |
| To decide on employee salary increment                                   | 352 | 3.88 | .643           | Agree     |
| To identify employee training needs for development                      | 352 | 3.32 | .774           | Neutral   |
| To motivate employee to their job  | 352 | 3.29 | .791           | Neutral   |
| To improve employee performance for organizational objective achievement | 352 | 2.40 | .491           | Disagree  |
| Employee Appraisal is done for the sake of fulfilling rules              | 352 | 2.09 | .708           | Disagree  |
| Valid N (listwise)   | 352 |      |                |           |

Source: Questioner (2021)

Table 3 shows the primary purpose of the performance review in descending order. The survey used a Likert scale, with five indicating "strongly agree," and one indicating "strongly disagree" about the performance appraisal's primary goal, the mean, and Std. Deviation "to decide

employee promotion" and "to decide on employee salary increment" were 3.98 (.674) and 3.88 (.643), respectively. The result indicated that employees of Amhara Credit and Saving Institution "agree" with the items.

However, the items "To improve employee performance for objective organizational achievement" and "Employee Appraisal is done for the sake of fulfilling rules" have mean values of 2.4 (SD=.491) and 2.09 (SD=.708), respectively, indicating that Amhara Credit and Saving Institution employees are "neutral" on the idea.

The item "To decide employee promotion" had the highest mean, which is 3.98 (agree), which means that employees of the institution perceive the primary purpose of the performance appraisal to decide employee promotion. In contrast, the item "Employee Appraisal is done for the sake of fulfilling rules" had the lowest mean, 2.09 (disagree) respondents moderately disagreed with the point. A high Standard Deviation was also observed for motivating an employee to their job with a standard deviation of .791; this demonstrates the data was relatively widespread, indicating the variety of opinions employees gives. On the other hand, the relatively lower standard deviation for improving employee performance for objective organizational achievement with a standard deviation of .491 indicated the close opinion expressed by employees on the question.

From respondent responses, most Amhara Credit and Savings Institution employees believe the primary purpose of performance appraisal is to decide on employee promotion and salary increase.

In an interview with the human resource development officer and process owner for human resource management, it was learned that the primary purpose of establishing the performance appraisal system in the institution is to improve employee performance for objective organizational achievement.

**Table 4 Descriptive Statistics for employee attitude on performance evaluation criteria**

| Items  | N   | Mean | Std. Deviation | Frequency |
|--|-----|------|----------------|-----------|
| My performance evaluation criteria are clearly linked with my job description      | 352 | 4.04 | .700           | Agree     |
| The criteria employed are better in promoting employee professional responsibility | 352 | 4.01 | .694           | Agree     |
| The criteria employed are highly related to the organization objective             | 352 | 3.98 | .674           | Agree     |
| The weighted assigned for the criteria in the appraisal form are appropriate       | 352 | 3.24 | .844           | Neutral   |
| There is high participation of employee in the development of criteria             | 352 | 2.95 | .893           | Neutral   |
| The criteria used to evaluate my performance are clear and relevant                | 352 | 2.01 | .694           | Disagree  |
| My performance evaluation criteria regularly reviewed and improved                 | 352 | 1.96 | .700           | Disagree  |
| Valid N (listwise)   | 352 |      |                |           |

Source: Questioner (2021)

Table 4 above indicates the descriptive statistics of employee attitude on performance evaluation criteria of the institution in descending order. Items (my performance evaluation criteria are linked with my job description, The criteria employed are better in promoting employee professional responsibility, and the criteria employed are highly related to the organization's objective) constituting a mean of 4.04 (SD= .70), 4.01 (SD= .694) and 3.98 (SD= .674) respectively. The result indicated that most of the employees of Amhara Credit and Saving Institution "agree" with the items.

On the other hand, items (The criteria used to evaluate my performance are clear and relevant, and My performance evaluation criteria are regularly reviewed and improved) founding mean of 2.01 (SD= .694) and 1.96 (SD= .70), respectively. The result indicated that employees of Amhara Credit and Saving Institution "disagree." The result indicated that most respondents' perceptions of performance evaluation criteria of the institution are not clear and relevant and did not review and improved regularly. Most respondents felt that performance evaluation criteria for job descriptions promoted employee professional responsibility and organization objectives.

The responder observed that the organization did not involve its employees in formulating performance evaluation criteria. Furthermore, the criteria used to evaluate the performance were unclear, nor were they relevant. In addition, the institution's employees believe that the institution does not review and improve the criteria used to evaluate employee performance. The employee's generally favorable impression of the performance evaluation system may suffer due to this outcome.

**Table 5. Descriptive Statistics for employee attitude on performance appraisal process**

| Items  | N   | Mean | Std. Deviation | Frequency |
|--|-----|------|----------------|-----------|
| I have an access to see my appraisal results   | 352 | 3.77 | .901           | Agree     |
| I have ways to appeal a performance rating that I think is biased or inaccurate                | 352 | 3.74 | .979           | Agree     |
| The expectation set reflect the most important factor in my job                                | 352 | 3.62 | .905           | Agree     |
| I am provided job description and clear performance expectation from the organization          | 352 | 3.52 | .851           | Agee      |
| I receive adequate training and information about the PA exercise before it starts             | 352 | 3.32 | .765           | Neutral   |
| The performance appraisal is conducted against the pervious established objective and criteria | 352 | 3.32 | .774           | Neutral   |
| The appraisal process is fair and transparent  | 352 | 3.25 | .792           | Neutral   |
| I am satisfied with the feedback aspect of performance appraisal system                        | 352 | 3.21 | .788           | Neutral   |
| I get timely and accurate feedback on my performance   | 352 | 1.91 | .695           | Disagree  |
| I am assigned a rater who knows what I am supposed to be doing                                 | 352 | 1.86 | .707           | Disagree  |
| Valid N (listwise)   | 352 |      |                |           |

Source: Questioner (2021)

Table 5 above indicates the descriptive statistics of employee attitude on the performance appraisal process of the institution in descending order. Items (access to see the appraisal results, ways to appeal to a performance rating that I think is biased or inaccurate, the expectation set reflects the most critical factor in the job, and provided a job description and clear performance expectation from the organization) founding mean of 3.77 (SD= .901), 3.74 (SD= .979), 3.62 (SD= .905) and 3.52 (SD= .851) respectively. The result indicated that most of the employees of Amhara Credit and Savings Institution “agree” on the issues above. In contrast, items (get timely and accurate feedback on my performance and assign a rater who knows what I am supposed to be doing) founding mean of 1.91 (SD= .695) and 1.86 (SD= .707), respectively. The result indicated that employees of Amhara Credit and Saving Institution “disagree” with the items.

It is possible to generalize based on respondents' responses because the institution has an excellent culture for demonstrating employee performance.

As a result, optimistic about the presence of an appeal procedure; higher expectations for employee performance reflect their importance in their jobs, and good experience provides a job description and clear performance expectations for employees. According to the data obtained, the organization's ACSI respondents believe that the frequent institution does not provide performance appraisal training prior to performance evaluation. Employee appraisal is primarily based on pre-established criteria, and the performance appraisal process is fair and transparent. This result indicates that institution employees believe the performance appraisal process has a problem with issues.

Most organization employees say they did not obtain timely and correct feedback from the organization and institution-assigned rater, who didn't comprehend employee accountability well. This result could hurt employees' perceptions of the performance appraisal system.

**Table 6 Descriptive Statistics for** employee attitude on outcome of Performance Appraisal

| Items  | N   | Mean | Std. Deviation | Frequency |
|--|-----|------|----------------|-----------|
| I am rewarded according to my performance result (like promotion, salary increment, or others) | 352 | 3.98 | .660           | Agree     |
| My performance rating highly reflects how much work I did                                      | 352 | 3.83 | .659           | Agree     |
| My rater considers the impact of the work environment on my performance result                 | 352 | 2.10 | .700           | Neutral   |
| Valid N (listwise)   | 352 |      |                |           |

Source: Questioner (2021)

Table 6 shows falling employee attitudes toward the institution's performance review. Items (I am paid based on my performance, my performance rating reflects how much I worked) had means of 3.98 (SD=.66) and 3.83 (SD=.659), respectively. The result indicated that most of the employees of Amhara Credit and Saving Institution “agree.” For the items majority of respondents moderately agree with the idea.



On the other hand, item “My rater considers the impact of the work environment on my performance result” founding means of 2.10 (SD= .70). The result indicated that employees of Amhara Credit and Saving Institution “disagree” with the item.

The total data from respondents demonstrate that most employees of the organization are observed performance rating greatly reflects how much work they did and what they did in the organization. This result will improve the employee's productivity and increase their perception of the performance appraisal result. The rater should also assess how the workplace affects employee performance. Performance evaluations show who is performing best and who should be rewarded. Perform the employee's appraisal result should represent real work performed.

Table 7: Descriptive Statistics for Employee attitudes towards performance appraisal problems

| Items   | N   | Mean | Std. Deviation | Frequency |
|---|-----|------|----------------|-----------|
| I always feel that supervisor rate employee based on their personal opinions rather than the actual activities they perform           | 352 | 4.06 | .664           | Agree     |
| I observed that the rater depends more on recent actions than the distant time when he/she evaluates employees                        | 352 | 4.03 | .707           | Agree     |
| Most of the time, I understand that performance appraisal in my organization mainly depends on attitudes, appearance, and personality | 352 | 3.97 | .653           | Agree     |
| I experience that raters rate all employees higher than they should be rated in order to avoid conflicts                              | 352 | 3.85 | .663           | Agee      |
| I am assigned a rater who knows how to evaluate my performance (who have adequate experience and competency)                          | 352 | 3.82 | .677           | Agree     |
| I am highly trusting my supervisor/ rater   | 352 | 2.76 | .993           | Neutral   |
| Valid N (listwise)  | 352 |      |                |           |

Source: Questioner (2021)

Table 7 shows falling employee attitudes about the institution's performance appraisal system. Items (I always feel that supervisors rate employees based on personal judgments rather than actual activities, I found that the rater leans more on current acts than the distant period when evaluating employees, most of the time, I realize that performance appraisal in my organization mostly depends on attitudes, looks, and personality. I have seen raters rate all employees more than they should to prevent disagreements) constituting mean of 4.06 (SD= .664), 4.03 (SD= .707), 3.97 (SD= .653) and 3.82 (SD= .677) respectively. The result indicated that most employees of Amhara Credit and Saving Institution “agree” with the ideas.

On the other hand, items “I am highly trusting my supervisor/ rater” obtained a mean of 2.76 (SD= .993). The study showed that most institution employees are "Neutral" or have no opinion on the issue.

This result indicates that respondents agreed that even if the rater can and competently assess the employee, the employee's personality, attitudes, and appearance are the most critical factors. Performance should be reviewed beginning with the last performance appraisal interview and continuing through the current performance appraisal period.

Most of the institution's employees believe bosses grade them based on their opinions rather than their work. In order to minimize conflicts, respondents were requested to rank all staff higher than they should. A leniency error is an example of a mistake that can impact how employees feel about the performance evaluation system at their company.

Although one individual in an organization may be satisfied with some components of the performance appraisal system, this does not indicate contentment with the entire system. For example, employees may be satisfied with rater competency, but this does not mean they are content with the broader appraisal system.

Table 8: Descriptive Statistics for Employee Attitudes Toward Overall Performance Appraisal

| Items  | N   | Mean | Std. Deviation | Frequency |
|--|-----|------|----------------|-----------|
| I think my organization should change the way they evaluate and rate the job performance             | 352 | 4.68 | .687           | Agree     |
| I am comfortable in communicating my feeling of disagreement about my rating to my supervisor        | 352 | 3.90 | .646           | Agree     |
| I am satisfied with the overall performance appraisal system in the organization                     | 352 | 2.98 | 1.000          | Neutral   |
| My supervisor coach me regularly to improve my performance after the performance appraisal interview | 352 | 2.47 | 1.151          | Disagree  |
| Valid N (listwise)   | 352 |      |                |           |

Source: Questioner (2021)

Table 8 above showed, in descending order, the descriptive statistics of employee attitude on the institution's overall System of Employee Performance Appraisal. Items with means of 4.68 (SD =.687) and 3.9 (SD =.646) correspondingly include "I think my organization should change the way they evaluate and rate the job performance" and " I am comfortable in communicating my feeling of disagreement about my rating to my supervisor." The outcome showed that the notion was supported by most Institution personnel.

However, the item "My supervisor coaches me regularly to improve my performance after the performance appraisal interview" had a founding mean of 2.47 (SD=1.151). The outcome showed that most responders in the institution "Disagree" with the argument.

The item "My supervisor trained me often to enhance my performance after the performance appraisal interview" had the highest standard deviation for employee attitude on the total employee performance appraisal system, with a standard deviation of 1.151. This result demonstrates that the data was widespread, indicating employees' various opinions. In contrast, the lower standard deviation for employee attitude on overall System of Employee Performance Appraisal was "comfortable in communicating my feeling of disagreement about

my rating to my supervisor" with a standard deviation of .646, which indicated relatively close opinion expressed by employees on the question.

The data reveals that most employees think the institution should improve its evaluation. Rate the employee's performance on the job and make sure they are comfortable sharing their feelings of disagreement with the supervisor about their assessment.

Most respondents said that the supervisor did not include coaching staff members to improve performance after the performance review interview.

Employees who receive performance coaching improve their skills and acquire a deeper comprehension of their role within the organization.

The standard of work that employees produce will significantly improve in both quality and quantity when they are made aware of what is expected of them and the purpose behind the work that they are doing.

#### **4. Summary, conclusion, and recommendation**

The study's summary, conclusion, and recommendations are explained in this section. These arguments are made considering the findings of analysis, discussions of the results, and reviews of relevant literature.

##### **4.1. Summary of the major findings**

The study's primary objective was to examine the attitudes and opinions of ACSI staff members on the performance review process and practice.

Based on the analysis of the study, most employees of the Amhara Credit and Saving Institution believe that the institution's performance evaluations are mainly used to determine employee salary increases and promotions. On the other hand, according to the institution's executives, the major goal of performance reviews is to enhance staff members' productivity to achieve the organizational goal.

The institution's performance appraisal process for employee attitudes has a good culture to display its employees. Performance results, feel good about the existence of an appeals process, have better expectations for how well employees perform in their jobs and have good experience in providing job descriptions and clear performance expectations for the employees. The study shows employee attitudes about performance appraisal problems. Even if the rater is qualified and competent, they rely on the employee's personality, attitude, and appearance. Employees believe performance appraisals are done to satisfy the organization's rules, not to improve employee performance.

The respondents saw the following issue throughout the performance review process: It was noted that the institution did not involve its staff members in preparing the performance evaluation criteria, and the criteria used to assess performance are not precise and pertinent. The institution also does not regularly review and enhance the employee performance evaluation criteria.

The data obtained also demonstrates that the institution does not provide training on performance appraisals prior to performance evaluations. Employees feel they have not received timely and accurate feedback from the institution. A rater who is not experienced in employee accountability has not taken the work environment's effect on employee performance into account.

The majority of the respondent to the survey were of the opinion that the institution's performance review primarily takes into consideration the personalities, appearances, and attitudes of the workers. Supervisors evaluate employees based more on their personal opinions than on their work. Most respondents claimed that the rater primarily considered recent employee behavior rather than everything the employee performed during the entire evaluation period. The production of the institution could suffer as a result. This recent employee behavior evaluation may negatively affect the institution's productivity.

To avoid disagreements, the process rater gives all staff greater ratings than they should. Leniency errors influence the perception of an institution's performance appraisal system.

This inaccuracy might hurt the employee's perception of the performance appraisal system.

Most respondents said organizations should change how they evaluate employees, and most are unhappy with the overall performance appraisal system.

#### **4.2. Conclusion**

This study examined Amhara Credit and Savings Institution employees' performance reviews. The study analyzed employee attitudes toward performance appraisal, its primary purpose, evaluation criteria, the performance appraisal procedure, its outcome, difficulties, and the overall Employee Performance Appraisal System.

The data shows that while certain employees may be satisfied with the performance appraisal method, overall satisfaction is not assured.

Future studies on employee performance rating systems may provide rehabilitation strategies that link the system with the organization's strategic plans and objectives.

#### **4.3.Recommendation**

The study's results and conclusions led to the following performance appraisal suggestions for Amhara Credit and Savings Institution.

- The institution's performance evaluation system should be aligned with its goal.
- The institution improved performance evaluation feedback. Peers, subordinates, and internal and external customers should provide performance feedback.
- Even if the rater is qualified, they use personality, attitude, and appearance. Employee performance should be evaluated from the last performance review to the present one.
- To avoid errors like recency and leniency, the organization should train the appraiser before the interview.

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