

ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES



ASSESSMENT OF EMPLOYEE PROMOTION PRACTICE  
AT COMMERCIAL BANK OF ETHIOPIA

BY  
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JANUARY, 2018

ADDIS ABABA, ETHIOPIA

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PRACTICES AT COMMERCIAL BANK OF ETHIOPIA

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**ST MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES  
MASTER'S PROGRAM IN BUSINESS ADMINISTRATION**

ASSESSMENT OF EMPLOYEE PROMOTION PRACTICES  
AT COMMERCIAL BANK OF ETHIOPIA (CBE)

BY

LULIT DEBISO

**APPROVED BY BOARD OF EXAMINERS**

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ENDORSEMENT

This thesis has been submitted to St.Mary's university, school of graduate studies for examination with my approval as a university advisor.

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Name

Signature

St. Mary's university, Addis Ababa January, 2018

## **Declaration**

I, Lulit Debiso hereby declare that “Assessment of employee promotion practice at commercial bank of Ethiopia “is my own work, prepared under guidance and support of the research advisor, MARU SHETE (PhD). All sources of material used for the research have been duly acknowledged.

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## **List of Acronyms**

BPR:	Business process Re-engineering
CATS:	Customers Accounts and Transaction service
CBE:	Commercial Bank of Ethiopia
HR:	Human Resource
HRD:	Human Resource Development
HRM:	Human Resource Management
PM:	Performance Management
SPSS:	Statistical Package for the Social Sciences

## Abstract

*This study is conducted to assess overall employee promotion practices in the CBE from the bank human resource management strategies, policies and procedures point of view and also examine major challenges that hindering promotion in the bank and finally suggest possible solutions. A descriptive type of research design was employed to achieve the objectives of the study. In order to get relevant data from the target populations both quantitative and qualitative methods were employed. Primary data were collected from 320 purposively selected units through structured questionnaires, the other were collected through interviews from 26 experts. The collected data were empirically analyzed using different literatures, HR policy & procedure and descriptive statistics by means of SPSS statistical packages. The result of the study shows us there is existence of good employee promotion practices in commercial bank of Ethiopia. The bank vacancy announcement, selections process, recruitment and promotion method are clear, simple and fair to all employees and they believe that it is based on their performance. In line to that, employees have clear information on how employee's performances are evaluated, what they expected to achieve, and how their promotion process would be held, and they also believe that the bank encourages or rewards for better performer. They have also blame that the organization's employee promotion policy is overdue or outdated for a review; employee's promotion practices do not get quick decisions; and large number of respondents are not happy and proud to be CBE staff because and they are not happy on the existing benefit package and the promotion practices provided by the bank. On the adherence of bank human resource policy and procedure, majority of the respondents believe that the bank vacancy announcement, selection, rating, and notification process it is clear and transparent for applicants. They believe that the existing policy provides sound staffing strategy and most of them think that the existing policy provides establishment of special programs that expose employees to a variety of job experiences. In line to that, they still believe that the existing policies aligns with the bank future staffing needs and organizational resources; it shows their career paths clearly ; and it will enhances their career advancement of employees to sustain productivity and minimize the effects of job poaching. Although, the bank have good practices on employee promotions there are some challenges that has also been raised by the respondents. Finally, the study presented some possible recommendations so as to alleviate the problems and risks. The bank shall make the human resource procedure and policy very clear, simple and participatory for all employees; employee performance evaluation and promotion methods shall be transparent, performance and/or systems base; the bank shall create clear understanding among the employees about overall promotion process and shall develop communication channels; and the bank shall develop performance based promotions policy and all employees subject to comply the bank human resource development guideline, procedure or policies.*

**Keywords:** *Employee, Promotion, Commercial bank of Ethiopia.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Human resource is one of the most crucial resources of any organization and it is considered as the most valuable asset behind the financial statement. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization (Armstrong, 2009). When we come to service giving organization like banks, it is the base for their survival and success of the future.

In fact, human Resource Development (HRD) is also part of organized learning experience aimed at matching the organizational need for human resource with the individual need for career growth and development. It is a system and process involving organized series of learning activities designed to produce behavioral changes in human resource in such a way that they acquire desired level of competence for present or future role. At firms' level; training and education are the main areas of human resource development practices. Emphasis on human resource development result in several positive individual and organizational outcomes such as higher performance, high quality individual and organization problem solving, enhancing career plans and employee ability, sustainable competitive advantage, higher organizational commitment and enhancing organizational retention. To accomplish this undertaking, organizations will need to invest resources to enhance employees' knowledge, skills and competencies (Amelaku, 2010). As we all know the importance of human resource and human resource development for the organization, but if we do not have smart performance management system it would be meaningless.

Actually, an organization is nothing but a collection of people whose activities have been planned and coordinated to meet certain common objectives. Organization will be in a better position to survive and attain the intended objectives if it is staffed and managed by well-developed and motivated staff (Alemu, 2016). Performance management is an important HRM

process that provides the basis for improving and developing performance and is part of the reward system in its most general sense. It is believed that managing this resource efficiently and effectively in a company contributes a major share to the successfulness of its mission, vision and goals. Employee promotion is one among the hot issues in managing this resource in any company. Therefore, organizations need to draft strong policies and procedures of employee promotion in order to enhance their morale, performance and commitment to the company's goals.

In Commercial Bank of Ethiopia, performance management began around 60 years to determine an employee's wage based on performance. In practice this worked well for certain employees who were solely driven by financial rewards and that is the reason the researcher want to focus on this topic. However, where employees were driven by learning and development of their skills, it failed miserably. In the late 1980s a more comprehensive approach to manage and reward performance was needed (CBE, 2014). In fact, organization uses different methods of performance measurement and promotion methods based on their objectives and width of the organization. As already noted, a promotion involves an increase in status, responsibilities and pay. But, in certain cases, only the pay increases, and the other elements remain stagnant. In other cases, the status only increases without a corresponding increase in pay or responsibilities. Depending on which elements increase and which remain stagnant, promotions may be classified into the following type's namely dry promotion, vertical promotion and up gradation. In dry promotion, the worker is moved to subsequent higher level in hierarchy with a greater power, responsibility and prestige with no increase with salary and vertical promotion it is accompanied with salary increment. But, in up gradation the top is promoted in the organization hierarchy. As a result, the employee obtains additional salary, higher responsibility and power (Susan M, 2016).

Commercial Bank of has also its own way of managing employee promotion so as to maximize the benefits derived from its existing and valuable employee at the right place and time. According to CBE Human Resource Policy, the bank shall make recruitment without prejudice of fresh talents, promote and fill vacant posts at all levels internally, as long as qualified staff

exist. In its internal promotions the CBE shall stick to the principles of promotion for performance and achievements; select on the basis of merit and fitness to the post; and give priority to women and disabled whenever candidates score equal points. Promotion shall in general mean that a movement of an employee from lowers to a higher job classification that result a higher responsibility and pay taking into account fitness to the position. The executive management committee of the bank is responsible to appoint department directors, division Mangers, District managers and other position. All non-managerial posts shall be advertised whenever a vacant post occurs. Vacancy circular shall be distributed through mail, fax, telephone or other means. All organ of the bank shall be responsible to timely circularize the vacancy announcement under their domain. The secretary of employment and placement division shall file the source and the vacancy circular. The human resources officers in collaboration with District Planning and Administrative Officer ensures the timely distribution of Vacancy circular (BE, 2015). Employee promotion is a way an important form of recruitment from within the organization. Different rewarding strategy will be held and promotion is among one part of reward. Hence, this study will assess how much the promotion methods are practiced in commercial bank of Ethiopia; how the feedback, rewards and promotion is be timely and tied to actual performance; how the bank evaluates the performance of their employees to find out their relative worth for the job they are doing; observe reward (promotion) strategy, policies and procedures held in the bank that can vary across roles and employee acknowledgement for their contributions. In addition, this research paper also focuses on the assessment of main problems or challenges around employee promotion practice or filling open positions with internal candidates of the CBE.

## **1.2 Statement of the Problem**

In the organizational context human resource includes all the resources (knowledge, skills, abilities, creativity, etc) of all employees, from rank and file to top management, who contribute the services to the attainment of the organizational goals. It is the responsibility of human resource management to help organizations acquire, develop, maintain and utilize human resources in order to attain the intended objectives efficiently and effectively (Alemu, 2016). The

practice of human resource management is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management (promotion), employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 2009). Hence, if the organizations like commercial bank of Ethiopia wants to be successful there should be effective human resource management system, procedure and policy that strive to continues human resources development practices.

It is also believed that effective management of performance is not only vital for the survival of the organization but it is also the best interest of the employees. Every organization evaluates the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives. So that, effective performance for the organization means that output can be maintained with fewer numbers of employees. Performing effectively is also of crucial importance to the employee because organizations can no longer tolerate poor performance, they (employees) are more likely to be dismissed. In reverse, ineffective human resource development and management practice will also creates many problems in the organization such as reduced employees enthusiastic to learn and apply new skills, decreased employee productivity, low morale, and higher employee turnover (Desalegn , 2010). In this regard, this study will assess how commercial bank of Ethiopian will effectively manage the performance of the employee and give feedback and/or reward at the end. Actually, the effective performance of a job is a reflection of employee's commitment to work, and promotion becomes a reward for his/her service to the organization so that the study mainly focuses on the promotion trend of the bank too.

In fact, employee promotion policy and procedure is not an easy process in any organization. Since there are, various bases for employee promotion, a company needs to focus on efficient, relevant and effective approach to it. While dealing with the process of employee promotion,



there are many hindering factors like biasness in recommending and selecting employees for a given position, problems in communicating vacancies for internal staff, determining the criteria for a given position, insufficient follow-up of a promoted staff for identifying his/her gap to fill it through training and development and providing persuasive feedback for unsuccessful candidate. According to Fekede (2016) report, opportunities for the career growth and promotion are not effective in commercial bank of Ethiopia. His study shows, officials of human resource management agree that there is personal interference in the selection of employees to career growth and promotion. Employees do not participate in decision making process while designing employee retention policies and strategies as they are very much concerned about it. This hinders their ideas that could make contribution to HRM.

Actually, retention and promotion tend to be two sides of the same coin, in the sense that most of the people who leave organizations voluntarily, do so because they feel their efforts are not sufficiently appreciated and rewarded and that they will probably not obtain the kind of promotion they had hoped for. Failure to retain employees can have a negative impact on organization's performance. Companies miss their affirmative action targets or fail to make progress on their employment equity numbers. Employees who feel their skills are not being fully used and rewarded may leave the company. These skills then are utilized by competitors or, in some cases, by the former employees as they create a competing organization. (Lionel Laroche, 2007)

In order to stand still as a big competitor for Commercial Bank of Ethiopia in the current market with the stiff competition in the service sector, attaining high quality in service and maintaining customer satisfaction is very essential. It is obvious that the bank mission, vision and core value relay on the employee of the bank. Employees of the bank are the most valuable asset to move the bank forward to achieve its goal and be world class bank. Even if the management of the bank believes that improving service quality is crucial for its survival and maintaining customer satisfaction, this precisely depends with having a qualified and motivated staff (Eshetu, 2012). However, from my observation and internal studies on human resource management of commercial bank of Ethiopia, even if employees working hard and committed to the bank

turnover is now increasing at an alarming rate; employees are complaining about human resource management and evaluation methods. In fact the main causes of this problem are poor human resource management system, limited benefit package and employee promotion problems are the major one. According to (Yadessa, 2011) study, as we all know commercial bank of Ethiopia designed wonderful human resource management policy, manual, guideline and procedure but when it comes to ground and/or practice it will not be applied accordingly.

Commercial bank of Ethiopia implemented business processing and reengineering, so that now the bank follows a process oriented corporate structure. In this regard human resource department have taken all responsibilities of recruitment , development, selection, promotion/demotion and overall human resource managements. In general, on this study the research will assess how the promotion methods are practiced in commercial bank of Ethiopia? How the feedback, rewards and promotion is be timely and tied to actual performance? How the bank evaluates the performance of their employees to find out their relative worth for the job they are doing? How reward or promotion strategy, policies and procedures will be practiced in the bank that can vary across roles and employee acknowledgement for their contributions? In addition, this research paper will also focus on the main problems or challenges around employee promotion practice and provided suggestion and recommendation.

### **1.3 Objectives of the Study**

#### **1.3.1 General objective**

The general objective of this study is on assessment of effectiveness of employee promotion practices at Commercial bank of Ethiopia, in case of West Addis Ababa district.

#### **1.3.2 Specific Objective**

In assuring that the above general objectives can be achieved, there are a few specific objectives these specific objectives include:

- To assess existing employee promotion practice of commercial bank of Ethiopia from the banks human resource management guidelines and policy.

- To examine human resource management strategies, policies and procedures and its practices with respect to employee promotions.
- To identify the major challenges that hindering employee promotion in CBE and find out possible solutions.

#### **1.4 Research Question**

Based on the research problem stated in the above, the researcher raised the following research questions while conducting this research:-

1. How do commercial bank of Ethiopia practices employee promotion?
2. How do promotion strategy, policies and procedures would be practiced in the bank?
3. What are the possible hindering factors that affect promotional practice in the CBE?

#### **1.5 Significance of the Study**

The study primarily help concerned or attracted parties in order to understand the practice of employee practices under human resource department of commercial bank of Ethiopia. Gives awareness to the organization whether or not employees' motivation is affected by the promotion strategies given to them is another presumed outcome of this study. Hence makes the concerned bodies aware about the need for effective reward management system.

Overall, the beneficiaries of the outcome of this research are researchers, bank policy makers, so that they can better understand the real practical situation of human resource management in commercial bank of Ethiopia and also understand how the challenges affect the banks future goals and mission. This study will also help the researcher to acquire knowledge and practical experience about a business research undertaking.

#### **1.6 Scope and limitation of the Study**

This study is delimited to the employees in West Addis Ababa only because it is beyond the capacity of this research to cover all the employees in Commercial bank of Ethiopia. It also focuses only on permanent employees i.e. it does not include temporary, par timers or employees in contract. In addition, bulky policy and procedure which may lead to non-uniform delivery of

service and non-genuine complement to the policy. Hence, this would have a direct or indirect impact on understanding and implementation of staffs on CBE international trade

This undertaking encompasses the practical and procedural operation of Human resource management policy and procedure conducted in the Commercial Bank of Ethiopia. Descriptive and explanatory methods of research used to cover the human resources management theories and practices. Though human resource management practices is the concern of all CBE branches across the nation, the main focus of this research is on West Addis Ababa District human resource department activities.

### **1.7 Organization of the Study**

The study organizes into five chapters. The first chapter is an introduction part of the study in which background of the study, statement of the problem, research question, and objective of the study, significance of the study and scope of the study. The second chapter deals with literature review of the study. The third chapter is about methodology of the study. The fourth chapter will be about data analysis and presentation of findings the last chapter is summary of findings, conclusions, limitations and recommendations part.

### **1.8 Definition of Key Terms**

In this undertaking:

- **Employee Promotion:** the advancement of an employee from one job position to another job position that has a higher salary range, a higher level job title, and, often, more and higher level job responsibilities.
- **Employee:** shall mean any legal entity (individual or corporate) with whom the Bank agrees to conduct business.
- **Performance management:** a process for establishing a shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing people that increases the probability of achieving success.

- **Policy:** refers to a set of basic principles and associated guidelines, formulated and enforced by the governing body of an organization, to direct and limit its actions in pursuit of long-term goals.
- **Procedure:** refers to a specified series of actions or operations, which have to be executed in the same manner in order to always obtain the same result under the same circumstances.
- **Promotion:** shall mean a movement of an employee from lower to a higher job classification that result a higher responsibility and pay taking into account fitness to the position.

## **CHAPTER TWO**

### **LITRATURE REVIEW**

In this chapter the research paper deals with the related theories, literatures and different review on human resource management , development, promotion and challenges in respective to the banks human resource policy and procedure have been presented.

#### **2.1 Theoretical Literature**

Human resource management (HRM) is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. The practice of human resource management is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services. (Armstrong, 2009). All organizations evaluate the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives.

Developing an effective HRD practice is a difficult task since it demands to look into the needs of the employees and ensure that the practices are aligned with both company and employees need. Therefore, problems in human resource development system arise when the training and development practices fail to accommodate employees' needs. So if an organization wants to enhance employees' satisfaction and retain its' employees; it should concern with improving the skills, knowledge, attitudes and behavior of employees in organizational settings for the benefit of both employees and the organization (Desalegn , 2010).

## 2.2. Human Resource management

An organization is nothing but a collection of people whose activities have been planned and coordinated to meet certain common objectives. An organization will be in a better position to survive and attain the intended objectives if it is staffed and managed by well-developed and motivated staff (Eshetu, 2012). Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets the people working there who individually and collectively contribute to the achievement of its objectives. The terms 'human resource management' (HRM) and 'human resources' (HR) have largely replaced the term 'personnel management' as a description of the processes involved in managing people in organizations (Alemu, 2016).

Similarly, Armstrong (2010) described as human Resource Management can be a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations. The practice of human resource management is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services. Hence, all organizations evaluate the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives. Accordingly, human resource management (HRM) is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organizations.

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management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services. (Armstrong, 2009). All organizations evaluate the performance of their employees to find out their relative worth for the job they are doing. Performance is being related to the productivity, it is crucial for the organization to achieve its goals and objectives.

### **2.3. Different Methods of Promotion**

In most large organization, the human resource department is responsible for employee related practice which includes promotion. Dyer (1989) underlined that in most companies line managers are the ones ultimately responsible for making internal decisions. With the help of line managers the human resource department is expected to do the process of employee promotion practice. However, the human resource department is required to closely work with other department to make effective promotion (Ivancevich, 1989).

### **2.4. Types of Promotion**

As already noted, a promotion involves an increase in status, responsibilities and pay. But, in certain cases, only the pay increases, and the other elements remain stagnant. In other cases, the status only increases without a corresponding increase in pay or responsibilities. Depending on which elements increase and which remain stagnant, promotions may be classified into the following types (Susan M, 2016).

1) **Horizontal Promotion:** This type of promotion involves an increase in responsibilities and pay, and a change in designation. But the employee concerned does not transgress the job classification. For example, a lower division clerk is promoted as an upper division clerk. This type of promotion is referred to as 'upgrading' the position of an employee.

2) **Vertical Promotion:** - This type of promotion results in greater responsibility, prestige and pay, together with a change in the nature of the job. A promotion is vertical when a canteen employee is promoted to an unskilled job. The concerned employee naturally transgresses the job classification.



3) **Dry Promotions:** Dry promotions are sometimes given in lieu of increases in remuneration. Designations are different but no change in responsibilities. The promotion may be given one or two annual increments.

## **2.5. Who is eligible for promotion?**

According to Dessler (1994) all permanent employees who have completed the probationary period are eligible to use the vacant position listing policy in order to request consideration for a position that would constitute a growth opportunity. Individual contributors must be eligible for promotions that recognize and reward their role as contributors. A promotion is a powerful communication tool about what is valued within an organization. Thus, a promotion must be available to employees who play any role in the contribution of work and value.

Apart from that, employees who have been promoted or transferred or changed jobs for any reason must wait a six-month period before applying for a different position.

Dessler (1994) and other scholars outlined that, though there is no standard promotion policy and procedure that fit for all organization, a company can adopt the suitable policy and procedure by take into account the number of employees, structure of the company, management philosophy and other relevant factor to promotion in order to make effective employee promotion. The personnel department in all this is responsible to recommend policies and procedures, develop programs where needed and provides guidelines to line managers.

## **2.6. Bases of employee promotion**

The well-established bases of promotion are merit and seniority. An additional basis, which is well practiced in unusual shades, is nepotism or favoritism (Susan M, 2016).

Regarding seniority or competence, probably the most important decisions concerns whether promotion will be based on seniority or competence, or some combination of the two. From the point of view of motivation, promotion based on competence is best. However, your ability to use competence as sole criteria depends on several factors, most notably whether or not your company is unionized or governed by civil service requirements. Union agreements often contain

a clause that emphasizes seniority in promotion, such as in the advancement employees to higher paid jobs when ability, merit and capacity are equal, employees with highest seniority will give preference. Although this might seem to leave the door open for giving a person with less seniority (but slight better ability) the inside track for a job, labor arbitrators have generally held that when clauses such as these are binding only substantial differences in ability can be taken in to account.

When promotion is to be based on competence, you will have to decide how competence will be defined and measured. Defining and measuring past performance is a fairly straightforward matter: the job is defined, standards are set, and one or more appraisal tools are used to record the employee's performance. But promotion also requires predicting the person's potential. Thus you must have some valid procedure for predicting a candidate's future performance. Many employers simply use prior performance as a guide and extrapolate, or assume, that he or she will perform well on the new job. This is the simplest procedure to use. On the other hand, some employers use tests to evaluate promotable employees and to identify those employees with executive potential. Others use assessment centers to assess management potential.

Formal or informal, next (particularly if you decide to promote based on competence), you have to decide if the process will be a formal or on formal one. Many employers still depend on an informal system here, the availability and requirements of open positions are kept secret. Promotion decisions are then made by key managers from among employees they know personally.

Value based hiring and developmental activities; internal promotion is aided first by value-based hiring. i.e. employment process of some organization favors applicants who have potential for promotion for a good reason. It is a perquisite step in any promotional program. Next to this, firms provide educational and training resources needed to help employees to identify and develop their promotional potential (Dessler, 1994).

## **2.7. Advantage and disadvantage of promotion**

Many scholars including Heneman (1989) agreed that filling vacant position with internal candidates has the following advantages and disadvantages.

### **Advantage:**

- Employee sees that competence is rewarded and morale and performance may thus be enhanced.
- Inside candidates may be more committed to its goals and less likely to leave.
- Internal promotion can also boost employee's commitment and provide a long term perspective when making managerial decision.
- It may also be safer to promote employees from inside, since you are more likely to have a more accurate assessment of the person's skills than you would otherwise.
- It requires less orientation and training than new employee.

### **Disadvantage:**

- Employees who apply for jobs and don't get them may become discontented.
- Many employers require managers to post vacant posts and interview all inside candidates.
- Groups may also not be as satisfied as when their new boss is appointed from inside than when he or she is a new comer.
- Inbreeding of new blood

## **2.8. How to minimize the disadvantage**

Promoting internal employee to be effective requires using job posting, computerized systems that help to identify and consider qualified existing candidate for the vacant post, personal records and skill banks that list current employees who have specific skill and knowledge. Apart from that, informing unsuccessful applicants as to why they were rejected and what remedial actions they might take to be more successful in the future is thus essential (Desseler,1994).

## **2.9. CBE Promotion procedure and HR governing principles**

Commercial bank of Ethiopia, to stand still as a big competitor in the current market with stiff competition in the service sector, the bank strongly believes attaining high quality in service and maintaining customer satisfaction is very essential. Employees of the bank are the most valuable asset to move the bank forward to achieve its goal. Even if the management of the bank believes that improving service quality is crucial for its survival and maintaining customer satisfaction, this precisely depends with having a qualified staff. The management advocates the perception that only having the ability to identify opportunities and managing risks is not enough unless backed by committed employees. In order to make sure that its employees are equipped with and ready for delivering good customer service, the bank trains them with required skills and competencies and at the same time employees are motivated to understand in a better way what their customers need from them. The bank has participated around 28,965 employees in various skill upgrading trainings to meet its target .The bank, in order to satisfy and maintain the commitment of its employees, scheme is employed for employees to be rewarded with attractive benefits in addition to creating conducive working environment (CBE, 2007).

### **Commercial bank of Ethiopia recruitment and promotion procedure as follows:**

**Internal Vacancy Announcement:** all non-managerial posts shall be advertised whenever a vacant post occurs. Vacancy circular shall be distributed through mail, fax, telephone or other means. All organ of the bank shall be responsible to timely circularize the vacancy announcement under their domain. The secretary of employment and placement division shall

file the source and the vacancy circular. The human resources officers in collaboration with District Planning and Administrative Officer ensures the timely distribution of Vacancy circular.

**Receiving Application Letter:** applicants for vacancies advertised must be made in first instance in writing to the manager where the applicants work.

**Rating of Applicants Selection Criteria for Managerial Posts;** Selection Criteria for Professional Posts; Selection Criteria for Clerical Posts; Selection Criteria for Technical Posts and Selection Criteria for Non-clerical Posts)

**Selection and Notification** (The composition of the panel shall be as follows At District Level; Corporate Level; Interview Panel for Managerial and Higher Positions; Interview Panel for Professional and Lower Posts)

**Promotion:** shall mean a movement of an employee from lower to a higher job classification that result a higher responsibility and pay taking into account fitness to the position. The executive management committee of the bank is responsible to appoint department directors, division Mangers, District managers and other position.

### **2.9.1. Governing Principles:**

The CBE shall strive to hire and deploy leaders and employees with appropriate attitude, knowledge and skill; and capable of transforming the Bank. To this end, the CBE (CBE, 2015), among others, shall:

- i. Be the best employer in the industry which abides by the principles of fairness, equality and transparency;
- ii. Deploy leaders and performers who can deliver services that exceed the expectations of stakeholders;
- iii. Ensure that performers are honest, of the right attitude, equipped with knowledge and properly skilled;
- iv. Promote and/or advance staff to high-rank jobs on the basis of employees' performance and results, without compromise to the competency requirements of the job;

- v. Make sure that participatory management, which allows the empowerment and active involvement of processes and performers, along with commensurate accountability, is in place.
- vi. Undertake continuous staff development, mentoring and nurturing in a way that can help creating professional Bankers. To that effect, institute and use Centre of Excellences and transform the Bank's training and development endeavors;

## **2.10. How to Evaluate Employee for Promotion**

Promotion denotes that an individual has the competencies (i.e, the skills, abilities, knowledge and attitudes) required to perform effectively at the next higher rank. The competencies reflect the knowledge and skills exhibited in observable behavior in the relevant areas of work. Promotion provides motivation to perform well and is an important part of HRM. Promotion opportunities are among the several factors that affects employees' job satisfaction and motivation. It has been also states that a promotion is the changing of position, from one post to another and is evaluated based on the level of responsibility, work requirements or incomes and positions. Hence, the promotion denotes a movement from a position to another position which has a higher status whereby the new position offers higher salaries than the former one (Alemu, 2016).

Appointment to a position requiring higher qualifications such as greater skill or longer experience and involving a higher level of responsibility, a higher rate of pay and a title change is considered as a promotion and will be classified as such in all personnel documents. It will be made without regard to the race, color, sex, religion, age, ethnic origin, or disability of the employee. It is the advancement of an employee from one job position to another which has a higher salary range, a higher level job title and often more and higher level of job responsibility for managing or overseeing the work of other employees. Decision making authority tends to rise with a promotion as well.

Visually, it moves an employee's job up one level on an organizational chart. It is also viewed as desirable by employees because of the impact it has on pay, authority, responsibility, and the

ability to influence border organizational decision making. A part from that it raises the status of the employee who receives a promotion which is a visible sign of esteem from the employer. It is a form of recognition for employees who make significant and effective work contributions. Consequently, a dilemma arises in organizations since repeated promotions generally place an employee in a management role (Susan M, 2016).

When the time comes to promote an employee, you must make the choice by thoroughly evaluating each candidate. Since a promotion comes with new challenges for the employee to overcome and daily tasks for him to complete, employees who are not qualified for the new position can stumble and cause the company to struggle.

Evaluating an employee for a promotion requires you to assess an employee's skills, effectiveness at his current position and potential for growth. Create a basic checklist that lists the criteria you're looking for in a well-qualified candidate. For example, your checklist may include "Meets customer service expectations; consistently meets sales goals; works well with co-workers; demonstrates leadership ability and learns quickly" with a checkbox next to each item. Check off each item that the employee meets.

Review the employee's performance. Only promote employees who perform at a high level consistently. Don't look at an employee's performance for the most recent month; look at his performance during the past year. Assess an employee's performance based on visible results, not on perceptions. For example, a sale's associate's effectiveness is seen by the number of products or services he sells; not the way in which he talks or attempts to sell products to customers. His total sales is a number easily measured, the way in which he speaks is not.

Consider the employee's skills. A new position likely requires new skills. Ask yourself if the employee demonstrates those skills in his current position. If he doesn't, it's not likely he'll demonstrate them in his new position.

Assess how well the employee adheres to company policy. Promoting employees who disregard the rules set forth by the company shows other employees that they needn't obey company policy.

Evaluate the employee's ability to overcome challenges and take on new tasks. New positions consist of new challenges. If the employee struggles with change or difficult situations, you may be setting him up for failure by promoting him. Determine whether the employee takes on new duties and responsibilities with a motivation to succeed or a lack of interest.

Consider the employee's experience. Before being promoted to a new position, employees should have a wealth of experience in their current position. Experience helps employees' better handle unfamiliar situations and assists the employee in transitioning to new positions. For example, suppose an assistant manager has been working in his current position for six months. It's unlikely he can fill the role of general manager without running into major roadblocks along the way, because he doesn't yet have enough experience in a managerial role.

Talk to rejected candidates about their evaluation. Help them become better fit for future promotions by explaining what they lacked and how they can strengthen their weaknesses. Do not sugarcoat the evaluation, but do not destructively criticize the employee either.

## **2.11. Major challenges of employee promotion and possible remedies**

Employers are generally aware of federal laws prohibiting discrimination in hiring and firing, but they often do not realize that similar considerations apply to promotions. Basically, it is as illegal to apply different standards for promotion to different member of your work force as it is to apply them to hiring. You may not use subjective standards that have a disparate impact on protected groups in either case. Employers must be constantly on guard to be sure that promotion policies that appear to be neutral on paper actually avoid any discrimination when put into practice (Chris 2016).

Here are positive steps that can be taken to avoid costly and disruptive lawsuits by employees who allege discrimination after having been denied promotion.



- Provide opportunities through a job-bidding procedure or during a performance evaluation for employees to declare their interest in specific promotion opportunities.
- Notify your employees that they are expected to identify a higher position in which they are interested and that a general statement that they would someday like to have a better job is not sufficient.
- Conduct performance evaluations on all employees on the basis of written specifications and standards related to the job, it should also be in writing. The performance appraisal the supervisor fills out today can be the different between winning and losing a charge of discrimination or lawsuit tomorrow.
- Let employees know what is expected of them in terms of job performance.
- Give employees a chance to improve once they are put on notice that performance is below par.
- Maintain records of promotions according to protected groups. Train supervisors to keep a diary on employees work performance and behavior. This can assure that employees are not measured on the basis of most recent actions, either good or bad, that the supervisor remembers.
- Maintain accurate logs of attendance and tardiness.
- Develop a system to alert employees to promotion opportunities as well as to give them an opportunity to state their interest in openings of which they become aware.

### **2.3 Empirical Review**

According to (Fereja, 2016) study, it has been concluded that human resource is the most important resource to any organization. Without having skilled and talented employees, it is difficult to attain planned goals by the organization. Therefore, organizational success is dependent on retention of its talented employees. Rewarding and recognizing employees on their job performance is considered as one of factors affecting employee retention. However, most of the respondents were not satisfied with reward and recognition offered by their organization (Fekede, 2016).

Based on the results on the studies on the practice and challenges of balanced scorecard implementation in commercial bank of Ethiopia, different factors were identified as responsible for the practice and challenges after balanced scorecard implementation in the bank. The rewarding system is not tied to employee; the compensation package is not adequate compared to their performance, because it is not attractiveness. This implies the rewarding and promotion system affects the employees' motivation to successfully exert their efforts towards balanced scorecard. Resources are allocated appropriately and the working method and processes existing properly identified in order to implement BSC. After balanced scorecard implementation employees are participated in meeting with their supervisor but the employees don't discuss about progress towards the achievements of balanced scorecard in meeting with their managers. Commercial bank of Ethiopia achievements on financial performance, revenue growth and market share in banking industry is increased. Moreover, most of the employees are found to be neutral (neither agreed nor disagreed) regarding the improvements on service delivery and achievement of strategic goals (internal business unit perspectives). Similarly, on the study it has been found that BSC implementation has negative impact regarding to the learning and growth perspectives. The bank does not gives much concern to the advancement of their career development and the employees are not given appropriate training to enhance their performance and to develop their job, knowledge and ability to advance their career (HIWOT, 2015).

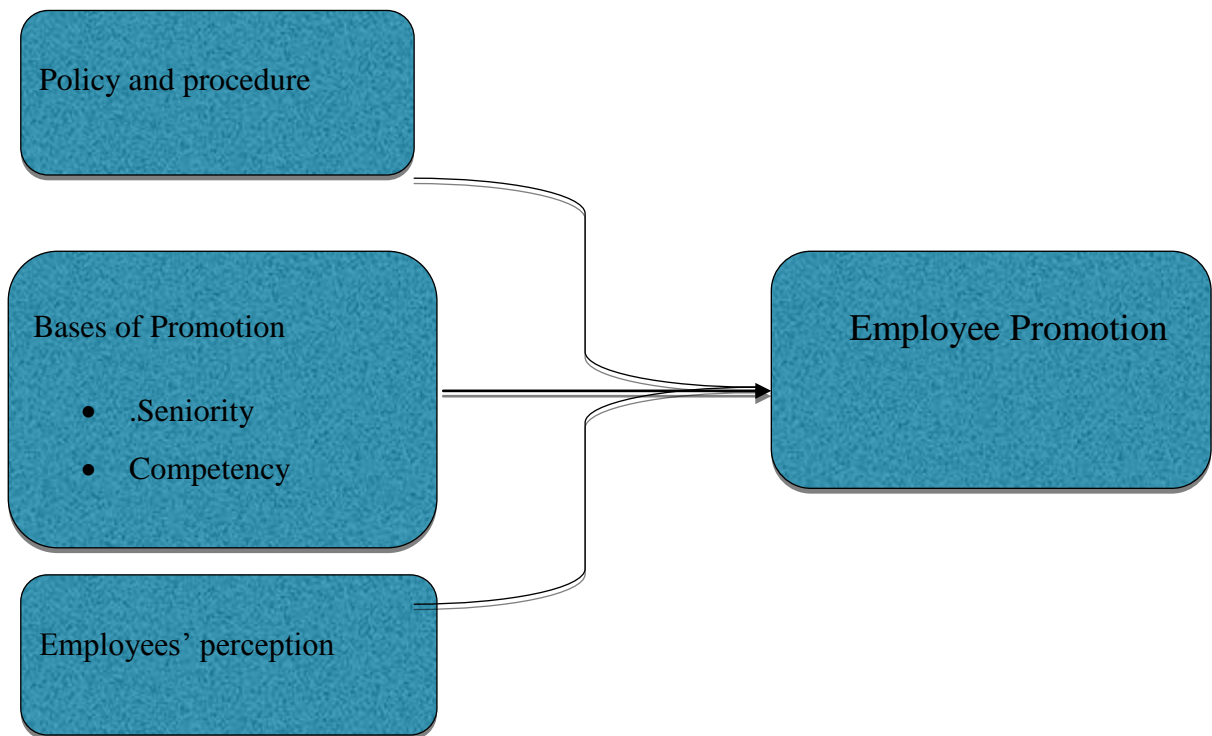
Similar studies were also done by Mekonnen (2013) on private bank, Wegagen Bank S.co., they have experienced significant turnover of employees particularly starting the year 2007 where the turnover doubled the previous year. Since then, employee turnover has been an issue in the annual meeting of the bank. In the bank's strategic plan of 2011/12-2015/16, it has been targeted to keep the bank's turnover rate below 5% per annum. Employees' turnover intention of the bank depends on many factors which are internal and external to the organization. Among the internal factors, in which the researcher wanted to focus was job satisfaction. Job satisfaction is workers' feeling about their jobs, aspects of their jobs and work situations. In the past five years, the bank has faced turnover of 7.07%, 6.98%, 6.01%, 7.16% and 4.19% in the years 2007, 2008, 2009, 2010 and 2011 respectively. Majority of employees who were resigned are from the operational

areas which had an impact in sustainable growth of the bank's profit. The bank's profit had been stagnant for the fiscal years of 2011/12 and 2012/13.

## 2.4 Conceptual Framework

A conceptual framework proposes the relationships between the variables in the study and shows the same graphically or diagrammatically (Mugenda, 2003). The conceptual framework of this study is based on three independent variables namely; policy and procedure, bases of promotion and employees' perception. The dependent variable being employee promotion. Figure 2.1 shows how the various independent variables affect the dependent variable under study.

**Figure 2.4.1: The Conceptualization Model**



(Source: Researcher 2018)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

In this section, the design and methods used in order to answer the research questions and meet the objectives of this research are presented. The purpose of the research is to assess the practices of employee promotion trends and its challenges in commercial bank of Ethiopia and branches. Therefore, research design, research type, data sources, instruments and procedures of data collection techniques, sampling strategy and method of data processing and analysis are presented independently as follows.

#### **3.1 Research Design and Approach**

The researcher used both qualitative and quantitative research approach through primary and secondary sources. Qualitative research techniques were applied considering employees through interview while quantitative research method was through distribution of questionnaires. Over all descriptive type of research design were used in this study.

#### **3.2 Data Sources**

The study used both primary and secondary data to complete the information needed. Primary data was gathered from the employees in West Addis Ababa District and branches. In addition to this, secondary data were obtained from published and unpublished theoretical literatures, bank reports and empirical studies. In addition, previous studies, policy manuals, annual reports and publication were gathered from CBE branch offices.

#### **3.3 Population**

Human resource department is one of the sub-core processes of the bank entrusted with the task of human resource management and human resource development services including selection, promotion and demotion of employee's. The services are now provided in head the office centrally but also the same services will be operating in all (14) districts. However, this research has been targeted only on the employee's promotion practices under commercial bank of Ethiopia, West Addis Ababa districts and branches.

### 3.4 Research Setting and Sampling Technique

**Sampling Technique:** The sampling method implemented in this study was judgmental/purposive sampling methods which was suitable in certain population and reflects the rest of employees who are not selected. Since it is based on judgment it is easier for the researcher to apply convenience of the samples by comparing the samples of population in the bank. Here it is planned to collect primary data by taking all the samples from West Addis Ababa branches that are found in Addis Ababa area due to intensity of the work and budget constraints. However, currently there are around 101 branches and 2,235 employees who are working in West Addis Ababa. So, that the researcher selected 339 employees those who are working in West Addis Ababa at 95% confidence level or 5% precision. The researcher has tried to calculate the sample size after determining the target population. Therefore, by using Yamane (1967) as quoted in Israel, 2013 sample size calculation formula, the researcher has determined the total sample size and for respective divisions proportionally.

$$n = N / (1 + N(e)^2)$$

Where n is the sample size, N is the population size, and e is the level of precision. With the level of precision e= 5% and N= 2235

$$n = 2235 / (1 + 2235(.05)^2) = 339$$

Therefore, primary data was obtained from the total of 339 CBE employees using structured questionnaire. In short, all targeted samples were participated on this study from purposively selected branches.

After getting the sample size the researcher was used stratify sampling method to get those respondents. This is because the researcher was divided the population of branches of west district that are found in Addis Ababa city in to four groups those are grade one, grade two, grade three and grade four found in WAAD urban area.

**Stratified sampling formula:  $n_h = \frac{N_h}{N} * n$  Where:**

$N_h$ = is the population size for stratum  $h$

$N$ =Total population size

$n$ =sample size

$n_h$ = is the sample size for stratum  $h$

The formula adopts from (<http://stattrek.com>)

**Table 0.4.1 Sampling Population**

Branch grade categories	Number of branches	Number of Employees (N)	Total Number of stratified sample employees	No. of selected branches proportionate with sample employees
4	5	782	$782/2235*339=118$	3
3	4	671	$671/2235*339=102$	1
2	54	447	$447/2235*339=68$	15
1	38	335	$335/2235*447=51$	7
Total	101	2235	339	26

Source: CBE HR Report (2017)

After the total population branches are divided in to three groups the researcher was used a simple random sampling method to select sample branches which is proportional to the size of selected sample employees. The reason for using of simple random sampling method is due to relatively homogenous of the population branches for the issue the researcher was studied.

Similarly, in order to obtain necessary information to assess employee promotion practices and major and specific objectives of the study information from employees an in-depth interview was needed. In the target areas of West Addis Ababa district employees and Branch Manager, using judgmental sampling method 26 (experts and managers) were selected and interviewed by simple random sampling method

from each branch. Interviews were held with representatives (managers and experts) of the CBE and other groups.

### **3.5. Data collection Tools**

The study used different data collection tools having both quantitative and qualitative components. Under the quantitative approach, a structured questionnaire has been prepared, translated and administered through interview of individuals that has included in the sample. Under the qualitative approach, in-depth interview of professionals will be conducted at various levels. The quantitative and qualitative data was generated with help of:

**Questionnaire:** A questionnaire has been considered to be the most appropriate instrument to be used to collect primary data. The questionnaire consists of socio-economic and demographic characteristics, how employees promotion practices in commercial bank of Ethiopia from banks human resource management guidelines; investigate employees performance evaluation trends in the bank; examine human resource department employee promotion strategies, policies and procedures and their practices; and identify the major challenges that hindering employee promotion practice of CBE and find out possible solution

**Interview:** A semi structure questions were developed and employed to be held with key informants (managers, officers, and other concerned groups) in order to assess implementation of employee promotion, challenges and possible solutions.

**Desk Review:** Secondary sources of information were used in order to generate valuable data. Furthermore, to deeply understand the situation of Human Resource Management in Commercial Bank of Ethiopia based on the previous findings including survey findings, annual reports and other written documents were used as secondary sources.

### **3.6. Validity and Reliability**

Validity is the degree to which a measure accurately represents what it is supposed to. It is concerned with how well the concept is defined by the measure(s). Therefore this study tried to addresses validity through the review of literature and adapting instruments used in previous

research. On the other hand Reliability is concerned with the internal consistency of the items. As the current study uses different items in all variables, internal consistency analysis was carried out through Cronbach alpha reliability tests.

Duffy, Duffy and Kibourne, (2001) asserted Cronbach’s alpha measure the consistency with which participants answers items within a scale. Duffy, (2001) further stated, a high alpha (greater than .60) indicates that the items within a scale are measuring the same construct. SPSS version 20 used to produce the values for Cronbach’s alpha. The results of the reliability analysis are presented in below table. Based on the results of the reliability analysis, one can conclude that the items are internal consistence.

**Table 0.6.1: Reliability Statistics Data**

Items	No of items	Alpha value
employee promotion practice	10	0.947

Source: Own Survey (2017)

In order to comprehend the respondents on employee promotion practice of CBE the questionnaire distributed 10 were processed in this analysis, were no cases were excluded from the analysis.

Reliability is fundamentally concerned with issues of consistency of measures. So that, Cronbach's Alpha is 0.947, which indicates high overall internal consistency among the one items representing the sample.

### **3.7. Data Analysis Method**

After the collection of data from both primary and secondary sources, Statistical Package for the Social Sciences (SPSS) version 20 was used for the purpose of processing and analysis of the results. Data were classified into different groups and finally they were presented in tabular forms. Descriptive statistics based on tables were also used to analyze information on all data



including respondent personal information. The analysis of data was made with the help of relevant statistical tools such as simple average, mean value, percentage and other statistical parameters. In addition to that, human resource manual, procedures, policies and different guidelines has been referred from literatures to sort-out and design to assess implementation of employee promotion practices in CBE.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 INTRODUCTION**

This section, deals with data presentation, interpretation and analysis of findings. The study was selected basically from the research questions and of course from the responses in the interview and questionnaire. The data has been collected through interview that contains information on the general employee promotion practices in Commercial Bank of Ethiopia. In order to analyze findings the researcher focused and categorized under three major sub-topics of the major objectives of the study. This include: Employee promotion practices in commercial bank of Ethiopia; Human Resource Management Policy and Procedure; challenges on employee promotion practices and suggested possible solutions. The analysis made and the interview responses were consolidated under each sub-topic since the issue of which is correspondent to the respective responses that is based on review of relevant literatures, guideline and procedure of the bank; review of directives and Human resource policies. Therefore, researcher consolidated similar responses together in order to make the analysis more readable. The statistical methods used for analyzing the data collected include frequency and descriptive statistics analysis by using SPSS version 20. From the total questionnaires distributed, 320 were able to be collected giving 94 % response rate.

#### **4.2 Data analysis and presentation**

The data has been gathered from the employees in commercial bank of Ethiopia those are currently involved in different positions in the bank which are customer service officers, managers and other professionals with their diverse demographic characteristics. The first part of the questionnaire consists of demographic information of the respondents. The variables include: sex, age, educational background, working experience and office positions which are summarized and presented as below.

**Table 4.2.1 Respondent's Background Information**

		Frequency	%
<b>Sex</b>	Male	188	58.8%
	Female	132	41.3%
	Total	320	100%
<b>Age</b>	Below 29	180	56.3%
	30-35	60	18.8%
	36-40	12	3.8%
	40 and above	8	2.5%
	Missed Value	60	18.8%
	Total	320	100%
<b>Educational Background</b>	1 <sup>st</sup> Degree	272	85%
	Masters and Above	40	12.5%
	Missed Value	8	2.5%
	Total	320	100%
<b>Working Experience</b>	0-5 years	160	50%
	5-10 years	52	16.3%
	More than 10 years	44	13.8%
	Missed Value	64	20%
	Total	320	100%
<b>Position</b>	Managerial	40	12.5%
	Professional	132	41.3%
	Clerical	132	41.3%
	Total	320	100%

Source: Own Survey (2017)

In the table 4.2.1, from the total targeted employees around 320 (94%) respondents give responses, of which 132(41%) of them are female and the rest 188(59%) are male. This indicates that most of the respondents are Male. About age groups, 180(56%) of the respondents are in the age group below 29 and 60(19%) are from 30-35, 12(4%) is from 36-40 age groups and 8(3%) above 40 years. This shows that most of the respondents are in active youth age group.

Regarding their education, only 272(85%) of them have 1st degree and the rest 40(13%) have 2nd degree holder and above. When we see their working experience, 160(50%) of them the respondents have below five year's experience, 52(16%) of them are between five up to ten years of experience, and the rest 44(14%) of them have more than ten years of experience. This shows that majority of the respondents are first degree holders and at least five years of banking experience. Therefore, it is believed that their educational background and working experience enables them to easily understand banking procedures, international regulatory rules, guidelines and regulations and deliver the best service for the customer. Among the respondents position, 18 (29%) of them are managerial and 35(57%) of them are professional and 3(5%) are clerical.

In line to this, the interview has also been employed for 26 experts and all of them were given the responses, of which 21(85%) male and 5(15%) of them were female. In regard with their educational background all of them have first degree and above. In line to that, 9(33%) of them have 5-10 years working experience and the others 17(67%) have more than ten years of working experience, where all of them are currently in charge of professional and managerial level.

### 4.3 Employee promotion practices in commercial bank of Ethiopia

Where: SD: Strongly disagree D: Disagree S: Sometimes/Neutral A: Agree SA: Strongly Agree

**Table 0.3.1: Employee promotion practices in commercial bank of Ethiopia**

Source: Own Survey (2017)

Questions	Data	SD	D	NA ND	A	SA	Grand Total	Mean
1) The bank promotion method is very clear, simple and fair to all employees.	N	36	64	100	104	16	320	3.00
	P	11%	20%	31%	33%	5%	100%	
2) Employee promotion is handled fairly.	N	36	88	72	100	20	316	2.94
	P	11%	28%	23%	31%	6%	99%	
3) Employee's contribution is adequately rewarded and promoted.	N	36	104	72	72	20	304	2.79
	P	11%	33%	23%	23%	6%	95%	
4) I feel that employee promotion reflect the performance.	N	36	88	84	96	16	320	2.90
	P	11%	28%	26%	30%	5%	100%	
5) I think the organization's employee promotion policy is overdue or outdated for a review.	N	40	52	132	60	24	308	2.92
	P	13%	16%	41%	19%	8%	96%	
6) It is clear that how decisions about employee promotion are made.	N	32	100	68	92	24	316	2.92
	P	10%	31%	21%	29%	8%	99%	
7) I am proud to work for the organization because I am rewarded for it.	N	56	64	80	92	24	316	2.89
	P	18%	20%	25%	29%	8%	99%	
8) Employees accomplishing similar work in the bank are promoted fairly.	N	32	80	76	96	28	312	3.03
	P	10%	25%	24%	30%	9%	98%	
9) I have clear information as to how employee's performances are evaluated and how staff promotion is decided.	N	36	60	100	80	44	320	3.11
	P	11%	19%	31%	25%	14%	100%	
10) Employee gets good feedback on the performance.	N	44	84	84	92	16	320	2.85
	P	14%	26%	26%	29%	5%	100%	
11) All employees are clear about what they expected to achieve.	N	24	48	52	148	40	312	3.42
	P	8%	15%	16%	46%	13%	98%	
12) The performance evaluation system and the promotion scheme of the Bank encourage better performance.	N	36	64	92	100	28	320	3.06
	P	11%	20%	29%	31%	9%	100%	
13) The benefits package provided by the Bank and the promotion practices of the Bank are comparable with other banks.	N	108	64	76	60	12	320	2.39
	P	34%	20%	24%	19%	4%	100%	
14) Employee's promotion practices quick decisions	N	56	96	88	52	12	304	2.57
	P	18%	30%	28%	16%	4%	95%	
Total No		608	1056	1176	1244	324	4408	2.91

Commercial bank of Ethiopia strongly believes employees of the bank are the most valuable asset to move the bank forward to achieve its goal. The management of the bank believes that improving service quality and maintaining customer satisfaction is precisely depends with having a qualified staff. The management advocates the perception that only having the ability to identify opportunities and managing risks is not enough unless backed by committed employees. In order to make sure that its employees are equipped with and ready for delivering good customer service, the bank trains them with required skills and competencies and at the same time employees are motivated to understand in a better way what their customers need from them. Currently, the bank has participated more than 33,365 employees in various skill upgrading trainings to meet its target (CBE 2017).

Commercial bank of Ethiopia is getting transformed from a functionally oriented Bank to a process-based institution striving for efficiency and effectiveness. This paradigm shift has radically changed the Bank in general and its human resources management in particular. According to the bank human resource management policy document, the CBE shall promote and fill vacant posts at all levels internally, as long as qualified staff exist without prejudice to the recruitment of fresh talents. In its internal promotions the CBE shall stick to the principles of promotion for performance and achievements; Select on the basis of merit and fitness to the post; and give priority to women and disabled whenever candidates score equal points (CBE, 2017).

As it is described in (Table 4.3.1), majority 220(69%) of the respondent agree that the bank promotion method is very clear, simple and fair to all employees whereas 100(31%) of them still complain that the bank do not have clear and simple promotion methods. In line to this, the respondents were also requested whether employee promotion are handled fairly or not, so that still majority 192(60%) of them are agreed that promotion is fairly handled but 124(39%) were not agreed on that. This shows that majority of them believe that the bank has very clear, simple and fair promotion methods for all employees. The bank HR procedure clearly shows the internal promotion criteria for the employees, job grade 13 and below positions, enlisted in the succession pool shall be calculated as follows 40% shall be allotted to continuous assessment

during internal training program; 30% for performance appraisal; and 30% for the result of the test designed for the post (CBE, 2017).

Regarding employees promotion practices in CBE, interview respondents were also requested “What are the criteria or basis for employee promotion in CBE?”, most of them replied that in order to make any promotions the bank will usually see educational qualifications; work experiences (seniority); performance evaluation; managerial recommendation; retirement age; exam; interview; and ability to work on the specific position.

Interview respondents were also requested whether the existing employee expected to take any exam before promotion or not, so that all of the respondents were replied that “YES”. And they have added that the exam will prepared and evaluate by human resource development, district or sometimes it will be held by the committee. In general, most of the time the exam is prepared by the HRD and by recruitment and selection department. Sometimes, the promotion might not be through exam or promotion but it can be held by higher process council or based on recommendations from the process owners or managers.

Among the respondents, majority of them 164(52%), either all the times or sometimes, agree employee’s contribution is adequately rewarded and promoted but still 140(44%) of them replied they do not agree on that. Similarly, 196(61%) of them still, either all the times or sometimes, think that employee promotion reflects the performance but still significant number 124(39%) of the respondent do not believe that promotion is based on employees performance. Here, the mean value is a bit lower than average number than from the total mean value which means, even though majority of them agree on the reward and promotion for those who contributed a lot and based on the their performance. So, we can say that the bank have to work on improving its implementation, rewarding and promotion methods shall reflect their performance.

In line to that, majority of the respondent 216(68%), either all the times or sometimes, thinks the organization’s employee promotion policy is overdue or outdated for a review whereas 92(29%) of the respondent do not agree on that. According to HR policy, the Bank reserves the right to change the provisions of this policy document with or without prior notice. In addition to that,

the bank procedure shows the human resource management procedure shall be revised every three years. However, if a need arises it shall be amended at any period of time but when this occurs the employees and organs of the Bank will also be communicated accordingly (CBE, 2017). Therefore, from the above response we can conclude the average number of the respondent believe promotion policy outdated so the bank shall revise the procedure as per procedure and communicate the revised one to the employee on time.

From the above (Table 4.3.1), respondents were also requested whether employee promotion decisions made are clear or not and 116(36%) of them agree and 68(21%) of the respondent do agree sometimes but majority 132(41%) of them do not agree on the employee promotion decisions. This indicate that still majority of them have raise doubt on the clarity of employee promotion decisions, but the mean value shows majority of them do agree sometimes.

In the bank human resource management policy, there is clear employee promotion policy so any internal promotions the bank shall stick to the principles of promotion for performance and achievements; Select on the basis of merit and fitness to the post; and give priority to women and disabled whenever candidates score equal points (CBE, 2017). However, from the the above response and an interview response majority of them still not happy on the transparency and clarity of employee promotion decisions.

Regarding the major factors for employee promotions, interview respondents were requested on “What are the factors affecting employee promotion practice in CBE?”, so that they replied that basically the bank will look work experience; environment; recommendation ; location; family ; willingness of the staff; ethics like integrity ; and informal ways (knowing each other). However, if one employee is promoted for the consecutive six month and have disciplinary cases then he/she will not be promoted to other posts. In addition, in order to get any promotion all employees must work at least for two years in a similar position.

The respondents were requested whether they are proud to work for the organization because I am rewarded for it, so that 116(36%) of them are happy and proud to be CBE staff and 80(25%) of them do agree sometimes /neutral to say anything on that/, but majority 120(38%) of them still



do not agree on that. Even though the mean value shows they are proud to work for the bank but among the respondents still not small number of them were not agreed or they are not proud to work in the commercial bank of the bank. So, the researcher can easily understand that by no means unsatisfied workers will provide the expected service for the employer or customers or the researcher can say that unsatisfied employee will unable to satisfy any customers.

From the respondents, 124 (39%) of them believe that employees accomplishing similar work in the bank will be promoted fairly and 76(24%) of them do agree sometimes but 112(35%) of them do not agree on that. This indicates there is still difference among employees in promotion or employees are not fairly treated though they work the same work. The interview respondents were also complain, they replied that employee selection and promotion criteria is not clear, even usually screening will be based on seniority, social affiliation, informal groups to whom they belongs with the same religion , political groups, ethnic and gender bases.

Majority of 224(70%) the respondents, either all the times or sometimes, have clear information how employee's performances are evaluated and how staff's would be promoted but 96(30%) of them do not have any information's about evaluation process. In line to this, 192(60%) of them agree that employees gets good feedback on the performance, either all the times or sometimes, whereas 128(40%) do not agree on that. This shows that most of the employees aware of employee performance measurement, promotion and feedback delivery methods. However, some of them and interview respondents were against that, their argument is employees are not measured and promoted based their performance, rather they will be measures on subjective manner and personal bases. In addition, evaluation method is not clear and transparent, even applicant do not have the right or chance to get the test result. Among the interview respondents, they were requested "What consideration or emphasis has been given for promotable staff during hiring?", so that they have replied that during promotion process, most of the time the bank will make employee screening based on their educational qualification, experience and recommendations then the bank will make examination for the lower grade position and interview will be followed for higher posts.

From the above (Table 4-2), majority of them 240(75%) believe that employees are clear about what they expected to achieve whereas 72(23%) of them do not agree on that. The mean value indicates majority of them clear about their job description, this shows that they have known their role in the bank and/or clear about on their duties and responsibilities.

With respect to the performance evaluation system and the promotion scheme, majority 220(69%) of them agree that the Bank encourage better performance, either all the times or sometimes, whereas not small number 100(31%) of them replied that they do not agree. The mean value shows majority of them do agree sometimes so this indicates performance evaluations systems needs more clarification for all employees and better performed worker should be rewarded according to bank procedure. However, some of the respondents complain that employees promotion and performance evaluation methods do not motivate employees to do more and exert their maximum effort for the success of the bank because, sometimes managers does not consider the effort and skills of hard rather they favor for those who have close relationships with them so this will discourage most of hard workers and effective employees.

With respect to the bank benefit package, the respondents were requested whether the existing benefit package and the promotion practices provided by the bank is comparable with other banks, so that 148(46%) of them were, either all the times or sometimes, agree but majority 172(54%) of them were not agreed on that. The mean value is also shows employees are not happy for the bank benefit package, this shows most of them expects the bank to improve benefit package and make competent with other similar industries.

Regarding overall employee background information, interview respondents were requested on “How does CBE handle employee records, skills and knowledge of employee’s for making employee promotion?”, so that they replied that the bank records personnel information both in hard copy and soft copy. Which means the bank handle all employee history by different way those are by manually (paper) and currently practiced new software which records employee profile in oracle. So that HRD can easily access full information of employee history from oracle. In addition, the bank will make successor training and look appreciation or recommendation letter from their immediate supervisors. In general there are no specified

systems, but the HRD evaluate performance of employees on the specified criteria by getting full information from their data, manager and Oracle.

Among the respondents, 152(48%) of them believe that employee's promotion practices get quick decisions, either all the times or sometimes, whereas still the same number 152(48%) of the respondents do not agree on that. The mean value of the respondents shows it is difficult to lay on either of the responses so we can conclude that HR shall improve decisions process.

Regarding the feedback, interview respondents were also asked on “Who and how feedback is provided to successful and unsuccessful internal candidates?”, then most of them agreed only for successful employees can receive feedback with written letter and call, or there is no feedback for unsuccessful employees. Usually the line manager or HR representative will communicate the feedback for successful candidates by checking all employee promotion process. In line to that among the interview respondents, they were asked “How does CBE communicate its employee the established standards in advance for promotion?”, so that they have replied that most of the time HRD will communicate employee’s promotion though written letter ; fax ; email, specially portal address(outlook) and telephone.

Regarding the grievance of employee on promotion, interview respondents were requested “How does CBE handle employee complain raised from the unsuccessful internal candidates?”, then they have replied that any unsuccessful internal candidate have the right or room for checking his/her exam result from HR. Employees complains in general handled with the HR department and sometimes it will be handle by the committees. However, when we come to reality when there is complain employee will not have the right to get full information or others dates.

Overall employee promotion practices in commercial bank of Ethiopia practices, in the above table the average level of agreement of the respondents, shows that an average number of the respondents proved existence of such experiences in the bank. However, still significant number of respondents complain that the bank does not have clear and simple promotion methods and standards; the bank still have to work on improving its implementation of every promotions and that shall reflect employees performance.

#### 4.4 Human Resource Management Policy and Procedure

**Table 0.4.1: Human Resource Management Policy and Procedure**

Where: **SD**: Strongly disagree **D**: Disagree **S**: Sometimes/Neutral **A**: Agree **SA**: Strongly Agree

Questions	Data	SD	D	NA ND	A	SA	Grand Total	Mean
1) Vacant posts are advertised utilizing all options whenever available.	N	32	44	44	156	32	308	3.36
	P	10%	14%	14%	49%	10%	96%	
2) All internal vacancy announcements are very clear and timely posted.	N	24	36	64	140	44	308	3.47
	P	8%	11%	20%	44%	14%	96%	
3) The selection, rating, and notification of applicants for an internal vacant position are very clear and transparent.	N	20	88	88	100	16	312	3.01
	P	6%	28%	28%	31%	5%	98%	
4) The existing policy provides for a sound staffing strategy	N	20	68	108	76	32	304	3.11
	P	6%	21%	34%	24%	10%	95%	
5) The existing policy provides for establishment of special programs that expose employees to a variety of job experiences	N	16	36	112	128	20	312	3.32
	P	5%	11%	35%	40%	6%	98%	
6) The existing policy aligns future staffing needs with appropriate organizational resources	N	44	36	104	92	36	312	3.13
	P	14%	11%	33%	29%	11%	98%	
7) The existing policy clearly defines employee's career paths	N	32	44	88	104	32	300	3.20
	P	10%	14%	28%	33%	10%	94%	
8) The existing policy enhances career advancement of employees to sustain productivity and minimize the effects of job poaching	N	40	56	112	80	20	308	2.95
	P	13%	18%	35%	25%	6%	96%	
9) The existing policy provides a mechanism for individuals to progress to management level within the organization	N	32	56	88	108	28	312	3.14
	P	10%	18%	28%	34%	9%	98%	
10) The existing policy provides a mechanism for predicting resignation and retirement of employees within the organization	N	24	40	100	124	24	312	3.27
	P	8%	13%	31%	39%	8%	98%	
11) The existing policy provides rules and criterion for identification of individual employees that have a potential to progress to management levels and beyond	N	32	56	108	88	24	308	3.05
	P	10%	18%	34%	28%	8%	96%	
12) The existing policy ensures alignment between career goals of individual employees and that of the organization	N	32	56	124	80	20	312	3.00
	P	10%	18%	39%	25%	6%	98%	
13) The existing policy provides a mechanism to rapid career progression- rising through two or more ranks	N	28	72	136	64	12	312	2.87
	P	9%	23%	43%	20%	4%	98%	
14) The existing policy links succession and rapid progression to employee's performance management system	N	32	56	112	84	28	312	3.07
	P	10%	18%	35%	26%	9%	98%	
15) The existing policy provides for establishment of special programs that expose employees to a variety of job experiences	N	24	60	92	104	24	304	3.14
	P	8%	19%	29%	33%	8%	95%	
Total No		432	804	1480	1528	392	4636	3.14

Source: Own Survey (2017)

The bank has embarked upon the Business Process Re-engineering endeavor in order to attain its vision of Becoming a World Class Commercial Bank that meets the expectations of all stakeholders. As a result, the CBE is getting transformed from a functionally oriented Bank to a process-based institution striving for efficiency and effectiveness. This paradigm shift has radically changed the Bank in general and its human resources management in particular. Thus the need for the CBE to realign its human resources management system with the current state of the Bank and revise the Human Resources Management (HRM) Policy arose (Ethiopia, 2017).

The major objectives of this procedure are to serve as a guide for the effective implementation of the bank's human resource development strategy; serve as a guideline to supervisors and employees in the day-to-day task of managing human resources management and development activities in a way that supports a positive work environment at Bank; and define the roles and responsibilities of the supervisors and employees of the Bank.

This procedure shall be governed by: labor law and other applicable legislation and regulations of the Federal Democratic Republic of Ethiopia; Directives of the National Bank of Ethiopia related to human resource management and development; The Bank's human resource policy; The Bank's corporate governance; and Internal control framework of the Bank.

According to bank HR procedure, when there is internal vacancy the announcement will be posted on the employee self-service or for the offline branches the District HR Business managers are required to make sure that the hard copy vacancy announcement is sent to the offline Branches. In addition, the Oracle employee self-service is the CBE's main internal vacancy announcement media. In this regard, the respondent were replied on the vacant posts are advertised utilizing all options whenever available, from the above table 232(73%) of them replied vacant posts will be advertised on suitable way, do agree all the times or sometimes, but the other 76(24%) of them do not agree on that. The mean value shows that majority of them do agree, either all the times or sometimes, so the bank shall work to improve vacancy announcement.

Regarding Communication of vacancy posts, interview respondents were requested on “How does CBE communicate vacant posts for all internal staff?”, then they replied that usually posts vacancy announcement through bank portal, outlook or portal , and by posting on the board.

Among interview respondents they are requested, “What are the policies and procedures of employee promotion in CBE?”, then they have replied that usually the bank follow according to bank policy and/or procedure and labor union procedure. In order to promote employees the bank will first make internal vacancy announcement and filters/screen employees that fulfill criteria as per explained in the vacancy. Lastly employees get examine whether written or interview and select the number of employee wants to be promoted. Nevertheless, CBE broke the policies and procedures to promote and simply take the letter for employees unknowingly for promotion as he promoted.

HR procedure shows the content of vacancy shall include position; job grade; organization; vacancy number; organization manager; job specification (specific requirements of the position with knowledge, skill, competencies, and preferred credentials and experience); job description (overall purpose of the job with responsibilities and duties); and submission instructions (CBE, 2017). In line to this, from (Table 4.4.1) the respondent were requested whether all internal vacancy announcements are very clear and timely posted or not so that majority 248 (78%) of them do believe either they do agree all the times or sometimes, but the other 60(19%) do not agree. Here, the average number of respondents indicates that majority of the respondents do agree bank vacancy announcements are very clear and timely.

The respondents were also requested on whether selection, rating, and notification process is clear and transparent applicants for applicants in an internal vacant position, 204(64%) of them either agree or do agree sometimes. But, 108(34%) of the respondent were not agreed on that. The mean value also indicates that majority of them do agree sometimes, so the bank till need to improve overall processes.

Regarding the HR policy, 216(68%) of the respondents, either all the time or do sometimes, believe that the existing policy provides for a sound staffing strategy whereas 88(27%) of them

do not agree the existing policy bring suitable staffing strategy. According to HR policy strategy (2017) the human resource policy shall be revised every three years but the mean value still shows that some of them do not agree which means they still questions on the existing policy and staffing strategy.

In addition, 260(81%) of them, either do agree or sometimes agree, the existing policy provides for establishment of special programs that expose employees to a variety of job experiences but few 52(16%) of the respondents were not agree on that. However, the mean value shows that majority of them believes in the existing policy is good enough to provide them.

The respondents were also requested whether the existing policies aligns future staffing needs with appropriate organizational resources or not, so that majority 232 (73%) of them agree or do agree sometimes, but the rest 80(25%) of them were not completely agreed on that. The mean value shows that majority of them believes in the existing policy is aligns with future staffing needs. According to the bank HR procedure (2017), internal recruitment will be employed before any consideration of external recruitment for all vacant positions, excluding Junior officer, Management Trainee and outsourced position; and positions with no demonstrable internal pipeline (specialized skills such as Attorney, IT Professionals, Engineers and Health Professionals) are advertised internally and externally simultaneously (CBE, 2017).

Similarly, the respondents were replied on the question whether the existing policy clearly defines employee's career paths or not, so that, 224 (71%) of them, either all or some of them do agree, that believe that the existing promotion policy clearly shows their career paths but the rest 76(24%) of them will not agree on that. Actually, the mean value shows an average number of the respondent agree the existing policy defines employee's careers paths. In fact, recently the CBE has developed and will implement focused and vision aligned career management system which will participate both the employee and /or Bank decisions to facilitate the development of employees (CBE, 2017).

In line to this, 212(66%) of them, agree or do agree sometimes, the existing policy enhances career advancement of employees to sustain productivity and minimize the effects of job

poaching, whereas 96(30%) of them do not agree on that. The mean value shows majority of them agree existing policy helps to enhance career advancement. The CBE has also developed job family based career management best practices and is under the process of designing career path for job roles found in the job families (CBE, 2017).

Majority of the respondent, 224(70%), were either all the times or sometimes do agree the existing policy provides a mechanism for individuals to progress to management level within the organization but the rest 88(28%) of them do not agree.

Among the respondents, 248(78%) of them believe, either all the time or they do believe sometimes, that the existing policy provides a mechanism for predicting resignation and retirement of employees within the organization whereas, the others 64(20%) of them do not believe on that. The procedure of the banks clearly describes on retirement forecasts and turnover rates in “at risk” roles, but still some of them do not agree on this point.

Regarding potential progress to management levels and beyond the respondents were requested whether the existing policy supports rules and criterion for identification of individual employees that have this quality, majority of them 220(69%) do agree either all the time or sometimes but the rest 88(28%) of them do not agree overall. The mean value of the respondents were lied they were agreed sometimes, so this can show us promotion of potential employees is still there but still needs some improvement.

Similarly, 224(70%) of them, either all the time or sometimes, do agree on the existing policy ensures alignment between career goals of individual employees and that of the organization but 88(28%) of them do not agree on that. Here also the mean value indicates majority of them do agree sometimes, though the majority of them believe on the alignment between career goal of individual with the bank, it has to work hard on awareness creation on the HR policy.

In addition, 212(66%) of the respondents, either all the times or sometimes, do agree on the existing policy provides a mechanism to rapid career progression- rising through two or more ranks, the rest 100(31%) of them do not believe on the existing policy may bring any rapid career



progression. The bank procedure clearly shows how the potential successor screening, identification and selection process shall be initiated by the career and succession planning management (CBE, 2017).

Also, majority 224(70%) of them, either all the times or sometimes, do agree the existing policy links succession and rapid progression to employee's performance management system but other 88(28%) do not agree on that. In both cases the mean value still shows the average number of respondents lays they do agree sometimes, this shows that the bank need to work on creation of awareness among staff's specially on what is policy says about career progressions, successions and performance management system.

Among the respondents majority 220(69%) of them agree, either all the time or sometimes, that the policy provides for establishment of special programs that expose employees to a variety of job experiences, whereas 84(26%) of them do not believe the policy will benefit for the establishment of any special programs.

In general, the mean value shows us the existing human resource management policy and procedure clearly defines about vacancies will be posted, how selection criteria taken, how performance management held's, and overall promotion methods, but not small numbers of the respondents still have question in clearance overall HRM policy and procedure. Therefore, in order to minimize this numbers every employee shall be communicates about their roles, duties and responsibilities in the bank; every internal vacancy announcement shall be clear and transparent for all staff's; selection, promotion and rewarding criteria and process should be communicated for all staff's.

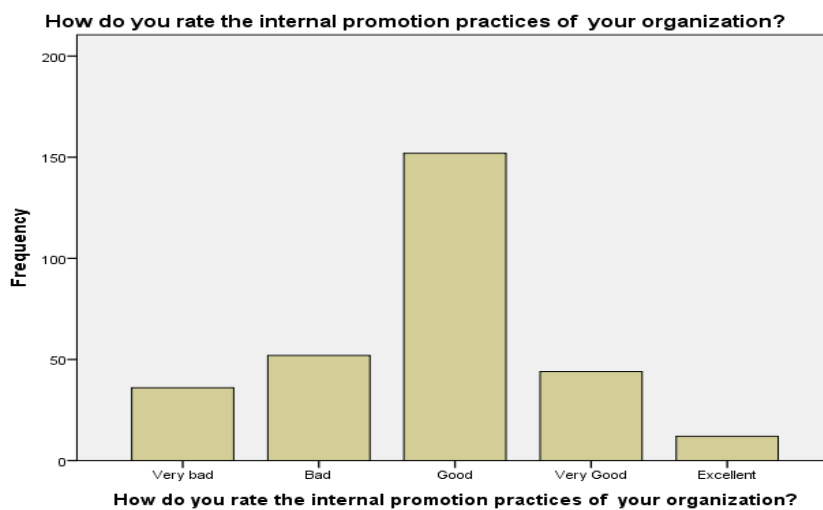
#### **4.5 Major challenges and possible solutions on employee promotion practices in CBE**

According to the Hudson report (2008) the critical human resource challenges are hiring right staff, retaining talent, cutting staff, staff development, salary inflation, external threats, etc. The other challenges are changing working conditions, re-skilling, and compensation coping with the

massive technology adoption program—change management from employees’ as well as customers’ perspectives.

Regarding the major challenges on employee promotion practices in commercial bank of Ethiopia, the respondents were requested to what extent they agree that there is proper internal promotion in your organization, as per the graph shows below 152(48%) of them believes the bank promotion practice is good and 56(18%) of them also exceptionally satisfied but 88(28%) of them still not happy on that.

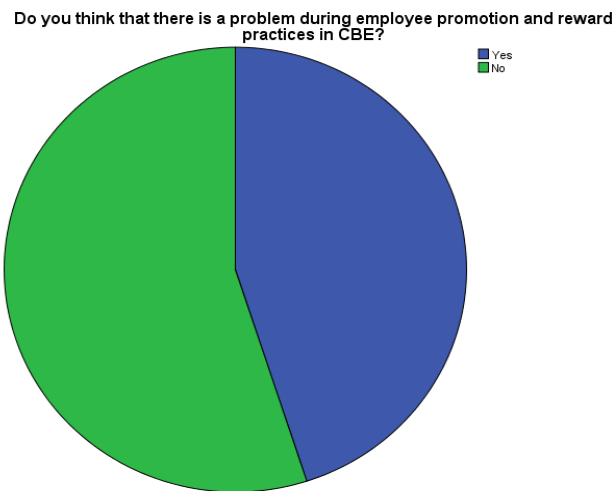
**Figure 0.5.1: Rate on the Internal Promotion Practices**



Data source: Own survey (2017)

The respondents were also requested, do you think there is a problem they have seen during employee promotion and reward practices in CBE,

**Figure 0.5.2: Problem Seen during Employee Promotion and/or Reward Practices in CBE**



Data source: Own survey (2017)

So that, among the total respondents 132(41%) of them listed the following major problems or challenges they have seen during employee promotion and/or reward practices in Commercial bank of Ethiopia:-

- The vacancy will not posted properly and timely, even it is not easily accessible for all employees.
- Employee selection and promotion criteria is not clear, even usually screening will be based on seniority, social affiliation, informal groups to whom they belongs with the same religion , political groups, ethnic and gender bases. Sometimes, the selection for any posts and promotions will be held manually by HR workers.
- There is no clear understanding among the categories and selection criteria for employees. In general, the selection is not knowledge and merit based rather number service years and recommendation.
- To compete for any positions the employee must have four years or more years of experience. In short work experience is mandatory for any promotion. In line to that,

some of the employees will not meet what the position is demanding due you to lack of rotational practices in different branches.

- Employee promotion is not clear, fair and timely. Employees are not measured their performance, rather they will be measures on subjective manner and personal bases. There is no clear and simple systems which enable to measure daily performances employees.
- Managers in the bank always follow the managerial style than leadership style. They will not a give a chance to sit on the table and discuss on every performance evaluations measurements. Sometimes, if employees get in problem with manager promotion will be unthinkable. In general, immediate supervisors will not follow bank performance policy and standards in order to make any promotions for their employees.
- The evaluation method after the applicant took the exam in not clear and transparent. Even the applicant does not have the right or chance to watch the test result.
- Employees promotion and performance evaluation methods do not motivate employees to do more and exert their maximum effort for the success of the bank because, sometimes managers does not consider the effort and skills of hard rather they favor for those who have close relationships with them so this will discourage most of hard workers and effective employees.
- Most of higher positions are closed only for those who have served the bank for the long time. This will kill those who highly performing employees and those who served bank for short period of time.
- Poor communication between employees and HRD department. In addition, delaying in any promotions, reward, and delegations.
- The exams are not relevant and reliable to the specified vacancy position.

- Promotion practices within the bank will not uniformly apply; some districts will give a written exam while others are not, so this will create confusion among employees.

With respect to the possible solution on the major challenges, they have suggested the following possible solution that might minimize employee promotion practice in CBE:-

- The bank shall design and set clear, transparent, specific, and performance based strategies or systems for employee selection and promotion practices then timely address while there is grievance / complain from employees. In addition, the bank has to create clear understanding among the employees about selection and promotion process.
- The vacancy should have to be timely posted and accessible for every employee's. Similarly, the process of performance measurement method and promotion practices should be strictly managed.
- All banking operations should have to be opened for practices for all employees.
- Every employee performance measurement method has to be in a scientific, competency and performance base. In short, the bank has to reassess key performance indicators.
- Human resource department should work promotion based on banks promotions policy or criteria and all officer should accountable if they fail to comply the bank HR guideline, procedure or policy. In addition, communication between employees, manager and HR should be held quickly.
- The bank should have the room or design strategies in order to identify the best performer and shall reward for their performance.
- Higher management should be rational and professional in banking sectors.
- All employees should be treated equally and fairly in front of supervisor and managers. All assessment shall be system based not only based on the supervisor or managers

willingness. Or, the role of the managers or immediate supervisors should be minimized in an employee promotion method.

- All exams content and relevance should be assessed and measured with specific vacancy position before they proceed the exam to employees.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

In the previous chapter, result and discussion of the study was made based on the data obtained from the respondents. Based on the findings of the assessment, conclusion and recommendations of the study have been made as follows.

#### **5.1 Summary of Major Findings**

##### **5.1.1. Employee promotion practices in commercial bank of Ethiopia**

Among the respondents majority (60-70)% of them agree that CBE vacancy announcement, selections process, recruitment and promotion / rewards method is very clear, simple and fair to all employees and they believe that it is based on their performance. In line to that, majority (65-75)% of them also agree that employees have clear information on how employee's performances are evaluated, what they expected to achieve, and how their promotion process would be held, and they also believe that the bank encourages or rewards for better performer. However, still significant number (30-40)% of respondents believe that employee promotion decisions are not clear, they believe that employee's contribution is not adequately rewarded and/or promoted. Similarly, about (30-40)% believe that employee promotion is not based on employee's performance , employees will not get good feedback on the performance, they argue that employees accomplishing similar work in the bank will not be promoted fairly. In addition, majority 68% of them still thinks the organization's employee promotion policy is overdue or outdated for a review; 48% of them do not believe that employee's promotion practices get quick decisions; and 63% of them are not happy and proud to be CBE staff because they do not believe that they are rewarded for their contribution. Regarding the bank benefit package, are 54% of them are not happy on the existing benefit package and the promotion practices provided by the bank.

### **5.1.2. Human Resource Management Policy and Procedure Review**

On the bank human resource policy and procedure, majority (70-80)% of the respondents replied that the bank vacancy announcement will be advertised on suitable way ; it is very clear and timely posted; and the selection, rating, and notification process is clear and transparent for applicants. Similarly, (70-80)% of them believe that the existing policy provides sound staffing strategy and most of them think that the existing policy provides establishment of special programs that expose employees to a variety of job experiences. In line to this, (65-75)% believe that the existing policies aligns with the bank future staffing needs with appropriate organizational resources; shows their career paths clearly ; and it will enhances their career advancement of employees to sustain productivity and minimize the effects of job poaching.

Among the respondents, majority (70-80) % of the respondent was also agreed the existing policy provides a mechanism for individuals to progress to management level within the organization, predicting resignation and retirement of employees within the organization. Regarding future potential progress in management levels, (70-80) % of them believe that the existing policy supports rules and criterion for identification of individual employees that have this quality and they also think that the existing policy ensures aligned between career goals of individual employees and that of the organization. In the end, among the respondents majority (65-70) % of them were agreed that the existing policy provides a mechanism to rapid career progression- rising (promotion or rewarding systems) through two or more ranks because they believe that the policy links succession, rapid progression to employee's performance management system and establishment of special programs that expose employees to a variety of job experiences.

### **5.1.3. Challenges of employee promotion practices in CBE**

Although, majority of 48% believes the bank promotion practice is good but 41% of them still not happy and they have seen major challenges during employee promotion and reward practices in Commercial bank of Ethiopia. They still complain that the bank vacancy announcement is not properly and timely posted. They argue that employee selection, recruitment and promotion criteria is not clear, even usually screening will be based on seniority, social affiliation, political



groups, ethnic and gender bases. Even, there is no clear understanding on the categories and selection criteria among employees. In general, the selection is not knowledge and merit based rather number service years (work experience is mandatory) and recommendation for any promotion.

On the performance evaluation practices in the bank, employees are not measured their performance, rather they will be measures on subjective manner and personal bases. There are no clear and simple methods or systems which enable to measure or identify daily performances of employees. Managers/Supervisors in the bank always follow the managerial style than leadership style. They will not a give a chance to sit on the table for discussion on every performance evaluations measurements. In general, managers/immediate supervisors will not follow the bank performance evaluation policy and standards while they are conducting any evaluation for their employees. In short, the bank evaluation method and overall promotion process is not clear and transparent after the applicant took the exam.

In general, performance evaluation and employees promotion methods do not motivate employees to do more and exert their maximum effort for the success of the bank because, managers does not consider the effort and skills of hard rather they favor for those who have close relationships with them. Most of higher positions are closed only for those who have served the bank for the long time.

The HRD departments have big problems in communication between employees and usually delay in any promotions, reward, and delegations. In general, promotion practices within the bank will not uniformly apply; some districts will give a written exam while others are not, so this will creates confusion among employees. Even, the exams are not relevant and reliable to the specified vacancy position

#### **5.1.4. Possible Solutions on the major challenges of employee promotion practices in CBE**

With respect to the possible solution on the major challenges, they have suggested the following possible solution that might minimize employee promotion practice in CBE; the bank shall

design and set clear, transparent, specific, and performance based strategies or systems for employee selection and promotion practices then timely address while there is grievance / complain from employees. In addition, the bank shall create clear understanding among the employees about selection and promotion process. The vacancy should have to be timely posted and accessible for every employee's. Similarly, the process of performance measurement method and promotion practices should be strictly managed. Every employee performance measurement method has to be in a scientific, competency and performance base. In short, the bank has to reassess key performance indicators.

Human resource department should work any performance evaluations or promotions methods based on the banks HR promotions policy or criteria and all officer should accountable if they fail to comply the bank HR guideline, procedure or policy. In addition, communication between employees, manager and HR should be held quickly.

## **5.2 Conclusions**

Under this section based on results and discussion of the assessment conclusions are drawn. The concluding remarks are organized and presented

### **5.2.1. Employee promotion practices in commercial bank of Ethiopia:**

In this study majority of the respondents proves there is a practice of employee promotions in the bank but still significant number of respondents complain that the bank do not have clear and simple promotion methods but it is sometimes. In fact, majority of them still believe that the bank has very clear, simple and fair promotion methods for all employees. Even though majority of them believes the reward and promotion for those who contributed a lot employees is based on their performance, the bank still have to work on improving its implementation, rewarding and promotion methods shall reflect their performance.

According to the respondent believe, promotion policy is outdated so the bank shall revise the procedure as per procedure and communicate the revised policy/procedure to the employees on time. This study shows still majority of them have raise doubt on the clarity of employee promotion decisions, but the average numbers of respondents do agree sometimes.

Even if, an average number respondents response shows that they are proud to work for the bank but still not small number of them were not happy to work or they are not proud to work in the commercial bank of the bank. So, we can easily understand that by no means unsatisfied workers will provide the expected service for the employer or customers or we can say that unsatisfied employee will unable to satisfy any customers.

The study indicates there is still difference among employees in promotion or employees are not fairly treated though they work the same work. The interview respondents were also complain, they replied that employee selection and promotion criteria is not clear, even usually screening will be based on seniority, social affiliation, informal groups to whom they belongs with the same religion , political groups, ethnic and gender bases.

The study also shows that most of the employees aware of employee performance measurement, promotion and feedback delivery methods. However, some of them and interview respondents were against that, their argument is employees are not measured and promoted based their performance, rather they will be measures on subjective manner and personal bases. In addition, evaluation method is not clear and transparent, even applicant do not have the right or chance to get the test result.

Among all the respondents, majority of them have known their role in the bank and/or clear about on their duties and responsibilities.

The study indicates majority of them believe that performance evaluations systems needs more clarification for all employees and better performed worker should be rewarded. However, some of the respondents complain that employees promotion and performance evaluation methods do not motivate employees to do more and exert their maximum effort for the success of the bank because, sometimes managers does not consider the effort and skills of hard rather they favor for those who have close relationships with them so this will discourage most of hard workers and effective employees.

With respect to the bank benefit package, majority of the respondents believe that employees are not happy for the bank benefit package, this shows most of them expects the bank shall improve benefit package and make competent with other similar industries.

Among the respondents, some of them believe that employee's promotion practices get quick decisions, whereas still the same numbers of the respondents do not agree on that.

### **5.2.2. Human Resource Management Policy and Procedure**

The study shows majority of the respondent were sometimes agree on the vacant posts are advertised utilizing all options or the vacant posts will be advertised on suitable way, but still large number of them are not happy on the vacancy announcement, so the bank shall work to improve vacancy announcement.

In the study, majority of the respondents sometimes do agree the bank vacancy announcements are very clear and timely, but the interview response still shows there are still big gaps.

Interview response and majority of the respondents do sometimes agree on the selection, rating, and notification process is clear and transparent applicants for applicants in an internal vacant position, so the bank till need to improve overall promotion processes.

Regarding the HR policy, majority of the respondents do sometimes believe that the existing policy provides for a sound staffing strategy but still large number of them do not agree the existing policy bring suitable staffing strategy.

The study also shows the existing policy sometimes provides for establishment of special programs that expose employees to a variety of job experiences.

In the study, majority of them believes in the existing policy is aligns with future staffing needs.

Majority of them do sometimes believe that the existing promotion policy clearly shows their career paths but not small number of them still not agrees on that.

The study shows majority of them do sometimes agree that the existing policy enhances career advancement of employees to sustain productivity and minimize the effects of job poaching.

Majority of the respondent were sometimes do agree the existing policy provides a mechanism for individuals to progress to management level within the organization but large number of them unhappy on that.

Among the respondents majority of them sometimes believe that the existing policy provides a mechanism for predicting resignation and retirement of employees within the organization.

Regarding potential progress to management levels majority of the respondents were lied they were agreed sometimes, so this can show us promotion of potential employees is still there but still needs some improvement.

In the study, majority of them do believe sometimes on the existing policy ensures alignment between career goals of individual employees and that of the organization, though the majority of them believe on the alignment between career goal of individual with the bank, it has to work hard on awareness creation on the HR policy.

Majority of respondents sometimes agree on the existing policy provides a mechanism to rapid career progression- rising through two or more ranks.

Majority of them sometimes do agree the existing policy links succession and rapid progression to employee's performance management system but the bank still need to work on creation of awareness among staff's especially on what is policy says about career progressions, successions and performance management system.

Among the respondents majority of them sometimes agree that the policy provides for establishment of special programs that expose employees to a variety of job experiences.

### **5.2.3. Major challenges and possible solutions on employee promotion practices in CBE**

The following major problems or challenges that have listed during employee promotion and reward practices in Commercial bank of Ethiopia:-

Internal vacancies will not be posted properly and timely, even it is not easily accessible for all employees. In addition, employee selection and promotion criteria is not clear, and screening will be based on seniority, social affiliation, informal groups to whom they belongs with the same religion , political groups, ethnic and gender bases. Even, there is no clear understanding among the categories and selection criteria for employees. In general, the selection is not knowledge and merit based rather number service years and recommendation.

To compete for any positions the employee must have four years or more years of experience. In short, work experience is mandatory for any promotion. In line to that, some of the employees will not meet what the position is demanding due you to lack of rotational practices in different branches. Some respondents complain that most of higher positions are closed only for those who have served the bank for the long time. This will kill those who highly performing employees and those who served bank for short period of time.

Employee promotion in general not clear, fair and timely. Employees are not measured their performance, rather they will be measures on subjective manner and personal bases. There are no clear and simple systems which enable to measure daily performances employees.

Managers in the bank always follow the managerial style than leadership style. They will not a give a chance to sit on the table and discuss on every performance evaluations measurements. Sometimes, if employees get in problem with manager promotion will be unthinkable. In general, immediate supervisors will not follow bank performance policy and standards in order to make any promotions for their employees.

The evaluation method after the applicant took the exam in not clear and transparent. Even the applicant does not have the right or chance to watch the test result. In addition, the exam is not relevant and reliable to the specified vacancy position. Employees promotion and performance evaluation methods do not motivate employees to do more and exert their maximum effort for the success of the bank because, sometimes managers does not consider the effort and skills of hard rather they favor for those who have close relationships with them so this will discourage most of hard workers and effective employees.

Promotion practices within the bank will not uniformly apply; some districts will give a written exam while others are not, so this will create confusion among employees. There is also poor communication between employees and HRD department. In addition, delaying in any promotions, reward, and delegations.

### **5.3 Recommendation**

Taking into consideration all the findings, the analysis and the conclusion drawn, the following points were made as recommendations:-

Although, the result shows employee promotion practices in commercial bank of Ethiopia is good the bank has to improve performance evaluation methods; employee's promotion practices shall get quick decisions; the bank shall study on the benefit package and make it competent or attractive enough with other similar industries.

The bank shall design or set clear, transparent, specific, and performance based strategies or systems for employee selection and promotion practices then timely address while there is grievance / complain from employees. In addition, the bank has to create clear understanding among the employees about selection and promotion process.

The top management, all line managers and supervisors at all levels should be committed to work hard toward the bank human resource development procedure and policies. They have to create smooth and open communication channels toward employee recruitment, performance evaluation, and selection and promotion methods.

The bank human resource development and human resource management policy shall be revised as per procedure and communicate the revised policy/procedure to the employees on time.

The bank shall develop performance based promotions policy and all employees subject to comply the bank human resource development guideline, procedure or policies. Every employee performance measurement method has to be in a scientific, competency and performance base. In addition, communication between employees, manager and HR should be held smoothly and quickly.

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## Annex I

**St. Mary's University  
School of Graduate Studies  
Faculty of Business**

Questionnaire for employees

Good morning/Good afternoon!

I, Lulit Desta, am final year MBA student in St. Mary University. Currently I am conducting a research on "Assessment Employees Promotion Practice in Commercial Bank of Ethiopia". You are kindly requested to provide information for this research. The information you provide will help me to understand the issues and come up with relevant information.

The questionnaire may take about half an hour to complete. The information provided will be treated as strictly confidential and at no instance will your name be mentioned in this research. This research is intended for an academic purpose only.

Consent given                      YES                            NO     

Result:                              1. Complete                                    2. Incomplete     

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### Part I. Respondent's Background Information

1. Sex : A) Male B) Female
2. Age: A) Below 29 years B) From 30 -35 C) 36- 40 D) 40 and above
3. Educational Background: A) Diploma B) 1st Degree C) Masters & Above
4. Working Experience (in years): A) 1-5 B) 5-10 C) More than 10
5. Position: A) Management Staff B) Professional C) Clerical

NB: Before you fill the questions, please make sure that you have understood the purpose of the questions and you are able to respond to them. Please, use number for part II , III and IV only.

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>I Strongly Disagree</u>	<u>I Disagree</u>	<u>Neither agree nor disagree</u>	<u>I Agree</u>	<u>I strongly agree</u>

Part II. Employee promotion practices in commercial bank of Ethiopia

		<u>Score</u>
<u>1.</u>	The bank promotion method is very clear, simple and fair to all employees.	
<u>2.</u>	Employee promotion and reward are handled fairly and make quick decisions.	
<u>3.</u>	Employee's contribution is adequately rewarded and promoted.	
<u>4.</u>	I feel that employee promotion reflect the performance.	
<u>5.</u>	I think the organization's employee promotion policy is overdue or outdated for a review.	
<u>6.</u>	It is clear that how decisions about employee promotion are made.	
<u>7.</u>	I like my job and I am proud to work for the organization.	
<u>8.</u>	Employees are promoted fairly in comparison with other staff's doing similar work in the bank.	
<u>9.</u>	I understand how employee performance has been evaluated and how promotion can progress.	

<u>10.</u>	Employee gets good feedback on the performance.	
<u>11.</u>	All employees are clear about what they expected to achieve.	
<u>12.</u>	The performance evaluation and promotion scheme encourages better performance.	
<u>13.</u>	The benefits package and promotion trends compares well with those in other banks.	
<u>14.</u>	I would like more choice about the benefits I receive	
<u>Average</u>		

## Part II. Human Resource Management Policy and Procedure

<u>HR employee promotion policies and procedures and their practices.</u>		<u>Score</u>
<u>1.</u>	<u>Vacant posts will be advertised whenever a vacant post occurs utilizing all options is exhausted.</u>	
<u>2.</u>	All internal vacancy announcements are very clear and timely posted.	
<u>3.</u>	The rating, selection, notification of applicants and prioritization of applicants are very clear and transparent.	
<u>4.</u>	The existing policy provides for a sound staffing strategy	
<u>5.</u>	The existing policy provides for establishment of special programs that expose employees to a variety of job experiences	
<u>6.</u>	The existing policy aligns future staffing needs with appropriate organizational resources	
<u>7.</u>	The existing policy clearly defines employee's career paths	
<u>8.</u>	The existing policy enhances career advancement of employees to sustain productivity and minimize the effects of job poaching	

<u>9.</u>	The existing policy provides a mechanism for individuals to progress to management level within the organization	
<u>10.</u>	The existing policy provides a mechanism for predicting resignation and retirement of employees within the organization	
<u>11.</u>	The existing policy provides rules and criterion for identification of individual employees that have a potential to progress to management levels and beyond	
<u>12.</u>	The existing policy ensures alignment between career goals of individual employees and that of the organization	
<u>13</u>	The existing policy provides a mechanism to rapid career progression- rising through two or more ranks	
<u>14</u>	The existing policy links succession and rapid progression to employee's performance management system	
<u>15.</u>	The existing policy provides for establishment of special programs that expose employees to a variety of job experiences	
<u>Average</u>		

Part III. Challenges of CBE on employee promotion practices

- 1) To what extent do you agree that there is proper internal promotion in your organization?  
A) Excellent B) Very Good C) Good D) Sometimes E) I don't know
- 2) Do you think that there is a problem during employee promotion and reward practices in CBE?  
If your answer is "NO", please go to question 4.  
A) Yes B) No
- 3) If your answer is "Yes", please, mention at least five major challenges that you have seen during employee promotion practices in CBE.

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- 4) What are the possible solutions you suggest in order to minimize discrepancies on the employee promotion practice in CBE?

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Thank you for filling out the questionnaire!

## Annex II

**St. Mary's University**  
**School of Graduate Studies**  
**Faculty of Business**

Interview questions for Managers/Experts

Good morning/Good afternoon!

I, Lulit Desta, am final year MBA student in St. Mary University. Currently I am conducting a research on “Assessment Employees Promotion Practice in Commercial Bank of Ethiopia”. You are kindly requested to provide information for this research. The information you provide will help me to understand the issues and come up with relevant information.

The questionnaire may take about half an hour to complete. The information provided will be treated as strictly confidential and at no instance will your name be mentioned in this research. This research is intended for an academic purpose only.

Consent given                      YES                            NO     

Result:                              1. Complete                            2. Incomplete     

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### Part I. Respondent's Background Information

1. Sex : A) Male B) Female
2. Age: A) Below 29 years B) From 30 -35 C) 36- 40 D) 40 and above
3. Educational Background: A) Diploma B) 1st Degree C) Masters & Above
4. Working Experience (in years): A) 1-5 B) 5-10 C) More than 10
5. Position: A) Management Staff B) Professional C) Clerical

## **Part I. Interview Questions on overall Employee Promotion Practices**

1. What are the policies and procedures of employee promotion in CBE?
2. What are the criteria or basis for employee promotion in CBE?
3. Does CBE use performance evaluation and recommendation as criteria for employee promotion?
4. How does performance evaluation and recommendation for employee promotion in CBE?
5. Does CBE have clear and relevant set of standard for performance evaluation? If yes, who set the standard? Is it subjected to change and why?
6. Is the existing employee expected to take any exam before promotion? If yes, who prepared and evaluate the exam?
7. Who and how feedback is provided to successful and unsuccessful internal candidates?
8. How does CBE handle employee complain raised from the unsuccessful internal candidates?
9. What consideration or emphasis has been given for promotable staff during hiring?
10. What are the factors affecting employee promotion practice in CBE?
11. What are the major problems encountered and suggested solutions in employee promotion practice in CBE?
12. How does CBE handle employee records, skills and knowledge for employee's promotion?
13. How does CBE communicate vacant posts for all internal staff?
14. Does CBE follow up and provide training and development after promotion for promoted staff? If yes, how?
15. How does CBE communicate its employee the established standards in advance for promotion?