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SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS**

**ASSESSMENT OF EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM OF
ADDIS INTERNATIONAL BANK S.C.**

BY

MESAY ESHETU

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF BUSINESS IN
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OF BUSINESS ADMINISTRATION

**DECEMBER, 2020
ADDIS ABABA, ETHIOPIA**

DECLARATION

I, the undersigned, declare that this thesis entitled is my original work, under the guidance and suggestion of the research advisor and that all source materials used for the study have been duly acknowledged. It is offered for the partial fulfillment of the degree of Masters of Business Administration in. This study has not been submitted for any degree in this university or any other university

Mesay Eshetu

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Date _____

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LIST OF ACRONYMS/ABBREVIATIONS

OPM : Office of Personnel Management

PMS : Performance Management System

EPM: Employees' Performance Management System

PM : Performance Management

OD : Organizational Development

HR : Human Resource

ADIB: Addis International Bank

EP: Employee Performance

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ABSTRACT

The study aims at assessing the overall Employee performance Management System of Addis International Bank. It looks through how employee performance was conducted, design and evaluated. Data were collected through questionnaire. The questionnaire addressed to the employees of the organization. Total of 310 employees have been taken as a sample and the response rate was 175. The data received were analyzed quantitatively by using descriptive statistic. The result of the analysis was presented using tables. The main findings of the study revealed that organizational goals were not fully aligned with organizational and individual goals, participation of employee's in the planning, execution, assessment and review stage of performance management is not across all employees of Addis International Bank, lack of capacity of raters to take PMS, lack of regular feedback, The Bank did create a room for the practice of setting goals and standards of performance measures on the basis of mutual agreement between employees and supervisor and doesn't allow employees to agree on the goals they are expected to achieve. In addition the process and objectives of Performance Management in Addis International Bank are not described clearly for its employees, employee performances are not recognized and where possible rewards for performance and punishment for non-performance haven't been well introduced. Employees doesn't get an opportunity to know about the benefits of performance management system, why evaluation is needed, for what purpose does it serve and the evaluation procedures and components and instruments of the process of performance management and so on are the major problems noted. Generally the outcome of the research confirmed that the Employee Performance Management System of The Bank needs improvement. To those and other problems investigated in the study, the researcher forwarded recommendations to alleviate them in the Bank's future practices of Employee Performance Management System.

KEYWORDS: *Employee Performance, Alignment, Planning, Execution, Assessment*

CHAPTER ONE

INTRODUCTION

In this section of the study, the researcher included back ground of the study, background of the company, statement of the problem, basic research questions, general and specific objectives of the study, operational 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:

Performance can be defined as ‘the act or process of performing a task or an action that involve a lot of effort’ (Oxford Advanced Learner Dictionary, 2006). According to Smither and London, 2009 it can be also defined as a combination of both results (what need to be achieved) and behaviors (how to be achieved). In a simple way performance can be also regarded as a record of an outcome or accomplishment achieved by a person or a team (Armstrong, 2009). Therefore it is possible to say that when managing performance both inputs (behavior) and outputs (results) need to be considered since they are interrelated. And, behaviors emanate from the performer and transform performance from abstraction to action.

A performance problem is any gap between Desired Results and Actual Results. Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results. Other organizational development definitions are slightly different. The U.S. Office of Personnel Management (OPM) indicates that Performance Management consists of a system or process whereby: Work is planned and expectations are set, Performance of work is monitored, Staff ability to perform is developed and enhanced, Performance is rated or measured and the ratings summarized and Top performance is rewarded.(U.S. Office of Personnel Management Retrieved (2019).

The colleagues developed a new approach to improving performance in organizations. Their model is used to stress how the constraints imposed by one's own worldview can impede cognitive abilities that would otherwise be available. Their work delves into the source of performance, which is not accessible by mere linear cause-and-effect analysis. They assert that

the levels of performance people achieve correlates with how work situations occur to them and that language (including what is said and unsaid in conversations) plays a major role in how situations occur to the performer. They assert that substantial gains in performance are more likely to be achieved by management understanding how employees perceive the world and then encouraging and implementing changes that make sense to employees' worldview (Werner Erhard, Michael C. Jensen).

Organizations with motivated and talented employees offering outstanding service to customers are likely to pull ahead of the competition, even if the products offered are similar to those offered by the competitors. Customers want to get the right answer at the right time and they want to receive their products and services promptly and accurately. Only people can make these things happen and produce a sustainable competitive advantage (Aguinis, 2009).

Having the right performance management system is a concern of every organization because it is an important gear of any organization to be a front runner in the market by evaluating and developing employee performance in order to get enhanced organizational success.

As indicated from the company manual, starting from November 2010, the Banks has initiated the institutionalization of the balanced scorecard as a strategic management tool that would enable it to formulate and implement its strategy and track its performance accordingly. Since then, it has successfully implemented it in terms of achieving objectively measuring the contribution of processes, districts and branches towards the realization of the annual goals and targets proposed at the respective levels. This has created a fertile ground to link employees' performance with organizational objectives and goals. This in effect has brought about the creation of a mechanism that helps to visualize explicitly their contributions at corporate level as well. However, the integration of corporate performance indicators and measuring the outcomes at the individual level was missing. Following this, the implementation of employee performance management system was begun with the main aim of aligning the strategic objectives of the bank to that of individual level so that each individual employee performance will be tracked in relation to the targets or goals given to the respective place of assignment. It is also implemented to provide a context in which the development need of the job holders can be addressed and allows the bank to manage its resources within a strategic framework and achieve better performance so that the bank can realize its vision to become a Destined to be the leading

inclusive Bank in Africa. Cognizant to this, the main aim of the research is to assess the employee performance management system and challenges of the bank (2012).

1.2. Definition of Terms

Performance: is the level of output or result accomplished against a given targets and the way how it accomplished (Armstrong, 2009).

Employee is an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. (Business dictionary)

Employee performance is the job related activities expected of a worker and how well those activities were executed (Matlala 2011).

Performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization (Krishnan, 2009).

1.3. Statement of the Problem

In organizational life, performance management and appraisal system failures may be a result of poor implementation or a lack of authentic management commitment (Smither & London, 2009).

According to Armstrong (2009), if the performance management system is not delivering, that is likely to be reflecting a deeper issue such as lack of organizational agreement about clarity of purpose, priorities or standards, or a mismatch between espoused values and actual behaviors.

As it is depicted above, at the planning and performance assessment stage they agree with team members their roles, goals and performance improvement and personal development plans. Supervisors manage performance throughout the year by monitoring achievements against the plan, providing feedback and coaching as necessary. At the review stage they conduct formal review meetings and provide formal feedback as the basis for forward planning (Ibid). However, in case of Addis international bank different secondary sources indicates that Managers are never skilled enough to properly conduct processes, such as setting

realistic goals, giving and receiving feedback, and coaching which contributes for problems of planning, assessment, execution and review stage of the performance management process.

In this bank, implementation of performance management usually comes with Problems and complaints with employees specially the line staff from the informal interviews conducted and personal observation. This creates a considerable gap between how performance management is practiced and how it should be practiced. The other problem is bank's appraisals are mostly top down and there is no involvement of operational staff in performance planning, assessment as well as review. Although it is stated in the bank's HR manual that 360- feedback method is used, apparently it is not fully applied since no feedback is generated from peers and subordinates. Again Addis international bank performance development Review system (PDR) lacks uniformity across departments and exhibit subjectivity. In addition, it is alleged that until 2013 evaluation results used to be linked to salary decision and in 2014 because of continued complaints regarding its credibility, it was taken out of salary decision

after the collective bargaining by the trade union; however, these problems are not still solved. Employees claim that during Calibration meetings managers and supervisors make decisions beforehand without considering the employee's self-appraisal, after that the employee submits self-appraisal to a supervisor which in fact is nothing but a formality. In light of the above problem indicators the researcher further investigated by conducting the study on performance management and its application in Addis international bank.

1.4. Research Questions

This research raised the following research questions related to the statement of problem and tried to give appropriate answers.

1. How does employee performance management system aligned with the business strategic objective
2. What is the employee performance management process of Addis International Bank?
3. What are the bases of employee performance evaluation of Addis International Bank?
4. What are the challenges in employees' performance management system in the bank?

1.5. Objective of the Study

1.5.1. General Objective

The general objective of the study was to assess employee performance management system of Addis International Bank.

1.5.2. Specific Objectives

The specific objectives of the study were:

1. To find out whether or not there is alignment between performance management system and the business strategic objective
2. To explore employee's performance management practice of Addis International Bank.
3. To Assess the base of employee performance management system in Addis International Bank
4. To explore challenges of employee performance management system of Addis International Bank.

1.6. Significance of the Study

The finding of the study is enabling to Addis International Bank S.C to obtain the necessary Feedback and take corrective measure to ensure the successful implementation of employee performance management system. To minimize the study gap observed in the subject matter. It might be an input for similar other organizations who are interested in designing and implementing a performance management system. A fair performance evaluation boosts productivity by motivating employees and rewarding high performance.

1.7. Scope of the Study

The study focused on performance planning, assessment, execution and review. The study used descriptive research design and mixed (qualitative and quantitative) approach were applied. Both primary and secondary data were used. A population consisting of 165 employees was used for the investigation and structured questioner was distributed. The geographical boundary of the research is in Addis International Bank situated in Addis Ababa. The study was conducted between Junes to December 2020.

1.8. Limitation of the Study

The study was limited to the branches situated in Addis Ababa and Head Office. Hence, it did not consider the cases of other districts of Addis International Bank which are located out of Addis Ababa city. The researcher encountered some limitation of data collection from respondents due to global issue of COVID-19,

1.9. Organization of the Study

This research is organized into five chapters, The first chapter consists of back ground of the study, statement problem, research questions, objectives, significance and scope of the study. The second chapter focuses on review of related literatures in which previous studies are consulted. In this chapter overview, purposes, methods, benefits, challenges and guidelines of performance management system are discussed in detail. The Third chapter, Concerned with research design and Methodology, emphasizes on the design of the study and the methodologies used. In this chapter research design, sample size and sampling techniques, source of data and data collection tools, data collection procedures and data analyzing method are discussed. The fourth chapter is devoted to data presentation, analysis and interpretation in which the collected data are analyzed and organized in meaningful manner so as to meet the objectives of the study. The last chapter covered the summary of major findings and conclusions drawn from the findings and also the possible recommendations is forwarded by the researcher.

CHAPTER TWO

REVIEW OF THE RELATED LITRATURE

2.1 Meaning and Definition of Performance

Performance management system has been justified by various theories and empirical evidences. Therefore, the review under this section includes the theoretical review, empirical review from previous related works and finally conceptual framework has formulated on performance management system in general and challenges in particular. The objective of the review is to throw light on the topic and show the existing knowledge about the topic. The review touches published and unpublished sources that are related to the performance management.

2.2 Definition of Performance

Performance can be defined as an outcome or accomplishment achieved by a person or a team (Armstrong, 2009). It is the accomplishment or outputs/outcomes of a task undertaken but also states that performance is about doing the work effectively so as to achieve the desired goals. Performance can also be perceived as a non-job specific behavior such as cooperation, dedication, enthusiasm and persistence that develop the effectiveness of the organization to enhance the working culture and climate of the organization.

Performance management is an integrated and systematic process of sustaining the success of organization by improving the performance of the people who work in them and also it is developing the capacity of individuals and team who contribute to the organization. It is also a strategic process in a sense that it deals with the broader issue of the organization efficiency to

Performance management (PM) is the process of ensuring that a set of activities and outputs meets an organization's goals in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, an employee, or the processes in place to manage particular tasks (Krishnan and Rajendran).

Performance management standards are generally organized and disseminated by senior leadership at an organization and by task owners, it can include specifying tasks and outcomes of

a job, providing timely feedback and coaching, comparing employee's actual performance and behaviors with desired performance and behaviors, instituting rewards, etc. (JSTOR,2010).

Performance Management is the process of ‘Directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization’ (Walters).

Performance Management is one of the aspects of human resource management. It is a process of advancing the performance of the organization to the higher expectation by developing the performance of individuals and teams in a systematic way. It is the process of cascading the goal of the organization down to teams and individuals with the aim of getting a better result (Armstrong, 2009).

PMS is an ongoing activity, managing and hopefully improving performance of employee. It consists of regular meetings where performance is discussed, objectives are set, and action plans formulated and development needs are identified (Mc Pheat, 2010).

Managing the Performance of the employee is the most important function of HR (Human Resource). The performance management is defined as an ongoing process of identifying, measuring and developing the performance of the employees in the organization. Its main objective is to focus to employee performance and direct their efforts towards achieving the business goal of the organization. (Armstrong and Baron)

The performance management is a tool which is widely used by managers to monitor and evaluate the work performance of employees (Armstrong and Baron).

Performance management System is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results (Teshale, 2015).

2.3 Benefits of Employee Performance Management System

A good performance management system always works in improving the performance of an organization. An effective performance management system (PMS) plays an important role in managing the organization performance. Performance management system contributes in organizational benefits, employee benefits and manager's benefits and has a positive influence on the job satisfaction and loyalty of the employees. A well-managed performance management system has clearly defined goals and regular assessment of performance of all individual employees and hence helps in developing training and development plans required for the employees. (HR helps board, 2012)

A well-managed performance management system plays an important role in managing the performance in an organization by:

1. Employees understand the importance of their contribution towards organizational goals and objectives.
2. Each employee understands what is expected from them and ascertaining whether the employees possess the skills required to perform a job
3. Ensuring proper alignment of objectives and helping in communication throughout the organization
4. Helps in a cordial relationship between an individual employee and the manager based on trust.
5. It also provides scope and opportunity for incentives, rewards, performance and career development.
6. Based on the output of the employees performance management system helps to discover the training and development needs for the employees.
7. It helps in strengthening the bond between management and subordinates.

2.4 Processes of Employee Performance Management

The Employee performance management process is a collaborative, communication-based process where employees and management work together to plan, monitor and review the

employee's objectives, long-term goals, job trajectory and comprehensive contribution to the company.(continuing to use the site, you agree to the use of cookies 2020).

Performance Management process is a systematic process of managing and monitoring the employee's performance against their key performance parameters or goals. It is regarded as a process for driving the individual and organizational performance management. (Faircircles Business Solution Pvt. Ltd.)

2.4.1 Stages involved in Performance Management Process

Stage 1: Pre- Requisites

The organization goes its objectivity Therefore, it is necessitate defining the purpose Clearly for existing and new employees/ staff, departments in order to make integrate all teams to meet company's target. There are three primary stages where the company defines their long term and short term goals. The first stage is at the organization level, where the management describes the holistic view and defines overall objective of formulation of the company, what are their long term vision, what are the values on which they stands for, and what is the mission the company is chasing. The second stage perquisites at department level, where the management assign targets to each department to achieve overall organization objective. At this stage, the management strategizes the processes and allocates targets to each department.

The last stage is individual level, where the department further gives targets to employees.

The above three stages are the foundation of performance management system of any organization. Basis on these three levels, the management design, strategize and develop the performance management system. It describes job descriptions, job specification, and job design at each level and delegate targets to perform in order to achieve organization objective.

Stage 2: Performance Planning

There are three important attributes of performance planning:

- I. Results
- II. Behaviors, &

III. Iii. Development Plan

Results: the yardstick of performance management is used to measure employees and department performance. It provides the information about the performance gaps and achievements. Hence, it evaluates how well the individual employee has performance against his assign targets

Behavior: measuring the employees behaviors are one of the most challenging and difficult task basis on performance standards. The human behavior can only be measured through observation and close monitoring by his supervisors or human resources department.

It is difficult to qualify the behavior against his performance standards. There is lot of subjectivity involved in this category. However, there are lot of phycomateric tools which supports to define and indicate individual behavior and attitude, but research has proven that they are only indicators and not provide absolute answer and authenticate results. Hence, we can define the expected behavior in employee's performance standards during the performance planning and its measurement but cannot quantify it with data.

Development plan: development plan is the third stage of performance planning. At this stage, we develop the plans to improve employees knowledge, skill and attitude (K, S, A). It allows employee to take his professional standards to next level which the support of development tools and plans.

The performance planning cycle of performance management system is the first stages where employees will be enable to have a clear knowledge about the system. It is the first cycle where supervisor and employee meet to discuss and agree on what is to be done and how it is to be done by combining the result, behavior and development plan. By results we mean the outcomes that an employee must perform quality products and services with time in accordance to personal accountabilities. On the other hand, behavior is an important measure of results on how employees do their job by discussing on competencies, which are measurable clusters of knowledge, skills, and attitudes (KSAs) that are critical in determining how results will be achieved. The third component of a planning phase is development plan. It is identifying areas of improvement and setting goals to be achieved in each area (Smother and London, 2009).

Stage 3: Performance Execution

Performance execution is considered as most important stage because the whole exercise of creating performance management systems and building up standards would rely on it. The primary responsibility and ownership of performance execution is with employee, which is followed by department and then organization. Hence, it is considered as a chain or process, in which the performance of individual employees would result department performance.

Therefore, the role and responsibility of supervisor or manager also increases which comprises with following focus areas: Provide resources, tools and equipment's to employees to make out better results Provide regular feedback to subordinate about their performances and improvement areas Motivate team members through different channels and tools Integrate individual development plans with department's goal Remain focus on development activities to enhance individual knowledge and skills.

Stage 4: Performance Assessment

Performance assessment is the next stage followed by performance execution. In this phase, the employee and manager both are responsible to measure and assess the performance of employee against his targets. The process should comprise to the extent of individual targets, behaviors or attitude and special achievements during the performance appraisal cycle.

In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. Although many sources can be used to collect performance information (for example, peers or subordinates), in most cases the direct supervisor provides the information. 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. The manager fills out his or her appraisal form, and the employee should also fill out his or her form. The fact that both parties are involved in the assessment process provides better information to be used during the review phase (Smither and London, 2009).

Stage 5: Performance Review

The performance review stage is a platform where the subordinate and superior exchange performance feedbacks and review performances against given targets or goals to individual. To

make the performance review successful, the involvement and exchange of dialogue are equally essential between employee and his manager. Apart from performance review, they also discuss about the development plans, trainings to improve skills and knowledge, next year goals and targets and expectations of employee and manager both. Hence, this stage is considered the base of next year performance appraisal cycle as well (Smither and London, 2009).

Objectives of performance review

Among different objective of performance review the followings are some of them which can be mentioned as the most important one (Smither and London 2009).

1. It gives motivation to provide positive feedback, recognition, praise and opportunities for growth; to clarify expectations; to empower people by encouraging them to take control over their own performance and development.
2. It encourages development by providing a basis for developing and broadening capabilities relevant both to the current role and any future role that the employee may have the potential to carry out. Note that development can be focused on the current role, enabling people to enlarge and enrich the range of their responsibilities and the skills they require, and to be rewarded accordingly. This aspect of role development is even more important in flatter organizations, where career ladders have shortened and where lateral progression is likely to be the best route forward.
3. It gives a chance for communication to serve as a two-way channel for talking about roles, expectations (objectives and capability requirements), relationships, work, problems and aspirations.

Stage 6: Performance Renewal and Reconstructing

The performance management process is an ongoing continuous process. Once the performance has been reviewed and end, then the cycle starts for the next performance appraisal. It should be again align with next year organization mission, goals and objective and integrated with departments goals In facts, it is a process which starts all over again which needs to be discuss, design, develop , executed and review again. This is necessitate because the external environment of company like market, customers , competitors , suppliers etc. also revolved and

all subsequent changes has to prerequisites for performance planning and setting strategic objectives of the organization.

2.5 Principles of Employee Performance Management System

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 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).

2.6 Purposes of Employee Performance Management System

According to Buchner (2007), the following is some of the advantages of implementing a Performance Management process within a company:

1. Increased Performance of individuals and department/organization

The main goal of performance management is to improve the performance of individuals to eventually improve the performance of the organization as a whole. The correct application of performance management will identify development areas of each individual as well as good performance areas. By planning specific outputs linked to specific standards and measuring the success of the individual against this on a continuous basis will have a direct impact on the performance of the individual and indirectly the organization as a whole. Utilizing the results of the performance management discussions to identify focused development programs for employees will further assist in attaining the department/organization goals. Existing and future

problems can be identified and addressed and eliminated before becoming major obstacles in realizing organizational goals and strategies.

2. **Strategic:** It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.

3. **Training and development**

The Performance Management process, when applied correctly, will supply valuable information regarding developmental areas of a subordinate. The information is used during the compilation of the subordinate's development and training plan after evaluating the individual's performance. This will also provide a "check point" to determine whether the past training had any positive effect on the employee's performance.

2.7 **Challenges of Employee Performance Management System**

The performance management challenge in organizations has many dimensions in today's business environment and creating focused initiatives to overcome these challenges is not a silver bullet approach. In many cases remuneration schemes are driving the performance system, which creates a number on long term consequences in organizational behavior and culture. In other cases senior management are so focused on scorecard management to hold people accountable that the creation of the scorecard is not aligned with business focus areas, but rather a number of deliverable projects and tasks (Pulakos, 2004).

The following is challenges of PMS as adapted from (Dr Marko Saravanja, 2010).

1. **Lack of Alignment** The first challenge is the lack of alignment due to various organizational processes being created in isolation. The link between Strategy development, budgeting and operational planning is developed by different groups of people with different frameworks being used. The performance management system lacks alignment between individual performance, departmental performance and organizational delivery and so all systems default back to financial measurements.

2. Lack of Measurements the second challenge happens at various levels of the organization in that poor measures are developed, in many cases targets are set but no relevant measure is put in place. In other cases no data can be collected or is kept as evidence to track performance.

3. Leadership and Management commitment the leadership and management challenge has a huge impact on integrating and aligning a management system to deliver a comprehensive performance management system. The commitment and understanding of leadership and management of the requirements for achieving a workable performance system is critical to performance success.

2.8 The steps of Performance evaluations

Performance evaluations, which provide employers with an opportunity to assess their employees' contributions to the organization, are essential to developing a powerful work team. Yet in some practices, physicians and practice managers put performance evaluations on the back burner, often because of the time involved and the difficulties of critiquing employees with whom they work closely. The benefits of performance evaluations outweigh these challenges, though. When done as part of a performance evaluation system that includes a standard evaluation form, standard performance measures, guidelines for delivering feedback, and disciplinary procedures, performance evaluations can enforce the acceptable boundaries of performance, promote staff recognition and effective communication and motivate individuals to do their best for themselves and the practice (2009 Published by Elsevier Ltd).

The primary goals of a performance evaluation system are to provide an equitable measurement of an employee's contribution to the workforce, produce accurate appraisal documentation to protect both the employee and employer, and obtain a high level of quality and quantity in the work produced. To create a performance evaluation system in your practice, follow these five steps:

1. Develop an evaluation form.
2. Identify performance measures.
3. Set guidelines for feedback.
4. Create disciplinary and termination procedures.

5. Set an evaluation schedule.

2.9 Empirical Literature Review

In this section empirical evidence supporting the performance management system has been presented. However, only few studies are undertaken, of which most of them are not on the banking industry.

Performance management system in the organization has a valuable impact if the system is well established and common understanding is created between employees and managers and if objective of the organization cascaded accordingly (Munzhedzi, 2011). He has tried to find out that, performance management has a great role on organizational productivity even if it was on government offices other than banks.

Employees at the organization have a negative perception of the fairness of their organization's performance management system (Matlala, 2011). However since this study has made on in South Africa the context might differ and the researcher has to be investigate the study.

According to (Boipono, Tsomele and Mogadime, 2014) a study made on implementation of performance management system (PMS) in Schools states that, though PMS is faced with implementation challenges, participants interviewed appreciated the need for a system like PMS that could be used to measure their performance.

However, the feeling is that the system should be redesigned to suit the context of environment and not the current one size fit all approach. Effective communication and timely feedback are also important success factors for a performance management system like PMS as they are formative and help employees to continuously improve their processes towards achieved their set objectives.

According to (Mughal and Akram, 2014), their study has explored the issues (weaknesses) related with performance management in banking sector. This research shows that the performance management of Addis bank lacks motivation and proper reward system. Performance management system is properly implemented in Addis but employees should be

involved in setting standards of performance management to evaluate the performance of each employee.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This part of the study consists research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study used.

3.1. Research Design and Approach

This study has used a descriptive type of research to assess the Employee Performance Management System and Challenges Practiced in Addis International Bank. 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 (Creswell, 2003). The study has applies quantitative research approaches. Specifically, a survey research method is the basic research design through personally administered questionnaires including closed-ended questions. Research survey has to been undertaken as descriptive survey.

3.2. Population, Sample Size and Sampling Techniques

3.2.1. Research Population

As discussed above, this research is aimed the assessment of employee performance management system practiced in the Addis International Bank S.C. The bank has 83 branches in Ethiopia has in which 47 branches in Addis Ababa. So the total population of the study was employees of the bank found in Addis Ababa city which is 310. The head office and branches have been used to collect data. To obtain representative samples, simple random sampling technique was used to select 175 employees who were willing to complete the questionnaire. Simple random sampling technique was used in this research because it provides an equal and nonzero chance of being selected for each employee of the bank (Addis et al., 2012).

The researchers focus is on employee of the bank. In order to get access, it is important to have list of existing of employee of the bank. Though, incorporating all employees' idea on the analysis would have been better for conclusion and generalization, economically and

operationally it would be very difficult to contact all employees in the research. Therefore, taking a respective sample of the population of the employees' has found to be feasible.

3.2.2 Sampling Technique

The target population of the study was employees of Addis International Bank found in Addis Ababa city, the researcher used convenient sampling techniques. Convenient sampling technique is used to select employees who were to complete the questionnaire.

3.2.3 Sample Size

The researcher has tried to calculate the sample size after determining the target population. Therefore, by using Yamane (1967:886) as quoted in Israel, 2003 sample size calculation formula, the researcher has determined the total sample size and for respective divisions proportionally.

$$n = \frac{N}{1 + N(e)^2} \quad n = 310 / 1 + 310 (0.05)^2 = 175$$

Where,

P = sample proportion,

q = 1-p;

N = size of total population; n = size of sample.

Given:

P = the population proportion= 0.5

N = 310 which is population size

e = 0.05 which is acceptable sample error

Therefore the total sample for this study is 175 employees.

By using the above formula from the total study population of 310 participants, 175 participants were selected as a sample.

3.3 Sources of Data

The data collected for the study includes both primary and secondary data. The primary data were obtained from feedbacks of the employees which were collected through pre organized self-administered questionnaire. The primary data can provide the appropriate data about the assessment of employee performance management system in Addis International Bank. In addition, secondary data sources were collected from different published and unpublished materials such as reference books, journals and the internet. In addition company reports, annual reports, and HR manuals of the bank has also used as a secondary data sources. And, Books, Research findings, internet sources and articles & journal have been reviewed as secondary Sources to get various concepts and ideas related with study.

3.4 Data Gathering Instruments/Tools

To gather data from relevant sources, both primary & secondary data collection instruments were used. Primary data was conducted in the form of questionnaire & interviews with employees and managers respectively. Whereas secondary data was collected from written documents on PM, different books, journal articles, procedures & reports. The information that was obtained by using both instruments was integrated during data presentation & analysis phase.

3.4.1. Questionnaire

The layout of the questionnaire will be kept very simple to encourage meaningful participation by the respondents. The questions are kept as brief as possible and great care will be taken to the actual wording and phrasing of the questions. Greater emphasis has also given for the appearance and layout of the questionnaire because they play greater role and are important in any data collection process where the questionnaire is to be completed by the respondent. The questions included in the questionnaire were five-point Likert scale types. The type of scales that were employed to measure the items on the instrument were continuous scales (strongly agree to strongly disagree). The questionnaire had two parts the first part dealt with the personal information of the respondents and the second part of the questionnaire is about performance management practice of the case organization particularly categorized as alignment, planning, assessment, and execution and review practices.

3.5 Data Collection Procedures

The questionnaire has been distributed through area banks by friends of the researcher who are working in the bank and some of them are addressed by the researcher himself. The study has attempted to gather data from both primary and secondary data sources. Primary data is collected using a structurally designed pre organized self-administered questionnaire for 310 employees' which has been selected using purposive sampling from 47 branches of Addis International Bank. The selection of respondents has made using purposive sampling and it incorporates deputy manager, accountant, supervisor, cashier, auditor and Clerk/Teller of each branch.

3.6 Pilot Study

Though the instruments have already been standardized and validated, the situation under which they were standardized are different from the environment of the present study site. Hence, pilot test was distributed to 25 employees who are other than sampled employees in main sample. However, from the questionnaires distributed, a total of 22 completed questionnaires were returned to the researcher and the researcher conducted analysis in order to check on if necessary amendments are needed for the instruments and to find the reliability of the instruments

The questionnaires considered by the researchers were distributed for two experts and advisor in the field of Management for validation. The main thrust was to determine whether the questionnaires items and dimension adequately reflected by the instruments prescribed by the objectives and were in consistent with the establishment of content validity and the face validity.

From the pilot study, the researcher has got constructive feedback which has been used as inputs to make adjustments. This includes; some ambiguous words in the questionnaire has been replaced with clear and precise words contextualizing the organization under study, the questions are printed on front and back page so as to minimize the frustration some employees might exhibit seeing many pages of the questionnaire. Likewise, prior to the distribution of the questionnaire, the researcher has planned to include some open ended questions but the pilot study respondents suggested the content is sufficiently included in the lists of closed ended questionnaire thus the researcher considers the given suggestions and corrected accordingly.

3.6.1 Results of Validity

According to Kothari (2004), Validity refers to the extent to which a test measures what we actually wish to measure. It involves the degree to which you are measuring what you are supposed to, more simply, the accuracy of your measurement. It is believed that validity is more important than reliability because if an instrument does not accurately measure what it is supposed to, there is no reason to use it even if it measures consistently. To check the validity the initial questionnaire has been given to a group of referees to judge its validity according to its content, clearness of its meaning, appropriateness to avoid any misunderstanding and to assure its linkage with the study objectives. First, the researcher examine that the underling theory of the study has a strong conceptual basis and be based on well-validated constructs.

- Consulting subject matter experts in the area like research advisor and course instructors
- Feedback collected from the selected friends by the sample of questionnaire distributed to check the validity.
- The instruments used are almost standardized as adopted from commonly used scales globally.

3.6.2 Reliability

Reliability has to do with the accuracy and precision of a measurement procedure (Kothari, 2004). Reliability estimates the Consistency of the measurement or more simply, the degree to which an instrument measures the way each times it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is if we measure something many times and the result is always the same, then we can say that our measurement is reliable. In other words, when the outcome of the measuring process is reproducible, the measuring instrument is reliable-this does not mean that it is valid, it simply means that the measurement instrument does not produce erratic and unpredictable result. To maximize the reliability of the questionnaire the researcher conducted an initial survey of 15 Addis international bank staffs. To measure the reliability of the constructs the researcher conducts internal consistency reliability using Cronbach alpha. Internal consistency reliability is a measure of consistency between d/t

items of the same construct. The Cronbach alpha coefficient of the factors is displayed in the following table. The result shows that there is high internal consistency among the variables.

Table 3.1 Results of Reliability Analysis

Factors	Cronbach's Alpha	No of Items
Alignment	.908	3
Performance planning	.916	6
Performance execution	.877	6
Performance Assessment	.895	6
Performance Review	.866	6
Purposes of performance management	.869	5
Challenges of performance management	.873	6
Overall reliability	.892	38

Source: Survey data (2020)

3.7. Methods of Data Analysis

Data collected from respondent employees through questionnaires are analyzed and interpreted. The collected data has been coded & analyzed using SPSS software. And also concepts and ideas which have been acquired through open ended questions in the questionnaire have been analyzed based on content analysis. In addition, frequency and percentage was used to present the data and table and charts have also used to ensure easily understanding of the analysis. Finally, the result of statistics analysis have be summarized, tabulated and interpreted appropriately. And then these findings have combined and summarized together with the quantitative data findings to triangulate the results accordingly.

3.8 Ethical Considerations

When questionnaires were distributed the researcher have inform respondents on the introduction part of the paper about the title and objective of the study. Besides to develop respondent's confidence they have been informed that their responses will be kept confidentially and the

information uses only for academic purpose. Confidential information of the bank has not disclosed and the collected data have used for the purposes of the study only. To avoid misunderstanding and problems related with questionnaires in acquiring information from the employees the researcher design the questionnaires in clearly and understandable manner. Regarding published and unpublished materials used in the literature review and throughout all part of the study, all citations from copy right holder has made properly.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The following information has been gathered to provide adequate data analysis, which was received from customers of Addis International Bank. The chapter presents the data collected from both primary and secondary sources. Primary sources are data that have been collected by undertaking survey from employees of the bank. Also; an interview is made with the human resource development officer of the bank and human resource and business manager of the head office and branches. Whereas, secondary sources includes HR manuals and reports issued by the bank and other related literature. For the purpose of reporting the findings the values of strongly agree and agree were added up to represent employees agreement and the values of strongly disagree and disagree together represent employees disagreement. Moreover mean scores were also calculated. In this case, for the purpose of interpretation the translation of level ranking is analyzed based on the following criteria designed by Best (1977) as cited by (Selamawit,2016); Agreement level 1.00-1.80 means strongly disagree, Agreement level 1.81-2.60 means disagree ,Agreement level 2.61-3.40 means neutral and Agreement level 3.41-4.20 means agree. The questionnaire is distributed to 175 employees and out of these employees only 165 (i.e. 94.29%) employees are returned the questionnaire. Therefore the analysis is made based on the 165 data only. The data collected through questionnaire, interview and secondary data sources is analyzed using descriptive analysis method. The output of the data is presented using tables in order to make the topic more understandable.

4.1. General Background of Respondents

In this section, the general characteristics of the respondents were presented in the table below:

Table 4.1 Demographic Characteristic of Respondents

Item	Categories	Frequency	Percent
Gender of the respondents	Male	107	64.87
	Female	58	35.15
	Total	165	100
Age of the respondent	21-29	76	46.1
	30-39	33	20.0
	40-49	29	17.6
	50 and above	27	16.4
	Total	165	100.0
Educational States of the Respondent	Diploma	15	9.1
	Degree	98	59.4
	Master	42	25.5
	PhD	10	6.1
	Total	165	100.0
Employee Year of Experience	Less than 2 years	33	20.0
	2 to 5 years	79	47.9
	5 to 10 years	29	17.6
	More than 10 years	24	14.5
	Total	165	100.0

Source: survey data, 2020

As can be seen from Table 4.1., majority of the respondents are male that is 64.87 % and 35.15% are female. This shows that there is low number of females are employed at Addis International Bank. This shows that there is unequal distribution of sex in the organization.

Regarding age category the majority (46.1%) of the respondents are the age group between 21 and 29 years age. And the second majorities 20.0% of the respondents are lays between 30 and

39 years age. Other employees who are in the categories of 40 to 49 years and 50 and above are 17.6% and 16.4% respectively. Generally, 66.1% of the respondents are below the age 40 this indicates many of the respondents are youngsters.

Regarding educational status majority of the workforce 59.4 % are Degree holders, Master holders are (25.5%) and 9.1 % of employees are diploma holders and 6.1% of the respondents are PhD holders. Thus, it can be concluded that, most of the respondents participated in the study were degree holders. This is because of that, in recent years the bank is hiring fresh degree graduates directly from universities and colleges.

Regarding work experience, majority (47.9%) of employees have 2 to 5 years of experience, 20 % of the employees have less than 2 years of work experience, and 17.6 % of the employees have 5 to 10 years work experience, while the remaining 14.5% of the employees served the bank for more than 10 years in the organization. From the finding most of the respondent has experience below five. Therefore they need training and some short courses in order to enhance their experience with the environment and to let them have good knowledge about the day to day activities performed in the organization. Also as we seen from the table 14.5 % of the employees served the organization for more than ten years. This is because of that, the emerging branch expansion of the bank leads to high level of man power demand and consequently the bank is hiring employees aggressively for the last three years. Therefore all participants will have a better understanding regarding employees' performance management system in the bank.

4.2 Descriptive Analysis of Collected Data

As indicated in the preceding chapter, the practice of performance management of Addis International Bank has been assessed in terms of the specific practices of planning, execution, assessment, review. The data collected thus from the selected respondents has been analyzed and discussed below.

Table 4.2 Alignment of Employees Performance Management System with the Banks' objective

N. o	Items		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	I am aware of corporate, functional and team goals of the bank and that the objectives.	N	7	4	34	92	28
		%	4.2	2.4	20.6	55.8	17
2	Performance Objectives of my department are aligned with the bank's goals.	N	2	25	3	120	14
		%	1.2	15.2	1.8	73.3	8.5
3	I know how my individual objectives support the overall organizations strategic goals and objectives.	N	9	35	2	46	73
		%	5.5	21.2	1.2	27.9	44.2

Source: Survey Data, (2020)

The above table was regarding alignment where related variables were analyzed. Goals have been considered important as expressions of organizational values that can stimulate and generally orient employees to the organization's mission (Selamawit, 2016). Researchers also address that clarification of goals for individuals and work groups can improve efficiency and productivity (Selamawit, 2016). On item number one table 1 when asked about their awareness of corporate, functional and team goals of the bank 72.8% (92 plus 28) replied that they are aware of strategic objectives, 20.6% of the participant remained neutral and the rest 6.6 % (7 plus 4) replied that they are not aware of strategic objectives. This shows that above average employees know the banks strategic goals which is a one of the prerequisites for the bank to make its employees more focused on its key activities.

The second item on the table asked about the degree to which their departmental objectives are aligned with the organizational objectives, indicated that most employees claim their departmental objectives are aligned with organizational objectives. Around 16.4 % (2 plus 25) of the respondents indicated they believe their departments objectives are not aligned with the organization objectives. On the other hand, 1.8 % (3) of them reported neutral, and the rest 81.8 % (121 plus 14) replied that they believe their departments objectives are not aligned with the organization objectives.

The third item on the table asked whether employees are aware that their individual objectives supports overall objectives. This implies that employees think that the role they are currently playing supports the corporate goals.

According to literatures, one of the most fundamental purposes of performance management is to align individual and organizational objectives through cascading process. This means that everything people do at work leads to outcomes that further the achievement of organizational goals. In the absence of clearly aligned goals, personal goals may preside over organizational goals in which case organizational productivity would be adversely affected. However in Addis international bank the totals mean regarding alignment is above average from which it is possible to conclude the bank shows positive result regarding alignment.

Table 4.3: Performance Planning in the Bank

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The organization has clearly defined its strategic objective	N	16	31	30	78	10
		%	9.7	18.8	18.2	47.3	6.1
2	The organization has smart strategy that can easily be performed	N	26	32	39	47	21
		%	15.8	19.4	23.6	28.5	12.7
3	Standard are established according to individual job description	N	8	58	52	39	8
		%	4.8	35.2	31.5	23.6	4.8
4	The organizations strategy has linking with may employ performance	N	31	58	29	23	24
		%	18.8	35.2	17.6	13.9	14.5
5	Standards are set according to Organizational goal and objective	N	32	53	22	32	26
		%	19.4	32.1	13.3	19.4	15.8
6	Employ performance standards are clear both employ and manager	N	59	48	4	18	36
		%	35.8	29.1	2.42	10.9	21.8

Source: Survey Data, (2020)

As summarized in the above tables on item 1 participant were asked the organization has clearly defined its strategic objective among the total respondents 53.4 % (78+10) of them agreed, 28.5% (16+31) disagreed, and 18.2 % (30) replied neutral. This shows that majority of them lacks understanding about strategic objectives of the bank.

As shown on the table in item no. 2, 41.2 % (47+21) of participants agreed that the organization has smart strategy that can easily be performed, 35.2 % (26+32) disagreed and the remaining 23.6 % (39) replied neutral. This shows most of the respondents were neutral on the subject. This implies that the organization smart strategy is not easily performed in the bank. Only 28.4 % (39 plus 8) Participants agreed with the statement, 40% (8+58) of the respondent disagreed with the statement and the rest remained 31.5 % (52) neutral. This shows the bank's Standard are not established according to individual job description

As summarized in the above table item number 4 regarding the organizations strategy has linking with employee performance 54 % (31+58) of the participants disagreed, 28.4 % (23+24) agreed and the remaining 17.6 % (29) replied neutral. This implies the organizations strategy has not linking with employee performance.

In item 5 respondents were asked Standards are set according to Organizational goal and objective 51.5 % (32+53) implies the standards are not set according to organizational goal and objective. 35.2 % (32+26) implies the standards are set according to organizational goal and objective. And the remaining 13.3 % (22) implies neutral.

For item number 6 64.9 % (59 plus 48) of respondents answered Employ performance standards are not clear both employ and manager and 32.7% (18+36) agreed and 2.42 (4%) of the participant replied neutral.

Table 4.4: Performance Execution in the Bank

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	All feedbacks are Written in objective terms and speak to employee in appositional and positive manner	N	12	26	44	58	25
		%	7.3	15.8	26.7	35.2	15.2
2	The problem and possible solution are discussed with the aim of the problem solving and reaching agreement	N	12	44	34	53	22
		%	7.3	26.7	20.6	32.1	13.3
3	The feedback is given with appositive attitude since this can have an effect on the employees future performance	N	17	69	27	48	4
		%	10.3	41.8	16.4	29.1	2.4
4	The employee performance feedback task is done very carefully	N	5	23	22	98	17
		%	3.0	13.9	13.3	59.4	10.3
5	The standards will be modified according to the relevant feedback from the employees or the evaluators	N	22	53	11	46	33
		%	13.3	32.1	6.7	27.9	20.0
6	I have the opportunity to give my opinion (feedback) to my supervisor freely	N	31	32	17	48	37
		%	18.8	19.4	10.3	29.1	22.4

Source: Survey Data, (2020)

It is stated in the bank’s policy that all the processes and stages of performance management must be practiced. But there are problems in their application for example in the qualitative data the HR head said that even though it is stated that ongoing feedback regarding employee performance mandatory the practice is not prevalent and there is no controlling mechanism. Frequent change in supervisors because of the shifting nature of the job adds to the problem.

Although the subordinates have primary responsibilities on this stage, the superiors also need to give continuous feedback and guidance on their employee’s performance so that they can go

towards their objective. Major responsibilities of superiors are observation of their employee performance documentation and coaching.

The first question on the first item of the table asked the participants all feedbacks are written in objective terms and speak to employee in appositional and positive manner. In this respect the, the vast Majority of participants 50.4 % (58 plus 25) agreed. On the other hand in the contrary of the agreement, 23.1 % of the respondent disagrees with the statements, which are; feedbacks are not written in objective terms and don't speak to employee in a professional and positive manner.

For the employee performance system to be effective, the employees must actively participate in the design and development of performance standards. The participation will enhance employee motivation, commitment toward their jobs, and support of the evaluation feedback. In other words, employee must understand it, must feel it is fair, and must be work oriented enough to care about the result. After the evaluation, the rater must describe work related progress in a manner that is mutually understandable.

According to (Baird et.al 1990), feedback is the foundation up on which learning and job improvements are based in an organization. The rater must provide feedback on the result that the employee achieved that meet or exceed performance expectation.

The above table item number 2 employees were asked if the problem and possible solution are discussed with the aim of the problem solving and reaching agreement but the vast majority of them 45.4 % (53 plus 22) agreed with the statement, 34 % (12 plus 44) agreed and the remaining 26.7 % (44) were unable to judge. This result indicates that the problem and possible solution are not discussed with the aim of the problem solving and reaching agreement.

Regarding item number 3, it can be seen from the above table that a little over half of participants 52.1 % (17 plus 69) disagreed with the feedback is given with appositive attitude since this can have an effect on the employees future performance and 31.5% (48 plus 4) of them replied the feedback is given with appositive attitude since this can have an effect on the employees future performance. The rest were unable to judge which means the feedback is given with appositive attitude since this can have an effect on the employee's future performance.

The above table item number 4 employees were asked the employee performance feedback task is done very carefully but the vast majority of them 69.7 % (98 plus 17) agreed with the statement, 16.9% (5 plus 23) disagreed with the statement and the remaining 13.3 % (22) were unable to judge. This result indicates that the employee performance feedback task is done very carefully.

The above table item number 5 employees were asked the standards will be modified according to the relevant feedback from the employees or the evaluators but the vast majority of them 47.9 % (46 plus 33) agreed with the statement, 45.4 % (22 plus 53) disagreed with the statement and the remaining 6.7 % (11) were unable to judge. This result indicates that the standards will not be modified according to the relevant feedback from the employees or the evaluators.

On the last item on the above table, for the statement asking if the opportunity is given to describe their opinion (feedback) to their supervisor freely

More than half of them 51.5% (48 plus 37) agreed, 38.2% (31 plus 32) agreed 10.3% (17) were unable to judge. This implies that the employees lack the opportunity to describe their opinion (feedback) to their supervisor freely.

Kemunto Ongori et.al, (2007) in his finding of performance execution stated that there is only one way communications between employees and supervisors. Managers don't encourage the implementation of performance by coaching and giving feedback which is related to the above findings. However in the case of k. Mululeke findings the entire process involves identification, evaluation and development of the work performance of the employees through effective management practices like continuous coaching, feedback and regular communication.

Table 4.5: Performance Assessment in the Bank

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	I evaluate myself by filling out self-assessment form	N	29	28	37	21	50
		%	17.6	17	22.4	12.7	30.3
2	Employees are evaluated only based on organizational slandered	N	32	39	47	30	17
		%	19.4	23.6	28.5	18.2	10.3
3	Whenever there is gap between employee performance and standards, the employee will be provided training	N	18	77	30	15	25
		%	10.9	46.7	18.2	9.1	15.2
4	The overall evaluation process is formalized ,standard and made as objective as possible	N	26	39	28	41	31
		%	15.8	23.6	17.0	24.8	18.8
5	The actual performance of the employee is measured based on the standard of the organization	N	43	83	9	19	11
		%	26.1	50.3	5.5	11.5	6.7
6	The criteria's for evaluation is based on observable and measurable Characteristics of behavior of the employee	N	7	52	19	39	48
		%	4.2	31.5	11.5	23.6	29.1

Source: survey data, 2020

The above table indicates the frequency distribution of respondent's answers regarding the issues of performance assessments. The first item asked the respondents if they evaluate themselves by filling out self-assessment form, 43 % (21 plus 50) of them agreed, 34.6 % (29 plus 28) disagreed and 22.4 % (37) Of the employees were unable to judge. Smither & London (2009) stated the importance of self-assessment by stating that the manager fills out his or her appraisal form, and the employee should also fill out his or her form which will provide good information to be used in the review phase. It can be concluded from the above result that there is a gap in this issue.

On the item 2 on the above table the respondents asked if the employees are evaluated only based on organizational standard 43 % (32 plus 39) of them disagreed, 28.5 % (47) neither

agreed nor disagreed and 28.5 %. (30 plus 17) employees agreed with the premise. Formally identified criteria provide and criteria based on organizational standard the result indicates that most employees feel that their performances are not based on organizational standard.

On the item 3 on the above table the respondents asked if there is a gap between employee performance and standards, the employee will be provided training 57.6 % (18 plus 77) of them disagreed, 24.3 % (15 plus 25) agreed on the premise and the remaining 18.2 % (30) of the respondents were unable to judge, indicates that there is a gap between employee performance and standards, the employee will be provided training.

On the item 4 on the above table the respondents asked the overall evaluation process is formalized, standard and made as objective as possible 43.6 % (41 plus 31) of them agreed, 39.4 % (26 plus 39) disagreed on the premise and the remaining 17 % (28) of the respondents were unable to judge, indicates that the overall evaluation process is not formalized, standard and made as objective as possible.

On the item 5 on the above table the respondents asked the measurement of their actual performance if it is based on the standard of the organization 76.4 % (43 plus 83) of them disagreed, 18.2 % (19 plus 11) agreed on the premise and the remaining 5.5 % (9) of the respondents were unable to judge, indicates that the measurement of the employee actual performance is not based on the standard of the organization

On the item 6 on the above table the respondents asked the criteria's for evaluation if it is based on observable and measurable Characteristics of behavior of the employee 52.7 % (39 plus 48) of them agreed, 35.7 % (7 plus 52) disagreed on the premise and the remaining 11.5 % (19) of the respondents were unable to judge, indicates that the criteria's for evaluation is not based on observable and measurable Characteristics of behavior of the employee.

Table 4.6: Performance Review and Feedback in the Bank

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The objective of correcting action is to correct and resolve employee performance problems and retain employee productive	N	30	50	70	9	6
		%	18.2	30.3	42.4	5.5	3.6
2	The corrective action is given after fair and objective investigation is made	N	18	64	56	10	17
		%	10.9	38.8	33.9	6.1	10.3
3	The corrective measure matches with the seriousness of the offence	N	18	28	37	38	34
		%	10.9	17.0	22.4	23	26.7
4	The employee performances will be provided coaching , counseling ,retraining when there is incapability	N	12	71	9	36	37
		%	7.3	43.0	5.5	21.8	22.4
5	My supervisor identifies what I have done well and poorly by citing specific positive and negative behaviors	N	23	20	31	61	30
		%	13.9	12.1	18.8	37.0	18.2
6	The review process is based on the development and improvement needs	N	21	8	35	33	68
		%	12.7	4.8	21.2	20.0	41.2

Source: Survey Data, (2020)

Although performance management is a continuous process it is still necessary to have a formal review once or twice yearly. This provides a focal point for the consideration of key performance and development issues. The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance.

On first item on the table above the objective correcting action is not correct and resolves employee performance problems and retain employee productive. Nonetheless from item in item 2, 49.7 % (18 plus 64) implied that the corrective action is not given after fair and objective investigation is made.

On the third item regarding the corrective measure matches with the seriousness of the offence 49.7 % (38 plus 34) of the respondents stated that the corrective measure matches with the seriousness of the offence. This indicates the corrective measure matches with the seriousness of the offence.

On the fourth item employees were asked if the employee performances will be provided coaching, counseling, retraining when there is incapability, 50.3 % (12 plus 71) of them agreed, 44.2 % (36 plus 37) were agreed on the premise and the remaining 5.5 % (9) of the respondent were unable to judge. And this clearly implies that the employee performances will be provided coaching, counseling, retraining when there is incapability. On the fifth item employees were asked if the supervisor identifies what they have done well and poorly by citing specific positive and negative behaviors, 55.2 % (61 plus 30) of them agreed, 26 % (23 plus 20) were disagreed on the premise and the remaining 18.8 % (31) of the respondent were unable to judge. And this clearly implies the supervisor identifies what they have done well and poorly by citing specific positive and negative behaviors. Although both the above finding and the results of K. Mululeke (2012) is similar as in employees conduct self-assessment through personal qualifications fill out records followed by evaluation of the supervisor, they differ is in situations where the supervisor and the employee disagree on the results superiors will have the last say in the matter without siding with anyone.

4.3 Benefits of Performance Management at Addis International Bank

Table 4.7 Benefits of Employee Performance Management System in Bank

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	It has created role clarity among the employees in our branch/office	N	15	25	18	77	30
		%	9.1	15.2	10.9	46.7	18.2
2	It serves as a two way communication about the roles and expectations	N	43	33	28	41	20
		%	26.1	20.0	17.0	24.8	12.1
3	It helps to motivate employees and encourage development	N	19	11	43	83	9
		%	11.5	6.7	26.1	50.3	5.5
4	The performance Evaluation system helps employees to motivate for higher performance	N	41	50	9	54	11
		%	24.8	30.3	5.5	32.7	6.7
5	The performance management system helps Bank to set possible training and developmental programs	N	7	28	6	77	47
		%	4.2	17.0	3.6	46.7	28.5

Source: Survey Data, (2020)

The above table reveals that most of the respondent said that Addis International bank 64.9 % (77 plus 30) of the participant agreed that employee performance management system has created role clarity among the employees in the bank, and 24.3 % (15 plus 25) of the participant disagreed on the premise. These show that Addis international bank clearly communicating the standards to the employees. From the table we can see that, 46.1 % (43 plus 33) of the respondents disagreed on employee performance management serves as a two way communication about the roles and expectations, 36.9 % (41 plus 20) agreed and 17 % (28) of the respondent were unable to judge on the premise. This shows that at Addis international bank the employee performance management serves as a two way communication about the roles and expectations.

From the above table among the total number of respondent 55.8 % (83 plus 9) of the respondent implied that performance management system helps to motivate employees and encourage

development has implemented in the bank. 26.1% (43) of the respondent implied neutral and the remaining 18.2 % (19 plus 11) of the respondent disagreed on the premise. This shows that, employee performance management system enable employees to improve their performance. Due to the plan given for them and to become front runners competition among employees will enhanced and obviously performance can be improved and employees become more competent. Also as indicated from the above table, 55.1 % (41 plus 50) disagreed on performance evaluation system helps an organization to integrate its employee's day to day business activities with the overall goals of the organization. 39.4 % (54 plus 11) agreed on the premise and the remaining 5.5 % (9) of the respondents implies neutral.

Besides to the above as indicated in the above table, 75.2 % (77 plus 47) agreed that the performance management system helps Addis International Bank to set possible training and developmental programs improve individual and the bank's performance at large. Here, we can infer that when performance management system gets implemented in the organization employees become more competent and their performance gets improved so that organizational performance also improved. Therefore based on the result found we can say that, the employee performance management system has different benefits in the bank. The system has created role clarity among employees, helps to differentiate performance level of employees so that to take personnel actions, to make employees competent, to foster two way communication between employees and their supervisors, to motivate employees and finally to enhance employees performance so that the bank will achieve its objective.

The performance management system helps Addis International Bank to set possible training and developmental programs improve individual and the bank's performance at large.

4.4 Challenges of Performance Management System

Table 4.8: Challenge of Employee Performance Management System

No	ITEMS		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The evaluator is influenced by personal liking and disliking when evaluating my performance	N	4	23	45	88	5
		%	2.4	13.9	27.3	53.3	3.0
2	Unqualified person rates my work	N	16	23	34	88	4
		%	9.7	13.9	20.6	53.3	2.4
3	Evaluators are not experienced and they don't have necessary training to carry out the employee performance management Process	N	7	28	6	77	47
		%	4.2	17.0	3.6	46.7	28.5
4	There is a tendency of giving unbalanced targets for similar positions	N	55	34	35	31	10
		%	33.3	20.6	21.2	18.8	6.1
5	There is no fair job rotation among employees in our branch/office	N	12	45	23	52	33
		%	7.3	27.3	13.9	31.5	20
6	There is lack of alignment between organizational and individual goals	N	30	16	34	48	37
		%	18.2	9.7	20.6	29.1	22.4

Source: Survey Data, (2020)

As depicted in the above table, 56.3% (88 plus 5) of the respondent agreed that the evaluator is influenced by personal liking and disliking when evaluating my performance, 27.3% (45) replied neutral and the remaining 16.3 % (4 plus 23) of the respondent disagreed. This indicates that the evaluator is influenced by personal liking and disliking when evaluating the employees performance.

As the above table the respondent reply shows that majority 55.7% (88 plus 4) of the participant said that they are rated by unqualified person so that this may lead to wrong employee Performance result. In the same way, most of them 67.2 % (77 plus 47) said evaluators are not experienced and they don't have necessary training to carry out the employee performance management process, 53.9% (55 plus 34) of the respondent said a tendency of giving unbalanced targets for similar positions are used to evaluate. However, 51.5 % (48 plus 37) of

the respondent agreed that there is lack of alignment. Here we can say that there is alignment between organizational and individual goals. From the same table, 53.9 % (55 plus 34) of the respondents agreed that there is a tendency of giving unbalanced targets for similar positions. Many respondents also explained in the open ended question part of the questionnaire that, even for equal job grades there is a tendency of giving different goals in terms of difficulty.

51.5 % (52 plus 33) of respondents have agreed on that there is no fair job rotation in the bank. Based on the responses given by sampled employees, there are different types of challenges encountered during employee performance management system implementation. For instance, there is a tendency giving unbalanced goals for similar positions. This is usually happened due to when giving different goals and targets for employees who are at the same job grades but assigned at different places. As participants responded, there is no fair job rotation in the bank. When there is fair job rotation, it is possible to reduce challenges of giving unbalanced goals for employees under the same job grade levels since all the performers are circulating at all assignments for a given job grade position. And, there is no clear mechanism in the bank to address the issue of underperformance and no action has been taken for both poor as well as good performers.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

5.1 Summary of Major Findings

Based on the discussion and data interpretation undertaken in the previous chapter, the following summaries of finding are derived.

- Majority of employees in Addis International Bank are well aware of corporate, functional as well as team goals of the bank.
- The participants confirmed that objectives are based on strategic departmental goal .This indicates that most participants understand the linkage between the individual goal to organizational objectives and values.
- The results indicated on the planning phase the banks performance management process is not well communicated to all employees The interview result also shows that there is lack of knowledge in Performance management system because the they only get orientation once a year before the review period.
- In the execution period it is found that getting ongoing positive and constructive feedback about the progress of the performance on timely manner is minimal. Most employees stated that constructive feedback they get from supervisors is not based on the facts.
- In performance assessment most employees claimed that there are no clear criteria and standards to over which evaluation is based and assessments are not based on results and behaviors agreed in the previous period (planning stage).
- At the review stage participants agree formal feedback is given to employees in relation to objectives but supervisors don't identify what the subordinate done well and poorly by citing specific positive and negative behaviors. And they claimed that Employees and Supervisors don't identify the reason behind problem and action plan to resolve them.

- Most of the respondent agreed that the organization has clearly defined strategic plan and they linked with performance management system of the bank. However, majority of the respondent are not communicated about the business strategies of the bank.
- Majority of respondent said that standards is not be modified according to the relevant feedback from employees or evaluators. In the same way feedbacks are not written in objective terms and don't speak to employee in a professional and positive manner.
- Majority of the respondent said that evaluator is influenced by personal liking and disliking when evaluating my performance, they also said that we are rated by unqualified person. Therefore, this may lead to wrong performance result.
- Majority of respondent said that giving similar goals and targets for employees who are at the same job grades but assigned at different places. As participants responded, there is no fair job rotation in the bank.
- Based on the sampled employees' response, the result of their performance evaluation does not matches with their actual performance and employees are not evaluated their work based on recorded evidence only.
- Most of the respondent agreed that there is no clear mechanism in the bank to address the issue of underperformance and no action has been taken for both poor as well as good performers. Performance evaluation is not attached with reward and recognition schemes. This finding is also consistent with Mughal and Akram (2014), that the employee performance management of the Bank lacks motivation and proper reward system.

4.2 CONCLUSIONS

The main objective of this study is to assess Performance Management System of Addis International Bank and to find out the processes of employee performance management practice, particularly if employee performance planning, assessment, execution and review are properly carried out by designing the following specific questions; how does employee performance management system aligned with the business strategic objective? What is the employee performance management practice of Addis International Bank mainly focusing on performance planning, execution, assessment and review?, What are the bases of employee performance evaluation of Addis International Bank? What are the challenges in employees' performance management system in the bank? And what is the benefit of employee management system in Bank. In order to address the above questions, descriptive survey research design was employed comprises both quantitative and qualitative methods of data gathering. Data was gathered through questionnaire, and interviews.

Based on study major findings the following conclusions are drowned

- The organization strategic plan has clearly defined. Beside this, the organization has understandable strategy and the strategy also has linkage with each jobs. However, the organization is poor on how strategies are communicated to employees. These indicate that even though Addis International Bank is good on most of strategic formulation, communicating the strategy is poor so the organization has to work on how to improve this.
- The Addis International Bank's standard set for employee performance management system is clearly defined and non-ambiguous and the standard are also attainable and related to the desired result of each job and as per the organizational goal and objective. However, performance standard are not clear to both appraiser and appraise so this show that there is gap between actual requirement and employee job descriptions.
- The other weakness observed is that employees are not communicated organizational standards and neither understands their roles nor knows what is exactly expected from them. Standards are not also communicated to the evaluator. Organizational standards

cannot be modified according to feedback from employee and evaluator and employees are not clearly explained the purpose as well as the process of appraisal.

- The overall employee performance process is formalized, standardized and made as objective as possible. However, the measurement is not carry out with careful selection of appropriate process technique of measurement and personal bias affect the outcome of performance management process. So this shows most of the evaluator measures employee performance depending on their personal interest. Therefore the evolution of employee performance of the organization does not evaluate the employee properly and performance management system is not on the base of employees' accomplishments and achievements.
- The other conclusion drawn from result is on how feedback is provided to employees so that feedback is not given with a positive attitude and are not written in objective terms and doesn't speak to employee in a professional and positive manner so that performance appraisal feedback task is not done very carefully.
- Addis International bank is not providing opportunities to their employees to participate in the design of form used to evaluate their employees' performance. The form used for evaluation of majority of employees' employee performance management process is not customized on the basis of their job characteristics.
- On the other hand there are member of challenges observed while conducting the Employee performance management process. Evaluator is influenced by personal bias when carrying out Employee performance. And being rated by unqualified person is also the other problem which may lead to wrong employee performance result. In the same way evaluators are not experienced and they don't have necessary training to carry out the management process.

5.3. Recommendations

On the basis of analysis and its findings, the following recommendations have been given:

- ❖ The study indicates that the employee are not communicated the performance standard. Therefore, communication standards enable both the evaluator and the evaluated to properly appraise and the job in accordance with organizational standards respectively.
- ❖ In order to communicate all procedures, manuals and other to employees, the organization has to change its strategy to the way that forces all employees to struggle to know all information in the organization.
- ❖ The Addis International Bank S.C has to be making sure that equal jobs are assigned for equal positions so that to give proportional targets for the sake of fairness among employees.
- ❖ It will be advantageous to the bank to revise its employee performance management process to a better and powerful method. Modern methods such as 360 employee performance management process enhance the current one to one process conducted at the bank. Therefore, by doing this most of the problem like biasness, personal liking and disliking and other discrimination issues can be solved.
- ❖ The organization has to use only its standards in order to carry out the performance management process and provide training by looking into the actual gap of the employees.
- ❖ Evaluators have to provide feedback to employee with positive attitude in objective terms so that by providing feedback very carefully, employee grievance will be reduced.
- ❖ Employee performance management process should be linked with promotion and other Employee benefit. On contrary to this the transfer and demotions also has to be based on the employee performance result.
- ❖ Employee performance result should attach with reward and recognition system to increase Employees' motivation and to prevailing performance accountability in the Bank.
- ❖ In order to avoid most of performance evolution related problem especially problems related with personal interest, it has to be automated to the system that the bank is using in order to carry out its day to day activity so that the system carry out the employee

performance management process by itself and relatively it provides unbiased employee performance result.

- ❖ In general, it is advisable for Bank to sustain all its current strengths, and improve its limitations mentioned above to manage its resources within a strategic framework and achieve better performance so that the Bank can realize its vision to become destined to be the leading inclusive Bank in Africa.

5.4. Future Research Directions

- Considering the limitations of this study Bank further research should be carried out in other similar banks and Future research can be carried out in-depth using different mathematical models to further primary data collection method to collect raw data .Other researchers may have better ways of addressing the same questions or other issues related to performance management system.
- The questionnaire used in this study could be expanded and modified to further study issues such as coaching, learning and development plans and managing team performance.

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APPENDIX I: QUESTIONNAIRE

St. Mary's University

School of Business

Questionnaire to be filled by: Employees of Addis international bank

Dear Respondents!

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Assessment of Employee Performance Management Practice of Addis International Bank. This study is purely for academic purpose & in no ways that affects the respondent's personality. It will be kept confidential. So that, you're genuine view, frank opinion & timely responses are very valuable in determining the success of the study. Therefore you are kindly requested to extend your cooperation honestly by providing relevant information & filling out the following questionnaires that are prepared for this intention

Thank you in advance for your cooperation!

Note

1. No Need to write your name
2. Indicate your answer by making a tick "√" mark for questions with rating scale.

If you have any question, please do not hesitate to contact me at (Mobile: 0936987602 or email:_____@gmail.com)

Part 1; Demographic Profile of the Respondents

Please tick "x" in the box that best reflects your level of agreement

1. Gender: Male B) Female
2. Age: 21-29 30-39 40-49 and above
3. Educational Background: Diploma Degree Masters PhD
4. Years of service in Addis International Bank S.C.:

Less than 2 years 2 to 5 years 5 to 10 years above 10 years

Part 2; Employee Performance Management System

Please read each statement carefully and indicate your responses to each of the following statements regarding performance planning, performance execution, performance assessment and performance review by using a sign of (√) in the boxes using the following rating scales (Likert scales): 1=Strongly Disagree (SD), 2= Disagree, (D) 3= Neutral, (N) 4 = Agree (A) and 5 = Strongly Agree (SA)

Question related to Alignment

	Statements	Level of Agreement				
		SD(1)	D (2)	N(3)	A(4)	SA(5)
1	I am aware of corporate, functional and team goals of the bank and that the objectives.					
2	Performance Objectives of my department are aligned with the bank's goals.					
3	I know how my individual objectives support the overall organizations strategic goals and objectives					

Questions Related to Performance Planning In the Bank

	Statements	Level of Agreement				
		SD(1)	D (2)	N(3)	A(4)	SA(5)
1	The organization has clearly defined its strategic objective					
2	The organization has smart strategy that can easily be performed					
3	Standard are established according to individual job description					
4	The organizations strategy has linking with may employ performance					
5	Standards are set according to Organizational goal					

	and objective					
6	Employ performance standards are clear both employ and manager					

Questions Related to Performance Execution in the Bank

	Statements	Level of Agreement				
		SD (1)	D(2)	N(3)	A(4)	SA(5)
1	All feedbacks are Written in objective terms and speak to employee in appositional and positive manner					
2	The problem and possible solution are discussed with the aim of the problem solving and reaching agreement					
3	The feedback is given with appositive attitude since this can have an effect on the employees future performance					
4	The employee performance feedback task is done very carefully					
5	The standards will be modified according to the relevant feedback from the employees or the evaluators					
6	I have the opportunity to give my opinion (feedback) to my supervisor freely					

Questions Related to Performance Assessment in the Bank

	Statements	Level of Agreement				
		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	I evaluate myself by filling out self-assessment form					
2	Employees are evaluated only based on					

	organizational slandered					
3	Whenever there is gap between employee performance and standards, the employee will be provided training					
4	The overall evaluation process is formalized ,standard and made as objective as possible					
5	The actual performance of the employee is measured based on the standard of the organization					
6	The criteria's for evaluation is based on observable and measurable Characteristics of behavior of the employee					

Questions Related to Performance Review and Feedback in the Bank

	Statements	Level of Agreement				
		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The objective of correcting action is to correct and resolve employee performance problems and retain employee productive					
2	The corrective action is given after fair and objective investigation is made					
3	The corrective measure matches with the seriousness of the offence					
4	The employee performances will be provided coaching , counseling ,retraining when there is incapability					
5	My supervisor identifies what I have done well and poorly by citing specific positive and negative behaviors					
6	The review process is based on the development and improvement needs					

Challenge of employee Performance management System

	Statements	Level of Agreement				
		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The evaluator is influenced by personal liking and disliking when evaluating my performance					
2	Unqualified person rates my work					
3	Evaluators are not experienced and they don't have necessary training to carry out the employee performance management Process					
4	There is a tendency of giving unbalanced targets for similar positions					
5	There is no fair job rotation among employees in our branch/office					
6	There is lack of alignment between organizational and individual goals					

Benefits of Employee performance management system in Bank.

	Statements	Level of Agreement				
		SD(1)	D(2)	N(3)	A(4)	SA(5)
1	It has created role clarity among the employees in our branch/office					
2	It serves as a two way communication about the roles and expectations					
3	It helps to motivate employees and encourage development					
4	The performance Evaluation system helps employees to motivate for higher performance					
5	The performance management system helps Bank to set possible training and developmental programs					

DECLARATION

I the under signed, declare that this thesis is my original work; prepared under the guidance of my Advisor Shoa Jemal (Asst.Prof) 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 learning institution for the purpose of earning any degree.

Name

Signature

St. Mary's University, Addis Ababa December, 2020

ENDORSEMENT

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

Name

Signature

St. Mary's University, Addis Ababa December, 2020