



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF EMPLOYEES' PERFORMANCE
MANAGEMENT PRACTICE: THE CASE OF COMMERCIAL
BANK OF ETHIOPIA, ADDIS ABABA AREA**

BY

HABTAMU TADESSE

JUNE 2020

ADDIS ABABA, ETHIOPIA

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STATEMENT OF DECLARATION

I, the undersigned, declare that this thesis is my original work, presented under the guidance of Goitom Abraham (Asst. Professor). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher institution for the purpose of earning any degree.

Habtamu Tadesse

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St. Mary's University, Addis Ababa Ethiopia

June 2020

ENDORSEMENT

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

Advisor

Signature

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LIST OF ABBREVIATIONS

HRM	Human Resource Management
SPSS	Statistical Package for Social Science
CBE	Commercial Bank Of Ethiopia
PM	Performance Management
AA	Addis Ababa
NAAD	North Addis Ababa District
SAAD	South Addis Ababa District
WAAD	West Addis Ababa District
EAAD	East Addis Ababa District
KSA	Knowledge, Skill, Ability
KPIs	Key Performance Indicators
EPM	Employee Performance Management
EPMT	Employee Performance Management Team
PDP	Personal Development Plan
PNM	Performance Notification Memo

ABSTRACT

The main objective of this study is to investigate the performance management practice of Commercial Bank of Ethiopia, Addis Ababa area. To achieve the objective, descriptive survey research design has been deployed by using both quantitative and qualitative research approach (mixed method approach). Purposive sampling technique was used to select respondents from CBE employees who work at Addis Ababa area of North Addis Ababa District, South Addis Ababa District, West Addis Ababa District, East Addis Ababa District, and Head Office. Structured questionnaire was used to collect the data from a sample of 383 employees who are working in four districts in commercial Bank of Ethiopia Addis Ababa area. Descriptive statistics were employed for the data analysis process, whereby frequencies, percentage, and standard deviation were computed. The finding indicates that though some gaps are observed the performance management practice of the bank is good. The main gaps identified by this study include: while undertaking performance prerequisite the bank does not involve the employee on target setting, the bank lacks personal development plan, the bank didn't effectively apply employee feedback and coaching package. In addition, the bank is also dependent on one computerized performance management system, hence does not use 360 degree assessment, and peer to peer review. Finally, employees aren't rewarded according to their performance besides training and developments are expected to give based on employee performance however, training and development program provided randomly. Based on the findings and conclusions drawn from the study the researcher finally came up with recommendations that the bank should increase employee involvement during target development, the bank should arrange personal development plan for the employee, implement on going feedback and coaching packages, similarly the bank is expect to reward good performers in terms of financial and nonfinancial and include poor performers for feedback and coaching.

Key Words: Performance Management, performance prerequisite, personal development plan, feedback and coaching, reward.

CHAPTER ONE

INTRODUCTION

This chapter presents background of the study, statement of the problem, research questions, objectives of the study (general and specific), conceptual definition of terms, significance of the study, scope of the study, limitation of the study and organization of the study.

1.1. Background of the study

In the era of globalization and high competition, it is critical for an organization to succeed the reason for business existence and survive or compete effectively in the global economy. This can happen only through efficient utilization of available resources. Thus, one of the important resources who have the ability to translate the company's goal are the human resources. Effective and efficient human resource utilization enables an organization to maintain the reason for existence, survival and for organizational growth. Therefore, in order to grasp this potential resources and compete in the potential market, employers or organizations must be in the position to promote and practice employee performance management in the best way. Taking this in to account, one of the most input for effective and efficient human resource utilization is performance management (Aguinis, 2007).

Many authors define performance management in various ways. According to Armstrong (2006), Performance management defined as “*a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements*”. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It focuses people on doing the right things by clarifying their goals. It is owned and driven by line management.

The overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership (Stredwick, 2005). Specifically, performance management is about aligning individual objectives to organizational

objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be) (Armstrong, 2006). The aim is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Importantly, performance management is concerned with ensuring that the support and guidance people need to develop and improve are readily available (Armstrong, 2006).

Briscoe and Claus (2008) also concurred that performance management is the system through which organizations set work goals, determine performance standards, assign and evaluate employee's work, provide feedback to employees, determine training and development needs and distribute rewards to employees. It is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goals of the organization (Aguinis, 2009).

Armstrong (1994) notes that performance management is a strategic and integrated process that delivers sustained success to the organization by improving the performance of people who work in them and developing the capabilities of individual contributors and teams. In agreement with this, Laurie (2007) claim that performance management is essentially an integrated activity that permeates every facet of the operations of an organization. Rogers (1990) on his part saw performance management as a system for managing organizational performance.

Different authors and organizations adopt different types of performance management process but there is no one type of system or set objectives that is best suited for all organizations. The purpose of a given performance management should be determined by considering business needs, organizational culture and the systems integration with other HRM systems (Grote, 2002).

According to Dick Grote (2002) Performance Management is an ongoing process that comprises four phases: Performance Planning, Performance Execution, Performance Assessment, and Performance Review.

The research conducted on selected Tanzania private organizations by Janes (2018) revealed that private organizations practice performance management and have effective performance management system to evaluate/appraise the performance of their employees. Moreover, the findings reveal that there is a significant relationship between performance management and employee performance as well as between performance management and organizational performance.

Likewise, the research conducted on financial sectors in Gamo Gofa zone in Ethiopia (Hika, Feleke and Alemtsehay, 2017) found that the practices of performance evaluation in their organization were high. Also performance evaluation was conducted by top management whereas self-evaluation and subordinate evaluation was not commonly practiced in the study area. The study reported that checklist and goal settings are the commonly used methods of performance evaluation. Skills and quality were the most commonly used criteria of evaluation in the study area. Finally, the study shows rater bias, similarity error, and low evaluator motivation were the factors that affect performance management and evaluation in Gamo Gofa zone finance and economic development department.

Bearing in mind the concept and practice of performance management the researcher made the preliminary review (physical interview, empirical review and observation) on the employee performance management practice at Commercial Bank of Ethiopia and found out that CBE practice of performance management processes i.e. performance planning, performance assessment, performance execution and review have some sort of deviations. Also, the bank implement technology based employee performance management system since July 2017. Consequently, the researcher tried to see if any empirical reviews are available and found that earlier researches and findings are not adequate, they are outdated and more focused on performance management challenges and performance appraisal practices. Cognizant of this reality, the study investigate how Commercial Bank of Ethiopia performance management practice is carried out with more emphasis on Performance Planning, Execution, Assessment, and review and to finally give recommendations for future improvements.

1.2. Background of the organization

The history of commercial bank of Ethiopia (CBE) dates back to the establishment of state bank of Ethiopia in 1942. CBE Was legally established as Share Company in 1963 and currently it has 15 district and above 37,800 employees with in the country (The organization annual report). Commercial Bank of Ethiopia has a vision “To become a World-Class Commercial Bank by the year 2025” which is aligned to the government GTP III plan. Taking into account the vision and mission statement of the bank; employees are strongly working in service excellence and mobilizing the resource for supporting the national development of the nation. CBE has 15 districts in all over Ethiopia among the 15 Districts four of them are located in Addis Ababa; the four Addis Ababa area districts have the great share in supporting the nation by mobilizing the resource from the public i.e., North, South, East

and West Addis Ababa Districts.

To finance the GTP, banks' deposit is expected to grow. To this end, greater emphasis will be given to strengthening modern payment systems, developing regulations that meet international standards and support them to expand their capital to enable them continue supporting the development endeavor. It is planned to expand bank branches from 2,868 in 2014/15 to 5,736 by 2019/20. It is also planned to strengthen Microfinance institutions in intermediating financial assets. Microfinance institutions are also expected to expand their financial services through covering at least 50 percent of rural areas. In addition, the role of the Development Bank of Ethiopia in raising long-term finance through selling saving bonds will commence (**GTP II page, 110**). Having this in mind all commercial and other financial institution expected to expand their branches and deliver quality service throughout the country, this implies there will be snatching of skilled manpower between competitive banks by using different strategies.

Accordingly the bank has its values which can serve as a foundation to attain the stated vision and supporting the national development plan of the country by financing various kind of private and government projects. In doing so the bank has a strategy of improving service excellence.

1.3. Statement of the problem

Performance management plays a vital role within the organization to ensure that employees are working according to the organization's mission and objectives as well as helps to make sure that employees are rewarded based on their performance and their development needs are also properly addressed. Performance management sets expectations for employee performance and motivates employees to work hard in a way that is expected by the organization. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees. Employee performance could be expected, assessed and encouraged.

The performance management system that exists within the organization needs to improve organizational result, deploy a culture that will attract and develop employees, create a good relationship between leaders and employees, enhance meaningful work cooperation among employees, generate an opportunity for growth and development and to make clear on an understanding of work objectives. Effective performance management systems have a well-articulated

process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees. Especially in organizations that use performance management as a basis for pay and other HR decisions, it is important to ensure that all employees are treated in a fair and equitable manner (Pulakos, 2004).

Commercial Bank of Ethiopia is one of the renowned banks in Ethiopia and has a vision to become a world class commercial bank by the year 2025. This vision can be achieved through motivated and satisfied employees. In order to create this motivation and satisfaction the bank is expected to have effective employee performance management system. Because effective performance management is a means to create an industry peace if the implementation process is done appropriately.

However, some evidences show that the bank does not give adequate attention to performance management implementation. This could have adverse effect on the performance of the bank and hinder its effort to achieve the vision to become a world class commercial bank. The Commercial Bank of Ethiopia implement performance management system manually from November 2010 to July 2017. However, from July 2017 onwards the bank has been using technology based performance management system to eliminate subjectivity (CBE Employee Performance Management follow-up document, 2018).

According to a study conducted by Abdurezak and Tigist (2019) on Employee Performance Management System (EPMS), CBE is committed to best realizing of stakeholders' values through enhanced financial intermediation globally and supporting national development priorities by deploying highly motivated, skilled and disciplined employees. The development of the bank and expanding bank industry in the country leads to the needs to highly qualified and competent human resource in the industry. Therefore, CBE needs a well developed and implemented performance management system to be competitive in the international market, to enhance the performance of its employees and to provide highly motivated, skilled and disciplined employees to the industry. However, the study exposed that EPMS practice of the bank has limited awareness and trainings concerning the purpose, requirements and implications of PM (performance management) among employees; there is lack of trust and continuity of the system; as well as lack of regular feedback and coaching to improve performance, subjectivity of supervisor assessment.

The findings of the study conducted by Fanuel (2017) shows that there is a lack of alignment between employee benefit package and Performance Management System (PMS), the questionability of the capacity of the raters to rate and lack of software for automating the PMS are his major findings.

Both researchers came up with different findings; but they studies didn't look at the practice of employee performance management process (performance planning, performance execution, performance assessment and performance review), employee role on EPMS, the purpose of PM and challenges faced during PM implementation. Thus the current researcher is interested to investigate and fill this important gap, which was not addressed by other researchers by conducting an assessment of employee performance management system practice in Commercial Bank of Ethiopia.

1.4. Research questions

Generally, the basic research question is how the employee performance management system is implemented in commercial bank of Ethiopia?

Sub Questions:

- How is employee performance planning practiced in Commercial Bank of Ethiopia?
- How is performance execution performed within the bank?
- How is employee performance assessment carried out in the bank?
- How is performance review practiced in CBE?
- How is the performance renewal and reconstruction performed with in the bank?

1.5. Objectives of the study

1.5.1. Main objective of the study

The main objective of the study is to assess employee performance management practice in Commercial Bank of Ethiopia and to forward possible recommendations for future improvements.

1.5.2. Specific objectives of the study

The researcher addressed the following specific objectives;

- To investigate Commercial Bank of Ethiopia performance planning practice

- To investigate the performance execution process with in the bank
- To inspect the performance assessment practice of the bank
- To assess the performance review of the bank
- To identify how the bank operate the performance renewal and reconstruction process

1.6. Significance of the study

The study will benefit the Commercial Bank of Ethiopia in particular and all stakeholders in the banking sector in general. It is also anticipated that the findings of the study will pave way for the authorities of the organization to understand and address factors that affect the employee's performance management practice within the organization. The findings of the study will also be of great significance for the managers of the bank by helping them to establish good relationship with subordinates and also address issues affecting the employee's performance. Likewise, the research will also help employee's air out their grievances to the organization and managers. It will also serve as a background information and as a blueprint for future research works on similar topics.

1.7. Scope of the study

For the ease of administration, Commercial Bank of Ethiopia employees are organized under 15 (Fifteen) districts all over Ethiopia. Due to time and resource constraints, the current study only focuses on employees who are currently working in four districts (North Addis Ababa District, South Addis Ababa District, West Addis Ababa District and East Addis Ababa District), and Head office, which are located in Addis Ababa. In addition, it is practically impossible to study all aspects of employee performance management system; thus the researcher decided to focus investigating employee performance management practice, specifically performance prerequisite, performance planning, performance execution, performance assessment, performance review, performance renewal and reconstruction.

Moreover, the study used both managers and permanent clerical employees as participants and precluded the contractual clerical and non-clerical employees of the bank. Although, there are many factors or variables that can play a role for studying the practice of EPMS, in this study only a few critical variables were analyzed such as performance planning, performance execution, performance assessment, performance review and reconstruction.

In addition, the study is delimited with some methodologies. The study adopts non probability sampling procedure. Besides descriptive approach also used and primary and secondary data source also used in the study. In addition to that the researcher employed both quantitative and qualitative methods of data analysis is used.

Finally, the analysis and interpretation of the finding result was done from February to June, 2020 then end up at the end of June, 2020.

1.8. Limitation of the study

Due to COVID 19 pandemic distribution and collection of questionnaires to selected respondents was difficult. Likewise, conducting physical interview was also difficult. To overcome the challenge the researcher administer the questionnaire distribution and collection through emails. In addition, to complement data's collected from questionnaire ad strengthening the ideas the researcher interviewed participants by telephone and one to one physical interview.

1.9. Conceptual definition of terms

Performance: is the level of output or result accomplished against a given targets and the way it is accomplished.

Employee performance management system: a mechanism designed to align organizational objective with individual objective so that the individual will be tracked against to the target and goal accordingly.

Challenges: refers to limitations, that restrict the implementation of performance management system in the organization

1.10. Organization of the study

This thesis is organized in five chapters. The first chapter presents background of the study, problem statement, research questions, objectives of the study, conceptual definition of terms, significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two provides Conceptual definition and empirical literature review then end up with conceptual framework. Chapter three outlines the methodology, including research design, research approach, population of the study, sample size and sampling technique, sources of data, instrument of data

collection, data collection procedure, data analysis procedure, validity and reliability and ethical consideration of the study. Chapter four of the study deals with the results and discussions of the finding. The last chapter of this research covers the summary, conclusion, and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In this chapter, the researcher presents review of related literature by categorizing them in to three sub-sections, theoretical review, empirical review from previous related works and finally the conceptual framework is developed after thorough review of theoretical and empirical literature. Furthermore, lessons drawn from literature will be provided.

2.1. Theoretical Literature Review

2.1.1. Definition of Performance

Performance can be defined as the completion of a task with application of knowledge, skills and abilities (Wikipedia). According to Brumbrach (1988) “Performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right – the product of mental and physical effort applied to tasks and can be judged apart from results.”

This definition of performance leads to the conclusion that when managing performance both inputs (behavior) and outputs (results) need to be considered. It is not a question of simply considering the achievement of targets, as used to happen in ‘management by objectives’ schemes. Competency factors need to be included in the process. This is the so-called ‘mixed model’ of performance management, which covers the achievement of expected levels of competence as well as objective setting and review.

2.1.2. Definition of Performance Management

Fletcher (2001) defines performance management as “an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization”. Similarly, performance management is a management process for ensuring employees are focusing on their work efforts in ways that contribute to achieving the organization's mission. It consists of three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c)

measuring actual performance relative to performance expectations. Comprehensively, Armstrong (2004) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements. "Performance management is a process of designing and executing motivational strategies, interventions and drivers with an objective to transform the raw potential of human resource into performance. All human beings possess potential within themselves in a few or more functional areas. However, utilization and conversion of this potential into deliverable performances is often sub optimal due to a variety of reasons. Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource".

According to Pulakos (2004), when we say performance management it is an integrated process; first it is linking the organization objective with the teams and individual core competences as well as integration of different aspects of human resource management including, organizational development, human resource development, reward and recognition to ensure excellence in the management and development of people. Performance management is based on the agreement of objectives, knowledge, skill and capability (competence) requirements, performance improvement, and personal development plans. It involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and further development plans. Many factors will impact the effectiveness of an organization's performance management system, but three are most important. First, the system needs to be aligned with and support the organization's direction and critical success factors. Second, well-developed, efficiently administered tools and processes are needed to make the system user friendly and well received by organizational members. Third, and most important, is that both managers and employees must use the system in a manner that brings visible, value-added benefits in the areas of performance planning, performance development, feedback and achieving results.

Performance Management is the process of defining clear objectives and targets for individuals and teams, and the regular review of actual achievement and eventual rewarding for target achievement (O'Callaghan, 2005). Akata (2003) considers performance management as a systematic and holistic process of work planning, monitoring and measurement aimed at continuously improving the teams and individual employee's contribution to achievement of organizational goal. Furthermore (Rothwell,

2002) consider Performance management as a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals. Therefore performance management is a tool which enables to improve organizational performance by clearly aligning the general objectives and mission of the organizations with each individual/ team goals. In most cases performance management system and performance appraisal are interlinked with each other. However, performance management is the broader one which identifies measure, manage and develop performance of the human resource in an organization whereas performance appraisal is the sub set of performance management in which we use it for evaluating the competence of employee's (Robert and John, 2013).

Generally, we can define performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job functions of employee are expected to do; how the employee's job contributes to the goals of the organization; what doing the work well means in concrete terms; how employee and supervisor will work together to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them (Bacal, 1999).

In most cases performance management and performance appraisal are interlinked with each other. However, performance management is the broader one which identifies measure, manage and develop performance of the human resource in an organization whereas performance appraisal is the sub set of performance management in which we use it for evaluating the competence of employee's (Robert and John, 2013). Performance management is a process of improving the performance of an organization by helping individuals and team to develop their capacity to reach the intended destination (Armstrong, 2006).

2.1.3. Performance Management System

A performance management system, according to Rudman (2003), is increasingly seen as a means of integrating HRM activities with the business objectives of the organization, where management and HR activities are working together to influence individual and collective behavior to support the organization's strategy. Besides, he also stressed that the performance management system must fit with the organization's culture. Performance management system is a kind of completed and integrated cycle for performance management. The emphasis of performance management systems is

continuously improving organizational performance, and this is achieved through improved individual employee performance (Macky & Johnson, 2000). Similarly from the suggestion of Lawler (2003), the objectives often include motivating performance, helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies.

Performance management is primarily concerned with performance improvement in order to achieve organizational, team and individual effectiveness. Secondly, performance management is concerned with employee development. Performance improvement is not achievable unless there are effective processes of continuous development. This addresses the core capabilities of the organization and the specific capabilities of individuals and teams. Performance management should really be called performance and development management. Thirdly, performance management is concerned with satisfying the needs and expectations of all of an organization's stakeholder owners, management, employees, customers, suppliers and the general public. In particular, employees are treated as partners in the enterprise whose interests are respected, who have a voice on matters that concern them, and whose opinions are sought and listened to (Armstrong, 2006).

Performance management should be regarded as a flexible process, not as a 'system'. The use of the term 'system' implies a rigid, standardized and bureaucratic approach that is inconsistent with the concept of performance management as a flexible and evolutionary, albeit coherent, process that is applied by managers working with their teams in accordance with the circumstances in which they operate. As such, it involves managers and those whom they manage acting as partners, but within a framework that sets out how they can best work together.

2.1.4. Performance Management System Process

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there are also many decisions that need to be made to design a system ideally suited for a given organization's needs. One such decision is what purpose(s) the system will serve. For instance, performance management systems can support pay decisions, promotion decisions, employee development and reductions in force (Bacal, 1999). A performance management system that attempts to achieve too many objectives is likely to die of its own lack of focus and weight. There is no one type of system or set of objectives that is best suited for all organizations. The purposes for a given performance management system should be determined

by considering business needs, organizational culture and the system's integration with other human resource management systems (Grote, 2002).

One important caveat to consider is that while performance management for purposes of decision making and employee development are certainly related, these two objectives are rarely supported equally well by a single system. When a performance management system is used for decision making, the appraisal information is used as a basis for pay increases, promotions, transfers, assignments, reduction in force or other administrative HR actions. When a performance management system is used for development, the appraisal information is used to guide the training, job experiences, mentoring and other developmental activities that employees will engage in to develop their capabilities. Although it is theoretically possible to have a performance management system that serves both decision-making and development purposes well, this can be difficult to achieve in practice (Chingos, 2002).

2.1.4.1. Performance Management Stages

According to Aguinis (2007) performance management systems has six stages:

Stage 1: Pre-requisites

According to Smither & London (2009), before the implementation of Performance Management System there are two important prerequisites:-

Knowledge of the organization's mission and strategic goals: An organization's mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose for existing, where it wants to be in the future, the goals it wants to attain, and the strategies it will use to reach these goals. Once the goals for the organization have been established, similar goals flow downward, with departments setting objectives to support corporate objectives. The cascading of goals continues until each employee has a set of goals compatible with the overall organization. It is also known that employee commitment to goals is significantly important for goal accomplishment and that employees must believe that they are able to achieve their goals. It is therefore vital to ensure that employees participate in the goal setting process, accept their goals and are motivated to work towards those goals. It is also important for managers to communicate their willingness to assist employees in achieving their goals by providing guidance and resources, and removing obstacles to goal attainment (Pulakos, 2004).

Knowledge of the job: This is done through job analysis. Performance standards ought to be established for jobs through the use of job descriptions. Job descriptions help the manager and the employee identify the performance gap between what is expected for the job and what is being achieved by the employee (Chingos, 2002).

Stage 2: Performance Planning

At the start of the performance management cycle, it is important to go over with employees performance expectations, including both the behaviors employees are expected to display and the results they are expected to achieve during the coming rating phase. Behavioral and results expectations should be aligned to the organization's corporate objectives. In fact, if developed and implemented properly, performance management systems drive employees to engage in behaviors and achieve results that facilitate meeting organizational objectives (Smither & London, 2009). The effectiveness of the planning process becomes most effective when there is broad employee participation so employees take responsibility for their development (Chingos, 2002). According to (Aguinis, 2007), Performance Planning consists of results, behavior and, developmental plan.

Performance planning is a discussion between supervisor and employee with the agenda of coming to agreement on individual's key job responsibilities, developing a common understanding of the goal and objective that needs to be achieved, identifying the most important competencies and creating an appropriate individual development plan (Grote, 2002).

Results: refer to what needs to be done or the outcomes an employee must generate. Results needs to include key accountabilities, or areas of a job for which the employee is responsible for. A discussion of results also includes specific objectives that the employee will achieve as part of each accountability (Chingos, 2002). The results or goals to be achieved by employees should be tied with the organization's strategy and goals (Pulakos, 2004).

Behaviors: effective performance management systems provide behavioral standards that describe what is expected of employees in key competency areas (Pulakos, 2004). A consideration of behaviors includes discussing competencies, which are measurable clusters of knowledge, skills, and attitudes (KSAs) that are critical in determining how results will be achieved (Shippmann et al., 2000).

Development plan: usually include both results and behaviors. Such plans highlight an employee strengths and the areas in need of development, and they provide an action plan to improve in areas of weaknesses and further develop areas of strength (Nickson, 2007).

To show the difference between result and behavior, Grote (2002) identified that, results include actual job outputs, countable products, measurable outcomes and accomplishment, and objectives achieved. It deals with what the person achieved. However, behaviors include competencies, skills, expertise and proficiencies the individual's adherence to organizational values, and the person's style, manner and approach. Behaviors deal with how the person went about doing the job.

Components of Performance Planning

Performance planning is the process of setting goals in relation to the key accountabilities associated with the role. According to Kirkpatrick (2006), setting performance goals involves having a clear understanding of key accountabilities, setting goals in relation to these accountabilities, and deciding how we will measure the achievement of the goals. Generally, performance planning includes agreement on goals/objectives, performance standards, performance measures, key result areas, and agreement on personal development needs Armstrong (2009).

Goals/ objectives: according to Grote, 2002 goal setting is one of the key elements of performance planning. In addition, to identifying the key responsibilities of the individual's job and the competencies or behaviors that the organization expects everyone to display, another critical element is setting appropriate goals for the upcoming year.

Performance standards: are management approved expressions of the performance threshold(s), requirement(s), or expectation(s) that employees must meet to be appraised at particular levels of performance (United States Office of Personnel Management, January 2001). Standards of performance are different from objectives. Objectives should be set for an individual, rather than for a job. Therefore, a manager who has several employees who do the same job will have one set of standards for the job but may have different objectives for each person based on that person's experience , skills, and past performance

Performance measures: in identifying what the key responsibilities of a position are; the manager and the individual need to discuss how the person's performance will be measured and evaluated. There is a difference between output measures and outcome measures. An output is a result that can

be measured quantifiably, while an outcome is a visible effect that is the result of effort but cannot necessarily be measured in quantified terms. According to Grote (2002) there are four general measures of output: Quality, Cost, and Timeliness. Armstrong (2009) suggested that measures of outcome include: changes in behavior; completion of work/project; acquisition and effective use of additional knowledge and skills etc.

Key performance indicators: KPIs define the results or outcomes that are identified as being crucial to the achievement of high performance.

Stage 3: Performance Execution

Even though both the employees and managers are responsible for performance execution, the burden is on the employee to communicate openly and regularly with the supervisor. Also, the supervisor should observe and document performance, update the employee on any changes in organizational goals, and providing resources so the employee can succeed and continue to be motivated (Aguinis, 2007).

According to Smither & London (2009), the employee strives to produce the results and display the behaviors established earlier as well as to work on development needs. Supervisors have responsibility over the following issues:

- **Observation and documentation:** it is essential to keep abreast of examples of both good and poor performance
- **Updates** As the organization's goals may change, it is important to update primary objectives, standards, and key accountabilities and competency areas.
- **Feedback** on progression toward goals and coaching to improve performance should be given on an ongoing basis, and before the review cycle is done.
- **Resources** Supervisors should provide employees resources and opportunities to partake in development activities

- **Reinforcement** Supervisors must let employees know that their outstanding performance is observed by reinforcing effective behaviors and progress toward goals Performance problems should be identified early, and proper steps must be taken as soon as the problem is revealed.

Stage 4: Performance Assessment

In the assessment phase, both the employee and the manager are in charge of evaluating the extent to which the required behaviors have been displayed, and whether the required results have been achieved. Although many sources can be used to gather performance information (for example, peers or subordinates), most of the time the direct supervisor provides the information. Evaluation of the extent to which the goals stated in the development plan have been achieved is also included. It is important that both the employee and the manager take ownership of the assessment process (Smither & London, 2009).

Methods of performance assessment

Armstrong (2006) recommended seven ways of assessing performance:

Overall analysis of performance: it is a form of assessment, which possibly shows strengths and, weaknesses, which indicate where development can usefully take place.

Narrative Assessment: is a written summary about the level of performance achieved.

Rating: A rating scale is supposed to assist in making judgments and it enables those judgments to be categorized to inform performance or contribution pay decisions or simply to produce an instant summary for the record of how well or not so well someone is doing. Rating scales can be defined alphabetically (a, b, c etc.) or numerically (1, 2, 3 etc.). Sometimes the alphabetical or numerical scale points may be described adjectivally, for example a = excellent, b = good, c = satisfactory and d = unsatisfactory.

Forced distribution: means that managers have to conform to a laid-down distribution of ratings between different levels.

Forced ranking: it is a development of forced distribution. Rankings can be generated directly from the assignment of employees to categories (e.g. A, B and C) or indirectly through the transformation of performance ratings into groups of employees.

Quota systems: lay down what the distribution of ratings should be and adjust the ratings of managers after the event to ensure that the quota in each level is met.

Visual methods of assessment: alternative approach to rating is to use a visual method of assessment. This takes the form of an agreement between the manager and the individual on where the latter should be placed on a matrix or grid.

2.1.4.2. Self-assessment and 360 degree feedback

Self-assessment is a process in which individuals review their own performance, using a structured approach, as the basis for discussions with their managers in review meetings (Armstrong, 2006). Self-appraisals can reduce an employee's defensiveness during an appraisal meeting and increase the employee's satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system (Shore, Adams, & Tashchian, 1998). 360-degree feedback is a relatively new feature of performance management, although interest is growing about it. 360-degree feedback has been defined by Ward (1995) as: "The systematic collection and feedback of performance data on an individual or group derived from a number of stakeholders on their performance." The data is usually fed back in the form of ratings against various performance dimensions. 360-degree feedback is also referred to as multi-source assessment or multi-rater feedback. Performance data in a 360-degree feedback process can be generated for individuals from the person to whom they report, their direct reports, their peers (who could be team members and/or colleagues in other parts of the organization) and their external and internal customers. The range of feedback could be extended to include other stakeholders – external customers, clients or suppliers (this is sometimes known as 540-degree feedback). A self-assessment process may also be incorporated using for comparison purposes the same criteria as the other generators of feedback. Feedback can be initiated entirely by peers (in a team setting) or by both peers and team leaders. It can also take the form of 180-degree or upward feedback where this is given by subordinates to their managers. Feedback may be presented direct to individuals, or to their managers, or both. Expert counselling and coaching for individuals as a result of the feedback may be provided by a member of the HR department or by an outside consultant.

360-feedback is a tool that has become popular in helping employees, particularly those in supervisory positions roles improve performance by gathering information from different groups. According to Armstrong (2009), 360 feedback benefits employees to increase self-awareness, enhanced

understanding of behaviors needed to increase individual and organizational performance, the creation of development activities that are more specific to the employee, increased involvement of employees at all levels in the hierarchy, and increased devolution of self –development and learning to employees.

2.1.4.3. Criteria for assessing performance

The criteria for assessing performance should be balanced between:

- Achievements in relation to objectives;
- The level of knowledge and skills possessed and applied (competences);
- Behavior in the job as it affects performance (competencies);
- The degree to which behavior upholds the core values of the organization and;
- Day-to-day effectiveness.

The criteria should not be limited to a few quantified objectives, as has often been the case in traditional appraisal schemes. In many cases the most important consideration will be the job holders' day-to-day effectiveness in meeting the continuing performance standards associated with their key tasks. It may not be possible to agree meaningfully new quantified targets for some jobs every year. Equal attention needs to be given to the behavior that has produced the results as to the results themselves.

The commonly encountered problems during performance assessment include:

As identified by Decenzo & Robbins (2005), Ivancevich & Gluedck (1989) and Rao (2004), the following common problems encountered during performance assessment:

Recency vs. Primacy Error: recency refers to the proximity or closeness to appraisal period. Primacy is the opposite of Recency. It refers to a situation where an employee's initial impression influences his/her rater's appraisal decision irrespective of whether the employee has been able to keep up the initial impression or not.

Leniency error: some raters have a tendency to be liberal in their rating by assigning higher rates consistently. Equally damaging one is assigning consistently low rates. Some evaluate high (positive leniency) and others, low (negative leniency).

Halo error: the tendency for an evaluator to let the assessment of an individual on one trait influence his or her evaluation of that person on other traits. A person may be good in one trait but is generally rated as overall good. Halo effect takes place when traits are not clearly defined and are unfamiliar.

Similarity error: occurs when evaluator rates others in the same way that the evaluator perceives him or herself.

Central tendency errors: the reluctance to use the extremes of a rating scale and to adequately distinguish among employees being rated. They follow play safe policy because of answerability to management or lack of knowledge about the job and/or the employee rated or the appraisers' lack of interest in their job.

Inflationary pressures: pressures for equality and fear of retribution for low ratings leads to less differentiation among rated employees.

Inappropriate substitutes for performance: effort, enthusiasm, appearance, etc. are less relevant for some jobs than others.

Attribution Theory: evaluations are affected based on whether someone's performance is due to internal factors they can control and external factors which they cannot. If poor performance is attributed to internal control, the judgment is harsher than when it is attributed to external control.

Stage 5: Performance review

This stage involves the meeting between the employee and the manager to review their assessments. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance which leads to performance improvement and in the end employee satisfaction with the system. The appraisal discussion focus on what has been done and how, what reward is received or denied as a result, and the goals to be attained before the upcoming review session.

In order for the feedback process to be effective, there should be a two way communication process and it must be shared responsibility of both managers and employees. According to Decenzo & Robbins (2005) "Effective feedback should be timely, constructive, specific and balanced, and should include both positive and development information based on what the employee did or did not do. It is critical that feedback be based on behaviors rather than on personal characteristics and that these behaviors are linked to effective versus ineffective performance."

Main problems that arise in conducting performance reviews are (Armstrong, 2006):

- Identifying performance measures and criteria for evaluating performance;
- Collecting factual evidence about performance;
- The existence of bias on the part of managers;
- Resolving conflict between reviewers and the people they review;
- Defensive behavior exhibited by individuals in response to criticism.

Grossman and Parkinson (2002) forwarded recommendations for conducting effective performance reviews:

- Recognize what the employee has done well and poorly by referring specific positive and negative behaviors.
- Request feedback from your employee about these behaviors
- Explain the implications of changing, or not changing, the behaviors
- Explain to the employee how skills used in past achievements can help him or her overcome any current performance problems.
- Agree on an action plan.
- Set up a meeting to follow up and agree on the behaviors, actions, and attitudes to be evaluated.

Stage 6: Performance renewal and reconstructing

Essentially, this is identical to the performance planning component. The main difference is that the renewal and reconstructing stage uses the insights and information gained from the other phases (Smither & London, 2009).

2.1.5. Prospect and challenges of performance management system

2.1.5.1. Prospects/Benefits of Performance Management

In reality, performance management is everyone's responsibility and everyone benefits. The specific benefits of performance management are numerous for employees, management, and the organization. The purposes for a given performance management system should be determined by considering

business needs, organizational culture and the system's integration with other human resource management systems (Pulakos,2004). Generally, Performance management systems can serve the following important purposes as Cleveland & Murgby (1989) summarized below;

Strategic - it links the organization's goals with individual goals by supporting behaviors consistent with the achievement of organizational goals.

Administrative - it is a source of useful information for making decisions about employees, including salary adjustments, promotions employee retention or termination, recognition of superior performance, identification of poor performers, layoffs and merit increases.

Communication/information - it allows employees to be informed about how well they are doing and to receive information on specific areas that may need improvement.

Developmental - it includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.

Organizational Maintenance - it yields information about skills, abilities promotional potential and assignment histories of current employees to be used in workforce planning as well as assessing future training needs and evaluating performance achievements at the organizational level.

Documentation - it yields data that can be used to assess the predictive accuracy of newly proposed selection instruments.

2.1.5.2. Challenges of Performance Management System

Common challenges of effective performance management practices include (Armstrong, 2009):

- Lack of training of the individuals and managers,
- Lack of a formal change management process,
- Lack of addressing the change in the culture of the organization,
- Subjectivity level too high during evaluations,
- Performance reviews used as a stick to get back at employees,

- Lack of addressing the fears of employees and clarification of the whole process and advantages to the employees,
- Lack of conformity regarding Performance Management in the various departments,
- Lack of management commitment.

2.2. Empirical Review

2.2.1. Studies conducted in other countries

In this section empirical evidence related to the performance management system is presented. However, there are scarcity of such evidences as only a few studies were undertaken, of which most of them were not on the banking industry, especially government banking sector.

The research conducted in Nigerian multi choice company by Tommy, Umoh, Inegbedion, and John (2015) found out that most employees were unaware of the prevailing model of performance management system in the organization. Also the employees feel that the company's performance management system has failed to give a proper assessment of their contribution to the organization. In general, workers are not satisfied with the staff performance review system of Multi choice limited.

A study conducted by Morris and Jane (2017) on Commercial Banks in Kitui Town, Kitui County, Kenya revealed that performance management system enhances employee performance by providing a reliable performance measure, increasing staff competency and hence realization of set targets. And the researchers concluded that enacting performance management system enhances employee performance through setting individual objectives that are derived from overall organizational goals and identifying skills gap which are addressed through trainings thus increasing staff competence levels. The same study also recommended that banks management should foster their employee's awareness of the role of performance management system, reward good performers, address training gaps identified, conduct appraisals in a professional manner and give accurate feedback concerning staff's performance after performance appraisal process.

2.2.2. Studies conducted in Ethiopia

According to a study on Abay Bank S.C. (Solomon (2016), the bank uses Performance Management as a tool to measure employees' job performance twice a year on January and July. The findings of this same study also reveals that bank does not follow formal appraisal process and the performance standards of the bank addresses issues such as quantity, quality, timelines, cost effectiveness and strategic relevance. But it fails to address stability or consistency or the extent to which individuals tend to maintain certain level of performance over time. Similarly the bank faces huge problems on its performance appraisal practice, most of them are rater's error like recency, halo/horns, situational influence etc. and the remaining is the problem of the system. The HR department of the bank takes the ultimate responsibility for appraisal and supervisors take the lion's share by filling appraisal forms for most of the employees. The appraisal result in Abay Bank is used only for making promotion, bonus payment and annual increment decisions. Performance review discussion does not take place in the case of this company unless an employee comes up with grievances. Generally the outcome of the research confirmed that the performance appraisal practice of Abay Bank S.C. has problems and weaknesses that need to be improved.

In addition, Frehiwot (2017) conducted a study on Commercial Bank of Ethiopia and the findings of that particular research indicates that some targets were unattainable, and data tracking system was manual and no usage of formats, lack of proper documentation of PMS files, inadequate feedback provision, inconvenient office layout to provide feedback privately for employees, absence of guideline to manage employee's movement from one job to another job during the rating period etc.

Based on the findings, the researcher recommended that the bank need to set attainable targets, automate its data tracking system, allocate adequate manpower, develop clear guideline to manage the movement of employees to another job at the end of the rating period, etc.

Based on the above theoretical and empirical reviews the researcher of the current study has got a clear insight about the concept and overview of employee performance management system. The researcher has reviewed a number of performance management literature and almost all the literatures agree that performance management is concerned with identification of organizational visions, missions and objectives, bringing managers and employees on the same direction towards the achievement of organizational strategic objectives/alignment, creating shared understanding, provision of coaching and periodic performance review, finalize performance evaluation, attaching results with reward

system depending on the nature of result and creating a felt fair atmosphere in the mind of all employees.

Therefore the researcher is interested to see the overall employee performance management practices in the Commercial Bank of Ethiopia.

2.3. Conceptual framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009).

Different theoretical and empirical evidences witnessed that performance management is not a onetime action rather it's a nonstop continues process which aims to achieve organizational objectives and individual objective strategically and make appropriate amendment by maintaining smooth and transparent feedback system. But practices show that companies failed to maintain the alignments between organizational and individual objectives rather focusing only on organizational achievement. On the other hand, employee performance management system is a nonstop loop which contain performance planning, execution, review, feedback and maintenance all those activities require the collaboration of employee and employer. But organizations perform the reverse and as a result they do not get the deserved market share or rise their market value due to employee dissatisfaction.

Moreover in contrary to the theoretical view the empirical reviews show that the involvement of employee on performance management is very low. As a result, the purpose of performance management system became worthless or a source of conflict (disagreement).

Finally, based on the above and other detailed related literature reviews the researcher adopted relevant conceptual framework that helps to understand how employee performance management system works in a precise manner. The framework also serves the researcher as a road map to address research questions as well as in developing questionnaires.

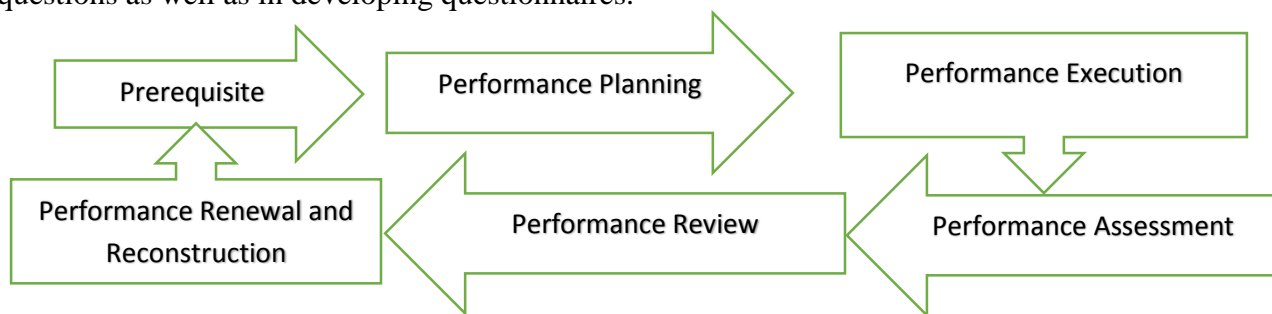


Figure 2. 1. Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter outlines research design and approach, study population, sample size, and sampling techniques, source of data, data collection tools and data analysis method used in the study.

3.1. Research Design

Research design is a blueprint for fulfilling research objectives and answering research questions. It is the general plan of how the research questions would be answered and it is the conceptual structure with which research is conducted (Saunders et al., 2007).

Therefore descriptive type of research design was employed to gather different data related to the problem. This type of research helps to portray accurately the characteristics of a particular individual, situation or a group. The descriptive survey research design is appropriate choice, because the study is aimed at assessing the implementation of the employee performance management system of the bank.

3.2. Research Approach

This study applied both qualitative and quantitative approach (mixed method approach). The core argument for a mixed methods approach is that the combination of both forms of data provides a better understanding of a research problem than either quantitative or qualitative data by itself. Mixed methods designs are procedures for collecting, analyzing, and mixing both quantitative and qualitative data in a single study or in a multiphase series of studies (Creswell, 2012).

Accordingly by adopting the quantitative research approach the researcher able to collect numerical data from the group of people, and generalize those results to a larger group of people. Similarly, the study incorporated the qualitative approach in order to understand how people interpret and make sense of their experience for a given research question.

When qualitative and quantitative methods set aside their difference and come together, the result can be powerful. Often using them together is the perfect means of solving more robust research objectives. And the main benefit is the ability to gain more insights and confidence on the research findings.

Hence, by applying the mixed method the researcher has tried to ensure the reliability of the findings towards being more objective and generalizable to the entire population.

3.3. Population, Sample Size, and Sampling Technique

3.3.1. Population of the study

The term population refers to the entire group of individuals, objects or events having common observable characteristics in which the research is interested in studying. According to Doku (2011), population of a study constitutes all individual items or organization whose contribution is primarily providing relevant information to the research.

According to Frankel and Wallen (2000) a population refers to the group to which the results of the research are intended to apply. They stated that a population is usually the individuals who possess certain characteristics or a set of features a study seeks to examine and analyze. Population can be defined as the total group of people or entities from which research information will intend to be obtained.

Therefore, based on the CBE database (December, 2019), CBE has 37,847 employees who are working in 1456 branches which are managed by 15 districts all over Ethiopia. So, the target population for the study consisted of 16,273 employees, who work at Head Office and Four Addis Ababa area districts (North Addis Ababa District, South Addis Ababa District, West Addis Ababa District and East Addis Ababa District).

3.3.2. Sample Size Determination

The researcher has tried to calculate the sample size after determining the target population. In addition to population, purpose of the research, population size, the level of precision or sampling error, the level of confidence or risk level and the degree of variability or the distribution of attributes in the population determine the appropriateness of the sample size (Miaoulis & Michener, 1976).

The sample size for this study was determined by using Yamane (1967) sample size determination formula. Yamane is a famous Japanese statistician who has had great contribution in developing sampling methods and Yamane's sample size calculation is one of his achievements. The sample size determination applied when the population is finite and the population size is known. Recognized that if the target population is large sampling method with an error of 5% in which the true value of the

population estimated and confidence coefficient of 95% in which 95 out of 100 sample will have the true population value within the range of precision. Thus, the sample size determination was determined as follows.

$$\frac{N}{1+N(e)^2} = \frac{16273}{1+16273(.05)^2} = \frac{16273}{1+16273(.05)^2} = \frac{16273}{1+16273*.0025} = 390$$

n=390

Where;

- n is the sample size,
- N is the target population size, and
- e is 5% the level of precision.
- 95% confidence level

Table 3. 1. Proportion of Sample Allocation

Description	District	Total target population/district	Total target population/bank	Sample population
Head office and District staff	NAAD	3279	16273	77
	EAAD	3161		76
	WAAD	3029		73
	SAAD	3069		74
	HO	3765		90
Total				390

Source: Sample size calculated based on CBE’s HR database as of December 31, 2019

According to Kothari (1990), proportional allocation under which the sizes of the samples from the different districts are kept proportional to the sizes of the district. That is, if Pi represents the proportion of population included in stratum i, and n represents the total sample size, the number of elements selected from stratum i is n X Pi. Therefore, the total sample for the study was 390 employee.

3.3.3. Sampling Technique

Sampling is the process of selecting a sufficient number of elements from the target population so that by studying the sample, and understanding the properties or the characteristics of the subjects, the researcher is able to generalize the properties or characteristics to the population elements. Hence the researcher used purposive sampling technique (non probability sampling technique). The criteria was all clerical employee of the bank have direct involvement on performance management practice.

In addition, the researcher felt that Addis Ababa area districts and Head offices can fairly represent the rest of districts in all nature like banking service rendered, nature of customer, high level of budget and profit accumulation etc.

3.4. Source of Data

Both primary and secondary data were used in this study. The primary data were collected through questionnaires and interview from the employees and the management respectively while the secondary data were collected from different secondary sources to supplement and support the primary data. Secondary data is a data collected by someone other than the user. A clear benefit of using secondary data is that much of the background work needed has already been carried out or analyzed (Funsho, 2012). Because the data already exist, you can evaluate them prior before using it.

3.5. Data Collection Instrument

The primary data were collected by using questionnaires that was developed based on the research questions. The major advantages of questionnaires are that they can be administered to groups of people simultaneously, and they are less costly and less time-consuming than other measuring instruments. The structured questionnaire comprised both close and open-ended questions and interviews were the methods of gathering the relevant data in the study. The design of close ended question comprised of 5-point Likert scale ranging from (1=strongly disagree to (5=strongly agree) questions and open-ended questionnaires were also included.

In order to answer some of the research questions and to complement the primary data, secondary data sources were used to collect and analyze the information. These include different published and unpublished materials such as different files, company manuals, reference books, company reports, annual reports, National Bank report, etc. In addition, journal articles and other published literature were used to fill the knowledge gap and understand the concepts, definitions, theories and empirical

results through reviewing various relevant journals articles from internet accesses used as a secondary data sources.

3.6. Data Collection Procedure

Since the study utilized questionnaires as one of the tool of data collection, questionnaires were adopted from reviewing different literatures and previous works related to performance management practices and edited accordingly. The questionnaires were developed in order to understand the performance management practice of CBE. These questionnaires were distributed to 390 sampled employees who are working at head office and four Addis Ababa city districts. The questionnaires were distributed and collected by email and face to face. Eventually the researcher was able to collect 383 filled questionnaires from the total of 390 sample employees.

In addition, the data acquired through semi structured interview and open-ended questions have been analyzed using content analysis contextually or qualitatively. Meaning by summarized on the basis of their similarities and finally the results of the analysis has been combined to substantiate the outcome of the study.

3.7. Data Analysis Method

Mainly descriptive statistics is used to describe the behavior of a sample data. It is used to present quantitative analysis of the given set of data. Descriptive statistics is used to break huge amount of data into simplest form. Descriptive statistics can be measured by measures of central tendency or variability. Measures of central tendency indicates to one number that summarizes the entire set of data/measurements which are a central to the complete set (Sohil, 2019).

Once the raw data was on hand, quantitative and qualitative methods of data analysis were used. Particularly with the quantitative data collected via the questionnaire, a descriptive statistical analysis method and SPSS version 20 was used to tabulate the data and present it in tables. Particularly, frequencies, percentages, mean and standard deviation were generated from the data.

3.8. Validity and Reliability

The validity and reliability of the data were checked carefully. Validity and reliability of scores on instruments, additional standards for making knowledge claims, lead to meaningful interpretations of data.

3.8.1. Validity

Validity refers to the extent to which the measurement instrument actually measures what it intended to measure. It is used to suggest determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers an account (Creswell, 2014). In order to ensure the quality of this research design content validity of the research instrument was carried. The content validity also verified by the advisor of this research, who looks into the appropriateness of questions and the scales of measurement. Peer discussion with other researchers was also conducted as another way of checking the appropriateness of questions.

3.8.2. Reliability

Reliability has to do with the accuracy and precision of a measurement procedure. Cronbach alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of the instrument. To this effect, copies of the questionnaires were distributed to twenty five respondents as a pilot test who didn't participate in the main research. This is done to find out whether the developed instrument measures what it is meant to measure and also to check the clarity, length, structure and wording of the questions. This test helped the researcher to get valuable comments and to modify some questions.

According to statistical interpretation, the closer the reading of Cronbach's Alpha to digit 1, the higher the reliability is. In internal consistency, over 0.80 are good, those in the 0.70 range are acceptable, reliabilities, less than 0.60 are considered to be poor. Hence in this research Cronbach's Alpha utilized and calculated to test the accuracy or dependability or, as we usually call it, reliability of the research instrument (Lee Cronbach, 1951). In this research each statement rated on a 5 point Likert response scale. Based on this, reliability test was made with a sample of 25 employee who are working at Arat Kilo Branch. The test was made with the sample of 25 employee as respondent and the Cronbach's Alpha coefficient for the questioners was found as prerequisite 0.932, performance planning 0.933, performance execution 0.931, performance assessment 0.931 performance review 0.930, performance renewal and reconstruction 0.930 and over all variable's 0.933 which are reliable.

Table 3. 2. Reliability Statistics

Variables	Cronbach's Alpha	N of Items
Performance prerequisite	0.935	6
Performance planning	0.935	11
Performance execution	0.933	6
Performance assessment	0.933	9
Performance review	0.932	5
Performance renewal and reconstruction	0.932	2
Over all variables	0.933	39

3.9. Ethical considerations

With regard to ethical issues, the researcher was governed and strictly bound by the research code of ethics. Hence, respondent's privacy be maintained, their personal values also be kept confidential. Respondents were not also asked to write their names, their telephone numbers and their specific address so that their private secrets never been disclosed.

The research was also obeyed by the law not to take someone's work without appropriate citation and all the data's collected with the consent of the organization as well as only for academic consumption not to harm the organization goodwill.

CHAPTER FOUR RESULTS AND DISCUSSIONS

The main objective of the study was to investigate the practice of employee performance management in the Commercial Bank Ethiopia, Addis Ababa area.

This chapter presents the findings, interpretations of the results and discussions. A descriptive analysis of the data obtained through data collection instruments. The data were analyzed descriptively in terms of measures of central tendency and measures of variability. A measure of central tendency includes the mean and median. A measure of variability includes standard deviation. Descriptive analysis of data is necessary as it helps to determine the normality of the distribution.

Therefore, this chapter would present a discussion of the final results and the process through which the results were obtained. In order to grasp the reliable information the researcher used statistical methods of analysis, which included a descriptive analysis such as means and standard deviation.

The statistical analysis was made through statistical package for social science (SPSS version of 20.0) to analyze the performance management process practices (prerequisite, performance planning, performance execution, performance assessment, performance review, performance renewal and reconstructing). In addition, tables were also presented to understand the analysis easily.

4.1. Summary of response rate

A total of 390 questionnaires were distributed to the sampled respondents since March 2020 – June 2020 for CBE employee. The questioners were distributed to CBE employee who work under head office and four districts which located in Addis Ababa and Addis Ababa surrounding namely (East Addis Ababa District, West Addis Ababa District, South Addis Ababa District, and North Addis Ababa District).

The researcher able to collect 383 questioners from all head office and employees work under the domain of districts at the beginning of June 2020 by investing the maximum effort. Accordingly, the total response rate was 98%. As a result, the analysis of this research is based on the number of questionnaires collected. In addition to the survey questionnaire, the researcher reviews some available bank documents regarding banking industry. Moreover, personal interview was conducted

for some of the employee who work at professional and supervisory level especially Manager Employee Performance Management.

Finally, here under the research findings related to the results of performance management process practices (prerequisite, performance planning, performance execution, performance assessment, performance review, performance renewal and reconstruction) the case of CBE are presented and scrutinized based on detailed elements of the measurements.

4.2. Demographic Information of the Respondents

The Table 4.1 below shows the demographic profiles of CBE employee who participated in the study.

Table 4. 1. Demographic characteristics of respondents

Variables	Category	Frequency	Percentage
Gender	Male	259	67.6
	Female	124	32.4
	Total	383	100
Marital Status	Single	213	55.6
	Married	165	43.1
	Divorced	4	1.0
	Widowed	1	0.3
	Total	383	100
Age	Under 30	246	64.2
	31 – 40	114	29.8
	41 – 50	22	5.7
	51 and Above	1	0.3
	Total	383	100
Educational Level	TVET	7	1.8
	Diploma	12	3.1
	BA/B.Sc.	247	64.5
	MBA/MSc.	117	30.5
	Total	383	100

Working Experience	1 – 5 Years	188	49.1
	6 – 10 Years	121	31.6
	11 – 15 Years	59	15.4
	16 – 20 Years	14	3.7
	20 and Above	1	0.3
	Total	383	

Source: Primary Data, Collected by the Researcher (2020)

The result of the survey revealed that 259 (67.6%) of the respondents are male whereas 124 (32.4%) are female respondents. This shows that the banking industry predominantly engages male employees. United Nations Department of Economic & Social Affairs (2020) report indicate that the total number of women in Ethiopia is slightly greater than the male population which is 56,547,035/112,575,537 (50.2%); unfortunately female employees of CBE constitute less than one-third of the total employees included in the study. This calls for deliberate efforts to encourage participation of female employees in the bank workforce.

As regards the marital status of the respondents, 213 (55.6%) of respondents are single, whereas 165 respondents (43.1%) of respondents are married. 4 respondents (1%) are divorced, while 1 respondent (0.3%) is widowed.

With regard to age of respondents, the majority of the respondents (64.2%) are under the age of 30 years while close to 30% are in the age range of 31 – 40 years. Close to 6% of the respondents are in the age range of 41- 45 years, while only 1 respondent (0.3%) was over 50 years. This clearly depicts that the majority of the respondent workforce of CBE are young and within the productive age range. Therefore, the bank can tap and utilize the energy and enthusiasm and translate it to result by employing effective performance management practices within the bank. Otherwise, there could be a risk of losing such workforce if they are dissatisfied with the existing performance (human) management practices as such young groups tend to be mobile and keen to explore new opportunities.

With regard to educational level, 7 (1.8%) of respondents are TVET certificate holders; 12 (3.1%) of respondents are Diploma holders; 247 (64.5%) of respondents are BA Degree holders and 117 (30.5%) of respondents are MA or MSc degree holders. Thus the results show that the vast majority of the surveyed bank employees (95%) are BA/BSc and MBA/MSc holders. This implies that the banking

industry is running by fairly well educated persons which offers a fertile ground for efficiency, growth and development in the Bank. But this again needs effective human resource management to translate the available potential into concrete results.

In terms of work experience of the respondents in the bank, 188 respondents (49.1%) have 1 – 5 years of work experience, 121 respondents (31.6%) have 6 – 10 years of work experience, 59 (15.4%) have 11-15 years of work experience, 14 (3.7%) have 16 – 20 years of work experience, while 1 (0.3%) respondent have more than 20 years of work experience. From this result one can easily note that most of the respondents (close to half) have few years' work experience (1 - 5 years), which shows that they are junior level employees. A small proportion of the respondents (4%) have over 15 years' of experience. This indicates that the banking industry, at least in the context of CBE, is predominately run by young and inexperienced employees. This could also possibly show the high turnover rate of employees. In recent years, one can clearly notice the increasing flow of experienced manpower from CBE to private banks. This calls for the need to put in place effective human resource management so as to retain experienced workforce in the CBE.

4.3. Analysis of data collection for the studies

This section presents the results of the descriptive statistics related to employee performance management system practices of CBE.

The responses for the variables indicated below were measured on five-point Likert scale with: 1=strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree.

The researcher extracted arithmetic mean and standard deviation of the sample described. So that Mean score < 3.39 was considered as low, the mean score from 3.40 - 3.79 was considered as moderate and mean score > 3.8 was considered as high as illustrated by comparison bases of mean of score of five-point Likert scale instrument (Zaidaton & Bagheri, 2009).

4.3.1. The current Prerequisite practice of CBE

First step of performance management process is to examine prerequisites and performance planning. Prerequisites include knowledge of the vision and mission statement of an organization and knowledge of the job followed by job analysis and job description (London et al, 2008). Thus, the study incorporated 6 research question to understand the banks practice with regard to prerequisite practice.

Table 4. 2. Summary of responses on prerequisite practice

S.No.	The current prerequisite practice	N	Min.	Max.	Mean	Std. Dev.	Mean Score
1	I am aware of the corporate, functional and team goals of the bank also I have knowledge about the organization mission and strategic goals	383	1	5	3.96	.994	High
2	I have involvement on organizational goal setting so I'm aware of what expected of the bank from me	383	1	5	3.57	1.180	Moderate
3	The supervisors of CBE are fully aware about the strategies of CBE so they can manage the job under their supervision	383	1	5	3.41	1.112	Moderate
4	I have the knowledge about my job so I can serve as an input when they need any information	383	1	5	4.05	1.013	High
5	I know how my individual objectives support the overall organizations strategic goals and objectives	383	1	5	4.03	.988	High
6	Performance objectives of my department are aligned with the bank's goals	383	1	5	3.47	1.068	Moderate
Grand Mean					22.49		
Marginal Mean					3.74		

Source: Researcher's Survey Result (2020)

As the result in table 4.2 shows, the participants response for the statement ‘Are you aware of the corporate, functional and team goals of the bank also do you have knowledge about the organization mission’s and strategic goals’ the response rate shows their agreement with a mean score of 3.96, and $SD=.994$). The result shows that around 81.5% of respondents are aware of the corporate, functional and team goals of the bank were as 8.6% respondents disagree and the remaining 9.9% respondents are neutral.

Likewise, in their response participants also tended to agree with the statement related to ‘the degree of their involvement on organizational goal setting and banks expectation from them’ with a mean score of 3.57 and SD of 1.180. This shows that respondents have some involvement in organizational goal setting and company expectation.

On the other hand, the participants who saw the supervisors of CBE are fully aware about the strategies of CBE. So, they can manage the job under their supervision effectively response is higher than the lower mean ($M=3.41$, $SD=1.112$).

Participants were also asked their knowledge about their job and their capacity to serve as an input when the company needs any information. They agreed with the statement ($M=4.05$, $SD=1.013$) with the response rate of 84.1% agreement. Which shows a positive implication for the company because it minimizes cost of external consultation in addition it reduces operational and administrative costs. It can also improve efficiency and effectiveness of workforce of the bank.

The participants also agreed with the statement ‘I know how my individual objectives support the overall organizations strategic goals and objectives’ with higher response rate ($M=4.03$, $SD=.988$). In general, more than 77.8% of respondents are aware of the organization’s strategic goals and objectives.

Finally, participants response to the statement ‘departmental performance objectives alignment with organizational goals’ was also positive response ($M=3.47$, 1.068). This implies that departmental goals were carefully set up so as to contribute to the overall goals of the organization. This also pin points to the employee his potential role and contribution in meeting these goals.

Kaplan and Norton (2001) underscore the fact that we need to educate all of our people to understand what they can do when they come to work every day to influence the company.

In this regard, the result of the current study indicates that more than 75% of employees are aware of organizational goals as well as departmental expectations. Thus we can say that the banks prerequisite practice (Marginal Mean of 3.74) is commendable though it requires some additional investments, especially on supervisors' improvement with regard to how to manage jobs under their supervision. Moreover, the bank also needs to make concerted efforts to ensure overall organizational and department goal alignment.

4.3.2. The current performance planning practice

The next step is performance planning that include setting performance standard and accepted behaviors. London et al (2004) argue that pre-requisites and pre-planning is very important in terms of mutually agreed participative goal setting. If this process is participative or two way then the performance is always improved rather than assigning goals to subordinates without any participation. Even though the aim is to improve performance that can only be achieve by setting goals. Besides improving performance an organization can communicate expectation, through attainment of goals and improved quality an organization can boost confidence of their personnel and job satisfaction (Locke and Latham 1984). As related to this the study incorporated 11 research question to understand the banks practice regarding performance planning.

Table 4. 3. Summary of responses on performance planning

S.No	<i>The performance planning</i>	N	Min.	Max	Mean	Std. Dev.	Mean Score
1	The objectives of employee performance management are clearly described for me	383	1	5	3.21	1.231	Low
2	In the bank goal setting, performance formulation and competency development carried out jointly with the integration of the employee and immediate supervisor	382	1	5	3.08	1.223	Low
3	With regard to employee performance management the bank	383	1	5	3.32	1.132	Low

	(CBE) knows my expectation from the bank						
4	All the time I am accountable for what I have done	383	1	5	4.13	.916	High
5	I know the expected behavioral standards (KSA) expected from me	383	1	5	3.93	.994	High
6	The bank participate employees while conducting action plan for deviations created against the plan (adjustment/weakness)	383	1	5	3.10	1.074	Low
7	Are the bank's Key Performance Indicator convincing	383	1	5	3.23	1.105	Low
8	I clearly discuss with my supervisor on my personal development plan	383	1	5	3.11	1.199	Low
9	Do you think you have the necessary skills and competencies to achieve the given objective by the bank	383	1	5	3.86	.928	High
10	Do you have the clear insight about the level of performance you are expected to attain	383	1	5	3.70	.977	Moderate
11	I believe my supervisory have the required KSA on performance formulation	383	1	5	3.45	.953	Moderate
Grand Mean					38.12		
Marginal Mean					3.46		

Source: Researcher's Survey Result (2020)

The result in table 4.3 shows that participants response for does the objectives of employee performance management clearly described for you then the response was low (M=3.21, SD=1.231). From the result we can say majority of the respondents don't have clear insight on employee performance objectives. Meaning major objectives of employee performance is translating

organizational objective thus it's difficult for the employee to achieve organizational objectives unless they have clear insight about how they perform.

On the other hand, the participants response for does the bank goal setting, performance formulation and competency development carried out jointly with the integration of the employee and immediate supervisor in the bank is weak ($M=3.08$, $SD=1.223$). Developing and planning performance refers to the step where the goals and targets of individual employees are set by the involvement of both managers or supervisors and individual employees, and is also as motivational process which gives the feeling of being involved and sense of ownership for employees (Schneier et al., 1987). Hence the practice of CBE requires improvement.

In addition, the respondents asked about does the bank (CBE) know your expectation from the bank have a response of ($M=3.32$, $SD=1.132$) which is low.

Likewise, respondents asked all the time I am accountable for what I have done in the bank have a strong level of agreement ($M=4.13$, $SD=.916$). In other words, more than 79.6% of respondents are accountable for were they assigned.

When participants were asked 'do you know the expected behavioral standards (KSA) from you' they responded in agreement of ($M=3.93$, $SD=.994$). This implies that more than 73% of the respondents are aware of their behavioral standard (KSA) expectations which is a positive indication because at least it can minimize the cost of training and development, time, also improve organizational efficiency.

Similarly, the participants were asked 'Does the bank participate employees while developing action plan for deviations created against the plan (adjustment/weakness)' the result overcome with relatively poor practice ($M=3.10$, $SD=1.074$). The result implies that the bank requires improvement on employee involvement on action plan preparation so as to come up with relevant and achievable plan that is owned by the employees.

The participant response for the statement 'Are the banks Key Performance Indicator convincing' was low ($M=3.23$, $SD=1.105$). According to Gosselin (2005), the performance indicators can be defined as the physical values which are used to measure, compare and manage the overall organizational performance. The performance indicators can be quality, time, cost, etc. thus the employee act accordingly to attain the expectations. But from the CBE side employee aren't aware of or convinced

on performance indicators. This suggests the need for further efforts to identify more convincing and relevant KPIs.

The participants were also asked 'I clearly discuss with my supervisor on my personal development plan' and provided relatively low score ($M=3.11$, $SD=1.199$). Personal development give the employee a chance to plan both results and behaviors and if deviations encountered it provides a chance to design an action plan. This might help the company to translate its goals through personal development plan. Thus, the result suggests that this area needs further attention from the bank.

The participant's response for the statement 'Do you think you have the necessary skills and competencies to achieve the given objective by the bank'. They responded with high score ($M=3.86$, $SD=.928$) and a positive response rate aggregated around 70.7%.

Similarly, when participants were asked 'Do you have clear insight about the level of performance you are expected to attain', they responded in agreement ($M=3.70$, $SD=.977$). This implies that employees are aware of what is expected of them and strive to achieve it.

Finally, the respondent's response for the statement 'I believe my supervisory have the required KSA on performance formulation' was also positive showing mild agreement ($M=3.45$, $SD=.953$). This might smoothen relationship between employee and supervisors; but requires further effort to come up with a KPI that strongly satisfies the employee.

According to Armstrong (2006), performance planning deals with agreeing objectives and competency requirements as expressed in role profiles; identifying the required behaviors; producing plans expressed in performance agreements for meeting objectives and improving performance; preparing personal development plans to enhance knowledge, skills and competence and reinforce the desired behaviors.

In this regard, the results are showing the banks performance planning practice looks good with marginal mean of 3.46. But it needs some improvement especially among those employees who scored below 3.39 mean.

4.3.3. The current performance execution practice

According to Aguinis (2013), once the performance management cycle begins, employees strive to produce the results and display the behaviors agreed on earlier as well as to work on development needs. At the performance execution stage the following factors must be present: Commitment to goal

achievement, on-going performance feedback and coaching, communication with supervisor, collecting and sharing performance data and preparing for performance reviews. Employees must be committed to the goals that were set. One way to enhance commitment is to allow the employee to be an active participant in the process of setting the goals. Thus, the current study incorporated 11 research questions to understand the banks practice with regard to performance execution process.

Table 4. 4. Summary of responses on performance execution

S. No.	The performance execution	N	Min.	Max.	Mean	Std. Dev.	Mean Score
1	Necessary resources are available to achieve my give objectives	383	1	5	3.14	1.143	Low
2	While the bank changes the organizational goal I have the updated information	382	1	5	3.32	1.184	Low
3	Whenever I face challenges to deliver my target we discuss with my supervisor	383	1	5	3.27	1.177	Low
4	My supervisor provide me updated and constructive information on my performance progress and regularly discuss on my area of improvement	383	1	5	3.10	1.200	Low
5	My supervisor have the capacity to monitor my performance against the plan, providing and taking feedback and coaching if necessary	383	1	5	3.20	1.060	Low
6	My supervisor documented all my performance details.	383	1	5	3.13	1.117	Low
Grand Mean					19.16		
Marginal Mean					3.19		

Source: Researcher's Survey Result (2020)

The above table 4.4 result shows that participants response to the question ‘Does the necessary resources available to achieve your objectives’ have a low response of (M=3.14, SD=1.143). Even if the responsibility of performance execution is both the employee and supervisor task, the supervisors are expected to avail resources for employee under their supervision. To the reverse the practice of CBE has a gap which requires further improvement.

In addition the participants were asked ‘while the bank changes the organizational goal do you have the updated information in the bank’ and gave a lower response (M=3.32, SD=1.184). Also this is important task to ensure that employees have an up to date information both about the organization goal as well as about the dynamic business world. But the employee claimed they didn’t get updated information while the bank changes/updated organizational goals.

The participants response to the statement ‘whenever I face challenges to deliver my target we discuss with my supervisor’ was also low (M=3.27, SD=1.177). This level of agreement shows the need for further attention to this issue. In fact all the challenges might not be solved, but through listening to and discussing with the employees, their concerns and problems could be at least partly addressed.

^{k2}
The response for ‘my supervisor provides me up to date and constructive information on my performance progress and regularly discuss on my area of improvement’ also received light agreement (M=3.10, SD=1.200). This obviously suggests the need to improve this aspect of the employee performance management practice.

The participants response for ‘my supervisor has the capacity to monitor my performance against the plan, providing and taking feedback and coaching if necessary in CBE’ was similarly reflecting light agreement (M=3.20, SD=1.060). This is again an area that needs addition attention from the bank and supervisors.

Finally, the participant responded to ‘my supervisor documented all my performance details’ was lower response of (M=3.13, SD=1.117). Documentation provides evidence that a history of employee’s improvement or failure to improve performance over time. It is helpful for both the employee and employer but the practice of the bank tap out there is a poor practice of performance documentation.

Smither and London (2006) stated that while the employee has primary responsibilities for performance execution, the supervisor also needs to do his or her share of the work. While the

employee is working to achieve the agreed performance, the manager retains a key enabling role which includes organizing the resources, providing off-job training, dealing with unforeseen barriers, sharing ‘inside’ information, on-going coaching and constructive feedback. Also they stated that supervisors have primary responsibility over the following issues: Observation and documentation, to update objectives, standards, key accountabilities and competency areas, feedback on progression toward goals and coaching to improve performance, provide employees with resources and opportunities, reinforcement (supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress toward goals).

Therefore, the above results indicates that the bank follow and implement the performance execution process but it requires improvement in all aspect.

4.3.4. The current performance assessment practice

Performance assessment remains an essential part of managing an organization and the people within it. The crucial parts of the assessment process are to provide accurate feedback of assessment and to link assessment to jobs and organizational objectives (Rowley and Jackson, 2010). Thus, the study incorporated 9 research questions to understand the banks practice regarding performance assessment process.

Table 4. 5. Summary of responses on performance assessment

S. No.	<i>The performance assessment</i>	N	Min.	Max.	Mean	Std. Dev.	Mean score
1	My actual performance is measured against to the agreement of results and behaviors reached with my supervisor	383	1	5	3.15	1.169	Low
2	Before conducting the assessment I have a chance to explain on poor performed objectives	382	1	5	2.79	1.150	Low
3	The performance evaluation criteria adopted by the bank determine my accomplishment	383	1	5	2.78	1.318	Low

4	The bank has a self-assessment package so I can evaluate my own performance	383	1	5	2.81	1.235	Low
5	My performance review considers all my performances histories with in the agreement period rather than on recent accomplishment	383	1	5	2.84	1.251	Low
6	My peer groups requested to give feedback on my performance	383	1	5	2.93	1.147	Low
7	I have a chance to appeal for the bank top management if I didn't agree on my performance rating with your supervisor	383	1	5	2.83	1.251	Low
8	The senior management of the bank didn't influence the outcome of the assessment process	383	1	5	3.02	1.136	Low
9	My supervisor follows inappropriate generalization from one aspect of performance to all areas of my performance	383	1	5	2.95	1.140	Low
Grand Mean					26.1		
Average Mean					2.9		

Source: Researcher's Survey Result (2020)

The result in table 4.5 shows that participants response for my actual performance is measured against the agreement of results and behaviors reached with my supervisor received moderately favorable response ($M=3.15$, $SD=1.169$). Though it seems to be a positive response, but it needs to be further improved because if employees are not evaluated with the actual performance against the target it will become a source of complain. In addition, the remaining individuals must come to an agreement with convenient adjustment.

From the total 383 respondents answered the statement ‘Before conducting the assessment the employee have a chance to explain on poor performed objectives’ ($M = 2.79$, $SD = 1.150$). This is a low score that shows poor practice of performance management. This is apparently one of the areas that seek the attention of bank management.

Likewise, the participants were asked ‘does the performance evaluation criteria adopted by the bank determine your accomplishment’ they gave relatively low score ($M = 2.78$, $SD = 1.318$). This needs further attention that aimed at improving the performance evaluation criteria used by the bank so as boost employees’ confidence in it.

Similarly, when the respondents were asked about the statement ‘the bank has a self-assessment package so I can evaluate my own performance’ they gave a relatively low score ($M=2.81$, $SD=1.235$). The result indicates the company might lose the benefits from self-assessment if it does not fully allow employees to carry out self-assessment. According to Shore, Adams, & Tashchian, (1998), self – assessment can reduce an employee’s defensiveness during an appraisal meeting and increase the employee’s satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system.

The participants response to my performance review considers all my performance histories with in the agreement period rather than on recent accomplishment also evaluated poorly ($M=2.84$, $SD=1.251$).

When the respondents were requested to respond to the statement ‘my peer groups were requested to give feedback on my performance’ the response rate is ($M=2.93$, $SD=1.147$) which is somehow in different. This suggests that supervisors often rely on their own assessment and do not give opportunity to co-workers to comment on the performance of their colleague. This is thus another area that needs attention and improvement.

The respondents were requested to answer to ‘do you have a chance to appeal for the bank top management if you didn’t agree on your performance rating with your supervisor’ again assigned a relatively poor score ($M=2.83$, $SD=1.251$). Lack of such mechanism to reflect their disagreement and grievance could be a source of dissatisfaction which may also contribute to high turnover of staff.

Similarly, when the participants were asked ‘the senior management of the bank didn’t influence the outcome of the assessment process’ they gave a relatively lower response ($M=3.02$, $SD=1.136$). Though the response was moderately positive, lack of strong agreement points to presence of some gaps that need to be addressed.

Finally, the participants were requested to respond to ‘does your supervisor follow inappropriate generalization from one aspect of performance to all areas of your performance’ and responded with a score that reflects poor practice ($M=2.95$, $SD=1.140$). This should again be treat as another area that needs attention.

Aguinis (2007) summarizes the importance of performance assessment and involvement of employee and managers as: ‘At the core of any performance management system is the assessment of performance. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved. It is important that both the employee and the manager take ownership of the assessment process. When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future. Employee’s involvement in the process increases employee’s ownership and commitment to the system. In addition, it provides important information to performance review.

Thus from the result we can say the overall practice of performance assessment (Marginal Mean of 2.09) done poorly with marginal mean score of 2.09. Hence the bank should make improvements for questions employee were scored below 3.39 mean.

4.3.5. The current performance review practice

Table 4. 6. Summary of responses on performance review

S.No.	<i>The performance review</i>	N	Min.	Max.	Mean	Std. Dev.	Mean score
1	After conducting performance assessment my supervisor gives me formal feedback on my performance. Then we discuss on area of improvement	383	1	5	2.99	1.223	Low
2	I and my supervisor discuss and identify what are the problems hinder in achieving agreed objectives and agreed on action plan to overcome together	383	1	5	3.05	1.221	Low
3	The review process is based on the development and improvement needs	383	1	5	3.20	1.081	Low
4	We revise and agreed on area of changes (key result areas, competencies and performance measures) if necessary also agree on performance plan for the next review period	383	1	5	3.19	1.067	Low
5	The bank rewarded me according to my performance	383	1	5	2.62	1.288	Low
Grand Mean					15.05		
Average Mean					3.01		

Source: Researcher's Survey Result (2020)

Table 4.6 shows that participant's response to the statement 'after conducting performance assessment my supervisor gives me formal feedback on my performance. Then we discuss on area of improvement' was somehow neutral or in different ($M=2.99$, $SD=1.223$). This suggests the need for encouraging supervisors to provide feedback on employees' performance.

On the other hand, the participants were asked 'do you and your supervisor discuss and identify what are the problems that hinder achievement of agreed objectives and agreed on action plan to overcome together', they gave lightly positive response low score ($M=3.05$, $SD=1.221$), which again requires further improvement.

The participants response to the statement 'the review process is based on the development and improvement needs' the respondents gave a poor response ($M=3.20$, $SD=1.081$).

Similarly, when the participants were asked 'do you revise and agreed on area of changes (key result areas, competencies and performance measures) if necessary also agree on performance plan for the next review period' they showed lower level of agreement ($M=3.19$, $SD=1.067$), which still requires further improvement.

Finally, the respondents were asked 'does the bank rewarded me according to my performance; then the employee'. They gave poor score to this statement ($M=2.62$, $SD=1.288$). The low score implies that employees are not happy with the performance management and rewarding system.

The performance review regarded as learning events. Individuals could be encouraged to think about how and in which ways they want to develop. Research by Ashford and Cummings (1983) demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). Similarly, according to Armstrong and Baron (2004), the actual performance could also be compared to the desired performance, therefore the outcome is evaluated and a development plan is set based on the weakness.

Thus the above result indicates the performance review practice of CBE measured poorly with marginal mean score of 3.01. Hence the bank should make improvements for questions employee were scored below 3.39 mean.

4.3.6. The current performance renewal and reconstruction practice

Table 4. 7. Summary of responses on performance renewal and reconstruction practice

S. No.	<i>The current performance renewal and reconstruction practice</i>	N	Min.	Max.	Mean	Std. Dev.	Mean Score
1	All deviations collected from the previous review period serve as an input	383	1	5	3.13	1.169	low
2	I involve on performance renewal and reconstruction process	382	1	5	2.90	1.348	Low
Grand Mean					6.03		
Average Mean					3.01		

Source: Researcher’s Survey Result (2020)

The result of table 4.7 showed participants response to a question related to ‘all deviations collected from the previous review period serve as an input’ is poorly evaluated (M=3.13, SD=1.169). However, it cannot be concluded that the current practice is supported by employees. Thus it still needs some improvement.

Finally, the participants response to the statement about employee involvement on performance renewal and reconstruction process was somehow in different (M=2.90, SD=1.348). This suggests to the management the need to encourage involvement of employees in performance renewal and reconstruction process.

Hence, the above result indicates the performance renewal and reconstruction practice of CBE measured poorly with marginal mean score of 3.01. Hence the bank should make improvements for questions employee were scored below 3.39 mean.

4.3.7. The overall performance management process practice

Table 4. 8. Summary of responses on overall performance management process practice

S. No.	<i>Employee Performance Management Processes</i>	Average Mean	Mean Score
1	Prerequisite practice of the bank	3.74	Moderate
2	Performance planning practice of the bank	3.46	Moderate
3	Performance execution practice of the bank	3.19	Low
4	Performance assessment practice of the bank	2.9	Low
5	Performance review practice of the bank	3.01	Low
6	Performance renewal and reconstruction practice of the bank	3.01	Low
<i>Grand Mean</i>		19.31	
<i>Average Mean</i>		3.22	

Source: Researcher's Survey Result (2020)

The result of table 4.8 showed the overall performance management practice of the bank has low average mean of 3.22. Therefore, the result implies the overall performance management practice of the bank needs improvement especially at performance assessment, performance review and performance renewal and reconstruction stage.

Results of the qualitative analysis

The questionnaire incorporated an open-ended question to which all the 383 respondents' response and below are summary of the findings:

- When asked about their perception towards CBE Employee Performance Management System practice,

Majority of the respondents believe that the PMS practice is encouraging but some of the respondents felt that the practice is in the introduction phase and thus has some gaps. For example, they mentioned that sometimes employees are evaluated at the end of the quarter with other results which were not provided at the target setting period. They also felt that though monitoring employee performance using such a system is a good practice, it reduces human intervention/interaction. But the system was not customized well to suit the bank purpose, and also some targets are focusing only on money collection thus they forget human element. Some of the

targets still require manual data tracking, which sometimes show error message or even if it passed successfully it might not count during appraisal period. Some managers are negligent, as a result employees might not have a target or have false result.

On the other hand, some of the respondents believe that CBEs' practice is competent even better than other service giving companies.

- They were asked how they view the purpose of employee performance management practice, Majority of the respondents are BA/BSc and MBA/MSc degree holders, so theoretically they are aware about performance management and its purposes. When they considered the CBE practice, they were comfortable with its purpose with some reservations because one of PMS's aims is to give the employee standard target for same job and accordingly evaluate them in a standard way and reward best performers and take adjustments for targets with deviation and give feedback and coaching for poor performer. However, some of the employees felt that the bank failed to maintain this by supporting their critics with evidence both technical and developmental trainings are given randomly, some employees and departments have no targets.
- How do you evaluate the CBE's Employee Performance Management System implementation in relation to Performance Management output (Example: Promotion, Transfer, Bonus). Accordingly, are you comfortable with its application?

The respondents believe that the banks PMS administration is good but the bank only using the performance result for promotion; they suggested that it's better to use it for training and development package, bonus, transfer and other benefits.

On the other side, some respondents disagreed with the above views by mentioning different reasons. For example, the bank used performance result for promotion isn't fair because employees are evaluated with the outdated performance result. They also believe that some of the targets favored, but the manual data tacking have problems, there is ambiguity of role, and it's unfair unless it is updated quarterly and yearly. Nowadays the bank uses PMS result out of 50 marks for promotion without employee's consultation. They were of the opinion that rather than using PMS for promotion it's better to consider the seniority/experience as a promotion criteria.

Finally, the researcher conducted key informant (physical) interviews with selected clerical and supervisory level employees to fill and understand the uncovered areas:

During the interview session, majority of the respondents exposed in CBE almost all employees have enough knowledge about CBE vision and mission. All interviewed participants indicated that the vision and mission of the bank are very clearly communicated to the employee via intranet (Outlook address), broacher, and training.

In addition, interviewed participants described the objectives of performance management system from three dimensions (Employee, employer and organization) **for employee**: it helps to provide a clear objective and documented outline of expectations regarding their level of work performance, creates awareness of employees' key tasks and how they relate to CBE goals, supervisors' expectation and how their performance will be measured, helps to provide constructive feedback on progress and identify strategies to overcome any difficulties, helps to encourage employees to consider and plan their career options, and to identify their training needs individually and with their supervisors. **For employer**: it helps to foster open communication with employees including feedback and encouragement, helps to provide agreed standards against which employees' performance is assessed, enables managers to provide better guidance to employees to achieve corporate objectives, allows to create employees that are more willing to exert extra effort to contribute to the success of the team. **For organization**: it helps to link individual contributions with the organizational objectives, helps to foster a culture that encourages excellence of performance, helps to provide more accurate information about the skills and qualities of employees, helps to maximize the performance and contribution of employees in order to improve the CBE efficiency.

The study tried to discover to what extent is performance management system of CBE meeting its intended purposes. When the interviewees responded the plan was to exercise on the annual performance appraisal result used to reward employees on their performance. Also the annual employee performance result is used as an input to consider employees for reward in the form of: Bonus payments, Promotions, Project assignments, Scholarships, Successor selection criteria's etc... On the hand, employees who fail to maintain the expectation or score "below expectation" and "unsatisfactory" ratings in their annual performance will not considered for any type of reward. But nowadays the bank is only using PMS for promotion purpose only.

During the interview the researcher tried to understand the degree of how the strategic goal of CBE has been linked with individual performance. The interviewee's response was that at the end of

the annual performance cycle supervisors/line managers develop performance development plan based on the employee's accomplishment on business targets and demonstration of leadership and organizational value competencies. Supervisors/line managers take the following and other related interventions to improve and develop employees performance; On the job coaching, Mentoring, Job rotation, Reading assignment, Project work, On the job training, Formal training and other related interventions. During the interview the researcher understood they are only approved procedurally and yet did not exercise it practically.

The researcher also asked if they think that CBE's performance management system is able to distinguish best and poor performers. If so what major steps are taken when undesirable and encouraging performance were observed? When the EPM team responded the best performers will be rewarded by Bonus payments, Promotions, Project assignments, Scholarships, Successor selection criteria's etc. and if the employee scores "Below Expectations" or "unsatisfactory" work performance for two consecutive quarters after the development of performance development plan, the employee's immediate supervisor send a Performance Notification Memo (PNM) with a copy to the line manager's supervisor and HR Business Partner using the oracle system along with the Performance development plan and actions taken during the performance coaching and feedback. If the employee's performance does not improve and continued for six additional quarters after the PNM, the employee is counseled and subsequently handled in accordance with the HR procedure.

In order to successfully apply employee performance management the role of top management plays immense role. Thus, does the member of CBEs management team skilled enough to effectively carry out the performance management process, does the bank provide the training? If yes when and how? The response was yes because every fiscal year the bank arranges a training program for employees.

Finally, the study interviewed the Employee Performance Management Team and Manager about the overall performance management issues. They gave the following response:

Even if the Performance Management practice began in the bank in 2017, but it was only in 2019 that the EPM team was organized in a new way. During this period, the team has been working hard to upgrade the current practice, but still they are facing challenges on some aspects:

- During target development period only representatives participate on target development. After the target is developed there is no mechanism that allow the employee to review the developed documents,
- Although performance management processes is well written on the revised HR Procedure (2017) but in reality it is not effectively implemented as per stated on procedure. For example, the result of performance appraisal only applies for promotion purpose only,
- Since 2017, the bank implemented a system based PMS (Oracle) thus during the period of target setting and result transferring they face challenges like the employee or the manager might shift to other office/branch. This time error results happen unless the employee/supervisor request adjustment,
- Some of the targets need manual data tracking. This type of targets require the employee/supervisor intervention but both parties track it carelessly or not even track it but when the result comes it becomes a source of complain,
- Some managers are reluctant/careless to understand the impact of PMS on employee's future development. Thus they carelessly transfer targets and results also don't even track manual targets. They also prioritize other functions thus giving feedback on employees day to day performance execution is not a big of a concern for them. Thus, Continuous follow-up on progress by giving positive, negative, and constructive feedback and performance development is minimal,
- There is usually argument regarding the assessment results. Employees become very defensive and superiors sometimes can't completely justify their assessment results usually because of they are not documented enough or aware of the system,
- Likewise, the employee submit grievance to EPM Team by complaining the result doesn't represent their performance but while the investigating taken more than 90% of complains are misunderstanding of the target nature, not understanding how the system is working,
- As stated in the above the CBEs' performance management program run by the system. Thus during the period of performance appraisal the immediate supervisors role is only transferring the result to the employee then after the employee review the result they return their acceptance by the system then the immediate supervisor give the final rating but employees believe they are subjectively measured which is wrong,

- The performance management system is placed in the organization to measure performance of every employee and to give feedback on employee performance so that they can continue to work on their strength and improve their weaknesses and consequently improve overall corporate performance. In differentiating good performers from bad ones it is trouble-free when there are formally identified measurable and observable criteria which provide greater objectivity but some department didn't have a target especially at head office and district offices.

Finally, All of the interview participants and EPM Manager said that performance management practice of CBE shows great improvement from time to time but still it require adjustment especially on system customization because the banks PMS procedure has good contents and PMS ideas but not all applied due to system difficulty so it require huge investment of manpower, technology, time, experience. . .

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with summary of finding, conclusion and recommendations. The main purpose of the study was to investigate employee performance management practice the case of CBE Addis Ababa areas. To achieve the objective of the study, literature was reviewed and qualitative and quantitative data were collected through questioner which includes closed and open ended question which were filled by the professional and managerial employee. The data collected through questioner were presented, analyzed, interpreted, and discussed using statistical package for social science (SPSS) version 20. Thus, based on the analysis the following findings were written, conclusion were drawn, and recommendations forwarded for the practitioners CBE employee and management and the researchers who are interested to conduct the study in-depth.

5.1. Summary of Findings

This study aimed to investigate the employee performance management practice (prerequisite, performance planning, performance execution, performance assessment, performance review, performance renewal and reconstruction) the case of CBE Addis Ababa areas. The data was collected from the purposively selected head office and Addis Ababa area districts of CBE, by using closed and open ended questionnaire of randomly selected 390 employees. From the distributed 390 questionnaire, 383 were returned and the response rate was 98%, which is acceptable for data analysis and discussion of the study. In addition personal interview questions were conducted. There are different ways of calculating arithmetic mean and standard deviation but the researcher adopted Zaidaton & Bagheri (2009) five-likert scale instrument. Which is Mean score < 3.39 considered as low, the mean score from 3.40 - 3.79 was considered as moderate and mean score > 3.8 considers as high.

In the demographic distribution, most of the respondent was male employee which shows us 259 (67.60%), in the age category majority of the respondents are in the range of under 30 year which shows us 246 (64.2%), when we see the educational level most of the respondents are BA/BSc. degree holders which shows 247 (64.5%), when we see demographic distribution majority of

respondents 188 (49.1%) served the bank in the range of 1-5 years of work experience which the respondent are young. Finally, marital status of the respondents 213 (55.6%) are single.

The prerequisite result indicates that average of 3.74 mean which is moderate. The number implies that the employee are aware of the corporate, functional and team goals of the bank also they have knowledge about the organization mission and strategic goals with the arithmetic means of 3.96 and Std. Deviation of 0.994. In addition the analysis able to understand both employee and supervisors have the knowledge about the job they perform respectively they ordered with the arithmetic mean of 4.05 and 3.41 with 1.013 and 1.112 standard deviations respectively. On the other hand while employees interviewed they claim the performance objectives are aligned with organization mission and strategic goals but while targets developed for different roles it's better to increase employee involvement.

As the analysis indicates on performance planning indicates the average mean is moderate 3.46 mean. The result implicates the employee are aware of performance expectations, including both behavioral and the results they are expected to achieve during the coming rating phase. Also they believe behavioral and results expectations are aligned to the organization's corporate objectives. But during the interview session some interviewee have negative reservation on development plan because the bank has a personal development plan (PDP) but with unknown reason since now it's not applicable but such type of plans able an employee to highlight its strength and the areas in need of development, and develop an action plan to improve in areas of weaknesses and further develop areas of strength also respondents support with the mean of 3.11 and 3.10 and 1.199 and 1.074 standard deviations. While respondents show low level of agreement for key performance indicators and they believe the bank didn't know their expectation from the bank with the mean of 3.23 and 3.32 and 1.105 and 1.132 of standard deviations. Finally, majority of respondents agree there is a poor integration of between employee and supervisor during goal setting and performance formulation with 3.08 mean and 1.223 standard deviation. Finally employees didn't have clear insight about the employee performance objective in the bank 3.21 mean and 1.2231 standard deviation.

The analysis related to performance execution practice indicates marginal mean scores of 3.19 which is low. The qualitative analysis disclosed that the bank has good communication between employees

and immediate supervisor as well as between employees and top management through different electronic Medias, memos and soon. On the other hand, the employees had complaints regarding feedback and coaching package with 3.20 mean and 1.060 standard deviation. Employees indicated that though the supervisors give adjustment/correction on the spot, once the result is there is no mechanism to support poor performers. The study however found that the bank has feedback and coaching package though it has not been put to use. Secondly, the employees believe their performance histories aren't recorded with 3.13 mean and 1.117 standard deviation.

In the performance assessment step employees believe even if the supervisors didn't influence the result negatively, use inappropriate generalization, and measure against the target there is poor performance assessment practice with the marginal mean of 2.9. In contrary the bank don't have a chance to appeal for their poor performance before conducting the assessment with the mean of 2.79 and 1.159 standard deviation. The mean 2.78 and 1.318 standard deviation indicates the performance rating/calculations are not clear for the employee. The bank didn't have a peer review package at all, also the bank didn't have a 360 degree or self-assessment package and employee didn't have a chance to appeal about the result for the banks top management represented by arithmetic mean of 2.93, 2.81, and 2.83, with 1.47, 1.235, and 1.251 standard deviations. Nevertheless, even if they are complaining on they don't have a chance to appeal on their performance the manager employee performance management said the bank has a grievance package but almost 90% of complains are misunderstanding of how the system work. On the other hand the bank uses 360 degree assessment only to assess organizations/branches performance but they are working on it especially for top level managerial posts. Similarly some employees claim they measured with unrelated target but the manager EPM disagree with this reservation by convince this happens not because of wrong target/target mismatch rather after assigning an employee at once role and give the appropriate target they reshuffle the employee to other role thus while the result comes the result will come by the first target so the result mismatch happens. The EPM team indicated that they understand this gap and work is underway to address it.

At the review stage the employees and supervisor are expected to arrange a meeting and share feedbacks on both positive and negative performances and then make appropriate adjustment for errors and agree on development plan. However, in CBE this does not happen at branch level due to many

reasons. These include: performance plans and results are forwarded through electronic media (Oracle) thus it does not give a chance to arrange a meeting. The respondents indicated that the manager who understand performance management arrange meeting manually and discuss with employee on area of improvement especially for those who performed poorly. From the interview the study was able to understand the performance review practice is performed by the EPM team only. In addition, after formal performance review best employee should reward but majority of the respondents believe they are not rewarded as they performed.

On performance renewal and reconstruction stage the EPM team has responsibilities to receive all adjustment request at central level and differentiate the applicable one with other and then make the adjustment for next appraisal period. In this stage employees have involvement to disclose their complaints which require adjustment.

Participants were also asked about their perception towards CBEs' employee performance management practice. Majority of the respondent's perception was positive and they mentioned that using computerized system and standard goal for the same role reduces the level of manager's subjectivity. They also believe that they have a competent PMS practice than other service giving companies. On the other side some of the respondents believe that though performing PMS by computerized system is a good practice, they feel that it was not customized well for some roles (it doesn't consider the job nature and lack flexibility).

Around 95% of respondents are BA/MBA degree holders thus due to their literacy level they are aware about PMS theoretically. When it comes to the reality in CBE they believe that at some point the bank was able to meet its purpose, but it failed to use PMS outputs for training and development, feedback and coaching, bonus payments, free scholarships, etc.

Finally, with regard to PMS outputs the participants indicated that nowadays CBE uses PMS results for promotion purpose. They suggest that it is also good if the bank uses PMS results for bonus payments, training and development, feedback and coaching, transfer and so on. On the other hand, the study found out that some of the respondents aren't comfortable with the use of PMS results for promotion purpose because they believe that they are evaluated with outdated PMS result.

5.2. Conclusions

Based on the analysis, interpretations and findings, the following conclusions were drawn.

Conclusions regarding demographic characteristics of the respondents:

The finding indicates that most of the respondent employees are male. Thus, we can conclude that in the banking industry there is low representation and participation of female employees. Regarding the age, majority of the respondents are young. So we can conclude that most of the employees are in the productive age range and which offers the bank great potential to tap and utilize. Regarding on educational level most of the respondents are BA degree holders, followed by MA holders. This shows that the banking industry staffed with high literacy level which is good for the competitive advantage in banking industry. Most of the respondents have 1 to 5 years work experience. Therefore, we can conclude that there is insufficient number of experienced or expertise employee which facilitate the banking operation in this competitive banking industry in Ethiopia also there is low skill and capacity sharing practice from experienced employee. Most of the employee are single in marital status, which shows employee might lack responsibility and stability.

Conclusion regarding CBE's performance management practices:

The findings indicate that employees are aware of CBE strategic planning, which implies that they understand what CBE expects from them at present and in the future. In addition, departmental and individual goals are aligned with the overall bank goals and objectives. On the other hand, both the employees and supervisors have knowledge about the job they are performing, though some problems were reported with targets which emerges from changes in role/assignment allocation. Overall, we can conclude that the bank's prerequisite practice is fairly good, but it requires some adjustment especially on employee assignment.

The performance planning consists results, behavior and development plan. In addition it consists the relationship among employee and supervisor as well as key performance indicators, performance measurements and standards. Thus, we can conclude that majority of the CBE employees are aware of their performance expectations including both behavioral expectations to display and the result they are expected to generate during the appraisal period. In addition they are aware of KPI and performance

standards. However, some employees revealed lack of knowledge on how the results are calculated for each target. Additionally, the banks HR procedure (2017) included PDP package for the employees, but it has not been applied yet, which was also cited as critics by employees. Thus we conclude that the banks performance planning practice is best, which includes almost all performance planning components, but it has a gap on performance development plan and performance measurements.

During the performance execution the main task is arranging two way communication between employee and supervisors'. The study disclosed that the bank has good communication between employees and immediate supervisor as well as between employees and top management through different electronic Medias, memos and other Medias. On the other hand, the employees had complaints regarding feedback and coaching package. Employees indicated that though the supervisors give adjustment/correction on the spot, once the result is transferred to appraise there is no mechanism to support poor performers. The study however found that the bank has feedback and coaching package though it has not been put to use. Secondly, the employees believe that their previous performance histories aren't recorded/documentated.

From the findings we can understand that the bank has major gaps on performance assessment that is the bank didn't have a 360 degree assessment, employees didn't have a chance to appeal on their poor performance before conducting the result, and the bank also didn't have a peer review program on their performance. Thus we can conclude that the bank has performance assessment gap.

The study identified poor practice on arranging meeting and discussion between employees and supervisors on area of employee performance improvement. Such meetings are only arranged with other activities like on deposit mobilization. In addition, the performance review practice is only carried out by EPM team, and majority of employee agree that they aren't rewarded based on their performance. Thus we can conclude that the bank's performance review practice has a gap that needs to be addressed.

From the analysis we can conclude that employees are aware about PMS and its purpose. But with regard to PMS outcomes the bank only use PMS for promotion purposes. However, some of the employees revealed that they aren't measured by their current performance and they prefer to be measured with updated PMS result and associate with other packages like bonus, transfer, sponsorship, etc.

5.3. Recommendations

Based on the findings and conclusions of the study, the following recommendations are forwards to alleviate or at least minimize the currently observed problems and gaps in CBE in relation to the bank's employee performance management practices:

- ✓ The study exposed performance prerequisite practice of the bank is good however it requires improvements on employee involvement during target development. Therefore, the researcher recommended that while conducting prerequisite the bank needs to increase employee involvement or increase number of representatives on target development. It would also be good if the bank can organize a mechanism that allow the employees to review the developed documents and provide comments. Because if they have adequate knowledge about the job and organizational, corporate and functional strategies, they can serve as a resource to sharpen the targets and increase the targets level of agreement. To achieve this the EPM team can circulate the proposed document via portal address or outlook address so that the employees can review the document and forward their comment. Such measures can reduce or eliminate complains on target mismatch.
- ✓ The study revealed that there is a target mismatch during assessment period. Hence, after conducting the target it is better not to make rotation at least until the appraisal period. However, if it is mandatory there should be a mechanism that the target are changed accordingly. To do so the EPM team of the bank should customize the system (Oracle) and give the mandate to immediate supervisors for any changes related to role/assignment change.
- ✓ Employees are an asset to the bank and their personal level of development directly affect the bank. However the study find out the bank didn't have a personal development package for employees. Therefore, while the bank develops a plan for every fiscal year, it should be mandatory to design personal development plan for employees. To do so, the bank can develop and provide a platform which enables the employees to plan on their personal development plan in line with the banks plan.
- ✓ After conducting the plan it is mandatory to arrange continuous follow up however, the research disclosed that the bank didn't implement ongoing feedback and coaching. Therefore, the bank should have on going feedback and coaching package before the performance

assessment begins. By doing this, the bank will be able to resolve conflicts that may happen during performance assessment. In order to make this happen, the bank should arrange a weekly discussion program between the employees and supervisor and encourage both of them to report about their progress. Additionally, the bank can remind them in every week/Fifteen days to send their progress by portal or outlook address.

- ✓ Regarding performance review after forwarding the target employee might perform poorly. To the contrary the study revealed the bank didn't have a listening room for poor performers. Therefore, before forwarding the assessment the bank should have a room for listening to the employees why they performed poorly rather than waiting till the assessment period is due. Hence, rather than receiving complaints on poor performance results the EPM team can arrange a platform which enables to understand where the employee are or understand his/her progress.
- ✓ In addition, for the sake of standardization reviewing performances by center (EPM Team) is good. Hence, rather than giving the performance review mandate only for EPM team it is better to decentralize it because sometimes targets may vary according to the very nature of the business.
- ✓ Regarding performance criteria employee must have clear insight about how their performances are calculated/measured however, the bank practice was poor. Hence the bank should have a clear calculation of performance results. In doing so the employee's confidence in CBE can be increased as well as can help the employee to refine their performance according to expectation or more. In addition, now-a-days companies are implementing different methods to measure employee performance. Therefore, in addition to computerized performance management system it would be better to try other methods like 360 degree assessment, peer to peer review, and self-assessment.
- ✓ After the appraisal period completion it must be result oriented, which means based on the result best performers should be rewarded. Likewise, poor performers also deserve to get ongoing feedback and coaching to improve the poor performance. To the contrary the study revealed that the bank failed to maintain this benefit. Therefore, the bank should reward best performers and support poor performers to improve their poor performance until they become best performer. In addition, the reward package must comprehend both financial and nonfinancial reward. Example: training and development, scholarship, promotion, transfer etc.

- ✓ Employees should be evaluated with updated PMS result. Because both employee's history and current performance need to be considered to avoid misjudge. So, the study recommended that the bank should use updated PMS results.

Finally, the researcher recommended that the bank should give attention for employee performance management practice. In order to maintain service excellence and business growth CBE should work on employee development. Additionally, the bank should review the current practices especially on performance assessment and performance review because evidences are showing employee didn't know how they measured, there is no scheduled feedback and coaching package, employees didn't reward based on their performance, employee measured with outdated performance result. In addition, the bank should implement the revised HR Procedure (2017) which incorporate the performance management practices. The document included almost all performance management practices but implement only some areas. Therefore, the study highly recommended the bank should implement the document and if possible revise the overall HR procedure. In doing this the bank able to fill the gap.

5.4. Suggestions for Further Studies

The study was conducted only at CBE Addis Ababa area. It would be important to carry out further studies across the country for a broader perspective on the practice of EPMS. A replication of this study in other contexts like the education sector would demonstrate the practice of EPMS in general.

Future researchers would further review existing literature on employee performance management practice. This would enable them as a standing point to discover the uncovered areas of knowledge in this study.

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Appendix

APPENDIX – I

QUESTIONNAIRE



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF GENERAL MASTER OF BUSINESS

ADMINISTRATION

Questionnaire to be filled by Commercial Bank of Ethiopia Employee

Dear Participant;

My name is **Habtamu Tadesse Mekuannent** and I am a graduate student at **St. Mary's University**. As partial fulfillment of my **MBA degree**, I am conducting assessment on Employee Performance Management with the topic of **Assessment of Employees' Performance Management Practice: The case of Commercial Bank of Ethiopia Addis Ababa Area**. You are kindly invited to genuinely fill in this questionnaire and return it to me within one week's time. Participation in this study is voluntarily and appreciable. The information you provide will be kept in a confidential manner, and it will only be used for academic purposes aggregated with the response of other respondents.

Thank you for taking the time to assist me in my educational endeavors. If you require additional information or have any questions, please contact me through **Mobile No. +251 – 901 – 95 – 04 – 72** or **email: habtamutad2017@gmail.com**.

Instruction:

- Please do not write your name
- Put “√” or “x” mark in the box to the point which mostly reflect your idea

I. Demographic Data

Gender: Male Female

Marital Status: Single Married Divorced Widowed

Age: Under 30 31 - 40 41 – 50 >=51and above

Educational level: TVET Diploma BA/BSc MA/MSc
 PHD Others

Work experience: 1-5 Year 6-10 Years 11-15 Years 16-20 Years
 21 and above

II. Research Related Questions

The following questions are presented on a five point Likert scale which show the level of agreement with each statement are. If the item strongly matches with your idea choose 5 (Strongly Agree), if you moderately agree on the idea choose 4 (Agree), if you do not have any idea or information on the point choose 3 (Neutral), if you moderately disagree with the idea choose 2 (Disagree) and if you completely disagree with the idea choose 1 (Strongly Disagree).

Please put (√) in the place where the choice is appropriate for you.

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.		Scale Rating				
		1	2	3	4	5
I	Prerequisite					
1	I am aware of the corporate, functional and team goals of the bank also I have knowledge about the organization mission and strategic goals					
2	I have involvement on organizational goal setting so I'm aware of what expected of the bank from me					
3	The supervisors of CBE are fully aware about the strategies of CBE so they can manage the job under their supervision					

4	I have the knowledge about my job so I can serve as an input when they needed any information					
5	I know how my individual objectives support the overall organizations strategic goals and objectives.					
6	Performance objectives of my department are aligned with the bank's goal					
II	Performance Planning					
1	The objectives of employee performance management are clearly described for me					
2	In the bank goal setting, performance formulation and competency development carried out jointly with the integration of the employee and immediate supervisor					
3	With regard to employee performance management the bank (CBE) knows my expectation from the bank					
4	All the time I am accountable for what I have done					
5	I know the expected behavioral standards (KSA) expected from me					
6	The bank participate employees while conducting action plan for deviations created against the plan (adjustment/weakness)					
7	Dose the banks Key Performance Indicators convincing					
8	I clearly discuss with my supervisor on my personal development plan					
9	Do you think you have the necessary skills and competencies to achieve the given objective by the bank					
10	Do you have clear insight about the level of performance you are expected to attain					
11	I believe my supervisor have the required KSA on performance formulation.					

III Performance Execution						
1	Necessary resources are available to achieve my give objectives					
2	While the bank changes the organizational goal I've updated information					
3	Whenever I face challenges to deliver my target we discuss with my supervisor					
4	My supervisor provide me updated and constructive information on my performance progress and regularly discuss on my area of improvement					
5	My supervisor have the capacity to monitor my performance against the plan, providing and taking feedback and coaching if necessary					
6	My supervisor documented all my performance details.					
IV Performance Assessment						
1	My actual performance measured against to the agreement of results and behaviors reached with my supervisor					
2	Before conducting the assessment I have a chance to give explanation on my poorly performed objectives					
3	The performance evaluation criteria adopted by the bank determine my accomplishment					
4	The bank has a self-assessment package so I can evaluate my own performance					
5	My performance review considers all my performance histories with in the agreement period rather than on recent accomplishment					
6	My peer groups requested to give feedback on my performance					
7	I have a chance to appeal for the bank top management if I didn't agree on my performance rating with your supervisor					

8	The senior management of the bank didn't influence the outcome of the assessment process					
9	My supervisor follows inappropriate generalization from one aspect of performance to all areas of my performance.					
V	Performance Review					
1	After conducting performance assessment my supervisor give me formal feedback on my performance. Then we discuss on area of improvement					
2	I and my supervisor discuss and identify what are the problems hinder in achieving agreed objectives and agreed on action plan to overcome together					
3	The review process is based on the development and improvement needs					
4	We revise and agreed on area of changes (key result areas, competencies and performance measures) if necessary also agree on performance plan for the next review period					
5	The bank reward me according to my performance.					
VI	Performance Renewal and Reconstructing					
38	All deviations collected from the previous review period serve as an input					
39	I involve on performance renewal and reconstruction process.					

III. Opened Ended Questions

- What is your perception towards CBE Employee Performance Management System practice?

- How do you see the purpose of employee performance management practice?

- How do you evaluate the CBEs Employee Performance Management System implementation in relation to Performance Management output (Example: Promotion, Transfer, Bonus). According are you comfortable with its application?

THANK YOU

APPENDIX – II

STRUCTURED INTERVIEW QUESTIONS

This interview questions are designed to collect information with respect to performance management system used in Commercial Bank of Ethiopia. The information shall be used as a primary data in my thesis research titled “assessment of employee performance management practice: the case of Commercial Bank of Ethiopia Addis Ababa Area” which I am conducting as a partial fulfilment of my study at St. Mary’s University for completing my MBA program. Your input is required for academic purpose and will be kept confidentially.

Therefore, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the study. Thank you, for your kind cooperation, in advance!!!

1. Do you and the employee of CBE know the organization’s mission, vision and strategic objectives? If yes how? And who is responsible?
2. What are the objectives/purposes of performance Management system of the organization?
3. To what extent is performance management system of CBE meeting its intended purposes?
4. How do you describe the processes of performance managements system of the Bank?
5. Do you think CBEs performance management system incorporate the bank strategy and the performance management process?
6. Dose the strategic goal of CBE linked with individual performance?
7. Do staffs participate in performance planning, assessment and review stages?
8. Do you think CBEs performance management system able to distinguish best and poor performers? If so what major steps are taken when undesirable and encouraging performance observed?
9. In order to successfully apply employee performance management the role of top management plays immense role. Thus, dose the member of CBEs management team skilled enough to effectively carry out the performance management process, does the bank provide the training? If yes when and how?
10. During the execution of Employee Performance Management System what challenges do you face:

11. Do you believe that Performance Management System is well communicated to all staff?
12. Do you think Performance Management System implemented properly and consistently in every fiscal year? If your answer is no, why?
13. Dose the bank have a mechanism to differentiate good and poor performer in determining rewards like pay rise?
14. What would you recommend to strengthen the current PMS?

THANK YOU

APPENDIX – III

DESCRIPTIVE STATISTICS OF THE QUESTIONARIES

Case Processing Summary

		N	%
Cases	Valid	25	100.0
	Excluded ^a	0	.0
	Total	25	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.933	39

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation

I am aware of the corporate, functional and team goals of the bank also I have knowledge about the organization mission and strategic goals	383	1	5	3.96	.994
I have involvement on organizational goal setting so I'm aware of what expected of the bank from me	383	1	5	3.57	1.180
The supervisors of CBE are fully aware about the strategies of CBE so they can manage the job under their supervision	383	1	5	3.41	1.112
I have the knowledge about my job so I can serve as an input when they needed any information	383	1	5	4.05	1.013
I know how my individual objectives support the overall organizations strategic goals and objectives.	383	1	5	4.03	.988
Performance objectives of my department are aligned with the banks's goals	383	1	5	3.74	1.068
The objectives of employee performance management are clearly described for me	383	1	5	3.21	1.231

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
In the bank goal setting, performance formulation and competency development carried out jointly with the integration of the employee and immediate supervisor	382	1	5	3.08	1.223
With regard to employee performance management the bank (CBE) knows my expectation from the bank	383	1	5	3.32	1.132
All the time I am accountable for what I have done	383	1	5	4.13	.916
I know the expected behavioral standards (KSA) expected from me	383	1	5	3.93	.994
The bank participate employees while conducting action plan for deviations created against the plan (adjustment/weakness)	383	1	5	3.10	1.074
Dose the banks Key Performance Indicator are convincing	383	1	5	3.23	1.105
I clearly discuss with my supervisor on my personal development plan	383	1	5	3.11	1.199
Do you think you have the necessary skills and competencies to achieve the given objective by the bank	383	1	5	3.86	.928

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Do you have the clear insight about the level of performance you are expected to attain	383	1	5	3.70	.977
I believe my supervisory have the required KSA on performance formulation.	383	1	5	3.45	.953
Necessary resources are available to achieve my give objectives	383	1	5	3.14	1.143
While the bank changes the organizational goal I have the updated information	383	1	5	3.32	1.184
Whenever I face challenges to deliver my target we discuss with my supervisor	383	1	5	3.27	1.177
My supervisor provide me updated and constructive information on my performance progress and regularly discuss on my area of improvement	383	1	5	3.10	1.200
My supervisor have the capacity to monitor my performance against the plan, providing and taking feedback and coaching if necessary	383	1	5	3.20	1.060
My supervisor documented all my performance details.	383	1	5	3.13	1.117

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
My actual performance is measured against to the agreement of results and behaviors reached with my supervisor	383	1	5	3.15	1.169
Before conducting the assessment I have a chance to explain on poor performed objectives	383	1	5	2.79	1.150
The performance evaluation criteria adopted by the bank determine my accomplishment	383	1	5	2.78	1.318
The bank has a self-assessment package so I can evaluate my own performance	383	1	5	2.81	1.235
My performance review considers all my performances histories with in the agreement period rather than on recent accomplishment	383	1	5	2.84	1.251
My peer groups requested to give feedback on my performance	383	1	5	2.93	1.147
I have a chance to appeal for the bank top management if I didn't agree on my performance rating with your supervisor	383	1	5	2.83	1.251

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The senior management of the bank didn't influence the outcome of the assessment process	383	1	5	3.02	1.136
My supervisor follows inappropriate generalization from one aspect of performance to all areas of my performance.	383	1	5	2.95	1.140
After conducting performance assessment my supervisor gives me formal feedback on my performance. Then we discuss on area of improvement	383	1	5	2.99	1.223
I and my supervisor discuss and identify what are the problems hinder in achieving agreed objectives and agreed on action plan to overcome together	383	1	5	3.05	1.221
The review process is based on the development and improvement needs	383	1	5	3.20	1.081
We revise and agreed on area of changes (key result areas, competencies and performance measures) if necessary also agree on performance plan for the next review period	383	1	5	3.19	1.067

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The bank rewarded me according to my performance	383	1	5	2.62	1.288
All deviations collected from the previous review period serve as an input	383	1	5	3.13	1.169
I involve on performance renewal and reconstruction process	382	1	5	2.90	1.348
Valid N (listwise)	381				