



**SAINT MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**AN ASSESSMENT OF THE LEVEL OF IMPLEMENTATION OF  
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM-  
CASE OF THE COMMERCIAL BANK OF ETHIOPIA**

**BY  
EYERUSALEM AMAHA MEDHIN**

**JANUARY, 2016**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL  
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**JANUARY, 2016**

**ADDIS ABABA, ETHIOPIA**



## DECLARATION

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

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**St.Mary's University, Addis Ababa**

**January, 2016**

## **ENDORSEMENT**

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

Tiruneh Legesse(Asst.Professor)

Advisor's Name

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Signature

**St. Mary's University, Addis Ababa**

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## Table of Contents

Declaration.....	iv
Endorsement.....	v
Table of contents.....	vi
Acknowledgments.....	viii
Acronyms.....	ix
List of Figures.....	x
List of tables.....	x
Abstract.....	xi
CHAPET ONE.....	1
1. INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Statement of the Problem .....	3
1.2.1 Research Questions .....	5
1.3 Objective of the Study.....	6
1.3.1 General Objective .....	6
1.3.2 Specific Objectives .....	6
1.4 Significance of the Study .....	7
1.5 Scope of the Study.....	7
1.6. Organization of the Study.....	8
CHAPTER TWO.....	9
2. REVIEW OF LITRATURE .....	9
2.1 What is Performance Management?.....	9
2.2 Why Performance Management?.....	10
2.3 Employee Performance Management cycle .....	12
2.3.1 Getting Ready (Preparing to Start the Process).....	13
2.3.2 Developing and planning Performance (Performance Planning) .....	15
2.3.3 Ongoing performance communication(Feedback and Coaching) .....	17
2.3.4 Data Gathering, Observing, and Documentation (Data Tracking) .....	18
2.3.5 Reviewing Performance (Performance Appraisal) .....	19
2.3.6 Reward and Development of Performance (Improving of Performance).....	20
2.4 Consequences of Poorly Implemented Performance Management System.....	21
2.5 Conceptual Frame Work.....	22
CHAPTER THREE.....	25
3. RESEARCH METHODOLOGY .....	25
3.1 Description of the Study Area .....	25

3.2 Research Design.....	25
3.3 Population and Sampling Techniques .....	26
3.4 Types of Data and Data Collection Tools .....	27
3.4.1 Types of Data .....	27
3.4.2 Data Collection Tools.....	28
3.5 Data Collection Procedure .....	28
3.6 Data Analysis and Presentation .....	29
3.7. Ethical Consideration.....	29
 CHAPTER FOUR.....	 30
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	30
4.1 Demographic Characteristics of the Respondents.....	30
4.2 Employee Readiness.....	31
4.3 Performance Planning.....	36
4.4 Feedback and Coaching .....	40
4.5 Performance Appraisal .....	44
4.6 Rewarding and Improving.....	47
4.7 Overall Performance Management as a New System.....	49
 CHAPTER FIVE.....	 54
5. SUMMARY, CONCLUSION, LIMITATION OF THE STUDY AND RECOMMENDATION.....	54
5.1 Summary .....	54
5.2. Conclusion.....	58
5.3 Limitation of the Study .....	65
5.4. Recommendation.....	65
References.....	68
Appendix .....	71

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## ACRONYMS

BA	Batcher of arts
BSC	Balanced Score Card
CBE	Commercial Bank of Ethiopia
CHRM	Corporate Human Resources Management
EPM	Employee Performance Management
FSFM	Frankfurt School of Finance and Development
GTP	Growth and Transformation Plan
HRD	Human Resources Development
HR	Human Resource
HRM	Human Resources Management
MA	Master of Arts
PM	Performance Management

## LIST OF FIGURES

Figure 2.5 1.Employee Performance Management Frame work.....	24
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## LIST OF TABLES

Table 4.1. Demographic Characteristics of the Respondents.....	31
Table 4. 2. Descriptive Statistics for Readiness.....	32
Table 4.3. Descriptive Statistics for Planning .....	37
Table 4. 4. Descriptive Statistics for Feedback and Coaching.....	41
Table 4. 5. Descriptive Statistics for Appraisal.....	44
Table 4.6. Descriptive Statistics for Reward and Developing.....	48
Table 4.7. Descriptive Statistics for Overall Performance Management.....	50

## ABSTRACT

*This paper is a case study assessing the employee performance management system of the Commercial Bank of Ethiopia aimed at attaining the specific objectives of assessing the prevailing level and the effective implementation of the system in the bank, assessing the bank's employees and line managers level of understanding and ownership with regard to the concept and technical aspects of the EPM system, and identifying potential challenges and recommend possible solutions in order to mitigate them. The research objectives were attempted in light of six variables that covers the steps of the employee performance management system which include insuring employee readiness, performance planning, feedback and coaching, performance appraisal, rewarding and improving, and the overall performance management as a new system. Quantitative descriptive research was applied to analyze and interpret the mean scores of the variables. Commercial Bank of Ethiopia is a giant company in the banking industry in Ethiopia which has more than 970 branches spread all over the country with more than 22,000 employees. CBE has a vision to "Become a World Class Commercial Bank by the Year 2025." To realize its vision, the Bank underlining the contributions of its people has designed new HRD strategy with the support of an international consultants; employee performance management system is one amongst the newly implemented HRD strategic tools. The research has outlined that the employee performance management system of the CBE, as assessed by the above mentioned variables, its effectiveness is at moderate level which signifies the bank needs to strive hard to enhance the system's effectiveness giving due emphasis to the aspects and areas of: availing adequate and timely trainings to its people concerning the end-to end aspects of the employee performance management system; instituting system to support the data tracking & documentation ; promoting and ensuring effective feedback & coaching culture; revise performance standards and measures to minimize subjectivity, vagueness, and inappropriateness ;enhance the involvement and ownership of both the managers and employees via promoting transparency and equip them with the required knowledge, skill and resources; and clearly articulate the end-to-end implication of good as well as poor performance.*

**Key Words:** - *Employee Performance Management, Employee Readiness, Feedback & Coaching, Human Resources Development, Performance Appraisal, Performance Planning, Reward and Development*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the Study

In the organizational context, performance is usually defined as the extent to which an organization member contributes to achieving the goals of the organization. Employees are a primary source of competitive advantage in service oriented organizations. Human resources contributions(roles) are indispensable to organizational effectiveness, dictate the need to place a system which supports to properly manage their performance towards the accomplishment of organizational and/or personal goals is a matter not to be compromised at all (Meseret, July 2007).

As a human resource development practice, employee performance management in organizations is viewed as the total system of gathering relevant information, providing specific feedback to individuals and work groups, and applying such information for the improvement of organizational effectiveness (Bernardin, Hagan, Kane, and Villanova, 1998, as cited in Meseret, July 2007).Employee performance management not only includes assessing how employees are performing in their jobs, but also aligning individual goals to overall organizational goals, and keeping employees satisfied so that the organization can retain them. It ensures that everyone is performing their best so resources can be focused on growing the business ( Taleo Business Edition, 2011).

Employee performance management escalates the visibility of quantified outputs and outcomes—in other words, results. It provides explicit linkage between strategic, operational, and financial objectives. It communicates these linkages to managers and employee teams in a way they can comprehend, thereby empowering employees to act rather than cautiously hesitate or wait for instructions from their managers. Employee performance management also quantitatively measures the impact of planned spending, using key performance indicators born from the strategy map and balanced scorecard

(Gary Cokins, 2004). Moreover, employee performance has direct relation with customer perception of service quality; good employee performance linked with increased customer perception of service quality, while poor employee performance as cause for increased customer complaints (Zhang, 2012).

With this premise, the Commercial Bank of Ethiopia, as the leading bank in Ethiopia as well as to successfully play its role of supporting the country's GTP via financing huge developmental projects, has designed new employee performance management system as one major aspect of its HRD strategy in consultation with the Frankfurt School of Finance and Management consultants since 2011/12 and started to pilot the system as of April, 2013 in few work units, and rolled out all across the bank since July 2014. The global trends of increased competition focus on technology, increased in knowledge workers and service, and increased customer and employee expectations are also factors within the Ethiopian context that triggered the CBE to operate from strategic perspective; its new HRD strategy as being one aspect of the core strategies. The strategy includes succession planning system, engagement and retention strategy, training system, employee performance management systems and institutional re-structuring of the CHRM process.

Not only the CBE is striving to win the domestic competition which is derived by the establishment of new private banks with emerging technologies in the banking service, it is also on its way to play a cross boundary roles and competitive in the international business arena(CBE's next five years strategy document, June 2015).

During the year 2010, the CBE has envisaged its vision 'To become a World-class Commercial Bank by the year 2025'. To realize its vision the CBE has crafted a five year strategic plan stated as , ' FIVE –YEAR CORPRATE SCORECARD 2010/11-2014/15 and is subject to update and revision every five years, which recognized the institutionalization of a management tool that would enable it to formulate and implement its strategy and track its performance-the Balanced Scorecard(CBE'S Five year Corporate

Score Card, November 2010). In the same document, the bank has also underlined that almost all of its resources and capabilities were found weak when compared to world class commercial banks after conducting both internal and external assessments. To realize its grand vision of ‘Becoming a world class Commercial Bank by the year 2015’, CBE has clearly stated two strategic themes; the Business Growth ,and Service Excellence , which desperately triggers the Bank to segregate HRD as key focus area towards achieving its strategic direction. As part of the BSC, the bank created an overall process level score card that highlights the strategic objectives and performance measures and targets cascaded from the overall corporate score card.

## **1.2 Statement of the Problem**

CBE’s grand vision, “To Become a World Class Commercial Bank by the Year 2025”, signifies that the bank is in the process of preparing itself to operate in the highly competitive business environment which is driven by the local as well as global business dynamism. From the vision statement, it can also implied that the bank needs to craft a strategy which transcends it to the status and position of world class commercial banks exhibit as of 2025 which signifies the need for having qualified professionals who harmonize their efforts towards the bank’s objectives and expectations. As one aspect of the Human Resource Development( HRD )strategy, the bank in collaboration with the Frankfurt School of Finance and Management(FSFM) consultants has started to implement a new employee performance management system with the ultimate goal of enhancing continuous improvement in performance across the bank by aligning individual performance with the strategy and objectives of the organization, by creating greater clarity in setting goals and related performance targets for individuals, and monitoring progress in their achievement.

In designing and implementation of the EPM system in the CBE the bank has crafted EPM system framework as a general guide to execute the system effectively and efficiently, and to exert easy follow up and monitoring of the system as a whole. Towards

this, the CBE believes that EPM is one of the key HRD strategic aspects which help it to align and integrate individual employees' efforts with the corporate strategic objectives which have been cascaded to processes and sub processes using the four BSC perspectives.

This in fact depends on the effective implementation of its EPM as a system. Effective strategic EPM system can be guaranteed when principles of EPM are adhered to, major components or steps of PM as a system are well understood and considered as the cornerstones of the organization's frame work , and strategic alignment is maintained with the other HR or talent management strategies and initiatives. According to the 2013 Global PM Survey Report conducted by MARSH and McLENNAN;

*“Establishing an effective EPM system is a major challenge for most organizations making Performance Management a perennial hot topic among HR leaders. Consequently, companies around the world are regularly in search of best practice and new solutions for this core process”.*

Besides, the CBE has started to implement the EPM system starting April 2013 by piloting the system at selected areas at Addis Ababa and rolled out the system officially throughout the bank since July 01, 2014 by synchronizing the processes' or sub processes' and offices cascaded annual score card and duties and responsibilities of each employee as stipulated in the job descriptions. However, appreciating its benefits and deploying of significant resources cannot guarantee that the performance management system will work well and benefits both the employees and organization as expected.

According to Aguinis (2005), the disadvantages or negative consequences of ineffective performance management system include: increased employee turnover if the process is perceived as unfair; false or misleading information may be used due to lack of standardized system in place; low self esteem due to inappropriate and inaccurate way of providing feedback; waste of resources in the form of time and money that negatively affects the organization's return on investment; relationships are damaged as a

consequence of a deficient system; negatively affects motivation to perform mainly due to failure to translate good performance in to meaningful rewards; employees suffer from job burnout and job dissatisfaction for the main reason that if the system is perceived as it is not fair and performance assessment tool is considered as invalid ;increased risk of litigation filed by employees who feel they have been appraised unfairly; unjustified demands made up on managers' resources due to the consequences of poorly implemented systems do not provide the benefits of well implemented systems, rather they take up managers' time that leads to resistance and even avoidance of the system; standards and ratings may vary and unfair across and even within units replaced by personal values, biases and relationships; and because of poor communication, employees may not know how their ratings are generated or how the ratings are translated into rewards leads to mystery.

The annual performance management progress report prepared by the employee performance management team of the bank shows that individual employee's performance is somehow not linked with respective process's annual score card performance which is: the overall performance appraisal scores for the head office employees were scored as, below expectation 2%, meets expectation 13%, above expectation 39 %, and exceptional ratings 46 % out of the 100 % employees who were appraised by their individual goals and targets. The annual performance appraisals of the processes, as evaluated by their score card targets, fall in the ranges of 85 % to 98 %.

Moreover, keeping in to mind the old way of appraisal system that the CBE has been applying for decades to appraise employees' performance which is overly subjective , and did not engage line managers to coach their subordinates and giving timely feedback; trend of the bank to reward processes and sub processes based on their score card performance but not individual contribution; and lack of the practice of attaching performance to the human resource management decisions, visa-a-vice the change the bank envisages and committed to bring which demands a paradigm shift on peoples'

attitude as well as work aids, it signals the need to assess the effective implementation of the EPM as a system in the bank. This research, thus, was initiated with the intention to assess the CBE's level of implementation of the employee performance management system by posing the following research questions.

### **1.2.1 Research Questions**

The essence of the research will evolve on the following research questions:

- How thoroughly was the EMP system being implemented in the CBE to ensure its effective implementation?
- To what extent the concept and technical aspects of the EPM system are understood and owned by the employees (both line managers and employees) of the Bank?
- What challenges are encountered in due course of implementing the EPM system that poses early remedial action so as to ensure the system's effectiveness?

### **1.3 Objective of the Study**

The study has conducted by drawing general and specific objectives which are clearly stated as shown below.

#### **1.3.1 General Objective**

The general objective of this study is to assess the level of implementation of employee performance management system in the case of CBE.

#### **1.3.2 Specific Objectives**

The study tried to achieve the above general objective by perusing the following specific objectives including;

- To assess the level of effective implementation of EPM system in the CBE ;

- To assess the bank's line managers and employees level of understanding and ownership with regard to the concept and technical aspects of the EPM system;
- To identify potential challenges and recommend possible solutions in order to mitigate them.

## **1.4 Significance of the Study**

Since the CBE has recently designed its EPM system as one strategic aspect of its HRD strategy, and has started to implement it, from the broader perspective, this study helps the bank to see its progress in terms of the effective implementation of the EPM system and to depict areas of focus for the assurance of successful implementation of the EPM system. On the other part, the employee performance management team which is in charge of tracking the progress of the system and development of working tools (policy, procedure, guidelines, appraisal tools and standards, and the like), and central custody of the employees performance appraisals, can get inputs that will be useful through the process of revision of the work aids and get the picture from different view. Furthermore, the findings of the research will also pinpoint the implication for practitioners and will also serve as spring board for other researches who will be interested to further conduct studies in the area.

## **1.5 Scope of the Study**

The study is basically a case study by its nature; as such the Commercial Bank of Ethiopia is the case in focus. The CBE has diverse branch expansion with about 970 branches stretched all over the country, and more than 22,000 employees. Moreover, the CBE has practice of evaluating process's and sub process's performance using each process's and sub process's score card cascaded from the corporate BSC as can be depicted from the EPM implementation road map of the Bank, which started from the managerial roles down to the officer role. The process owners, that is, Vice Presidents, and Chief Officers; and the Directors are being evaluated based on their score card

performance. Based on the Frankfurt School of Finance and Management consultants' recommendation and feedback given to the bank, piloting of the EPM system of the bank has taken place at selected head office units since April 2013 supported by workshops and continuous revision of goals and targets, contractual and appraisal tools. Consequently, the bank has rolled out the employee PM system since July, 2014 all over the bank. However, the EPM system has implemented on selected range of roles which incorporates employees with job grade 9 to job grade 15 that includes professionals with minimum of first degree and above, excluding secretaries and clerical workers regardless of their educational qualification. The job grade 9 to job grade 15 ranges include officers, experts, analysts, customer relationship managers, attorneys, collateral valuers/engineers, customer service managers, team leaders, and managers. Hence, the scope of the study will be limited to the employees under all the head office organs located under the Addis Ababa area for the reason that pilot was done on the head office organs, and yet all the head office organs were subjects of the full-fledged implementation of the PM system soon enough after the rolling out of the system.

## **1.6. Organization of the Study**

The study has comprised five chapters for which the first chapter covers the background of the study, statement of the problem, research questions, objective of the study, significant of the study and scope of the study. Under chapter two the related literature is presented. Chapter three covers the research methodology incorporating; description of the study area, research design, population and sampling technique, types of data and data collection tools, data collection procedure, the data analysis and presentation method in brief, and ethical consideration . Chapter four is the data presentation, analysis and interpretation part. Finally, chapter five covers the conclusion, limitation of the study and recommendation parts.

## CHAPTER TWO

### 2. REVIEW OF LITRATURE

#### 2.1 What is Performance Management?

According to Armstrong and Baron (2004), Performance Management is defined as; “A *strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors*”.

Armstrong and Baron(2004), further elaborated that PM is: as strategic in the sense that it is concerned with the broader issues facing the business ,concerned with performance improvement in order to achieve organizational, team and individual effectiveness, and concerned with development, which is perhaps the most important function of performance management. Organizations, as stated by Lawson (1995), as cited by Armstrong and Baron( 2004 ), have to get the right things done successfully. Performance is not only about what is achieved but also about how it is achieved.

Bacal(1999) has also defined PM as: an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the jobs to be done. A system that has a number of parts, all of which need to be included if the performance management system is going to add value to the organization, managers, and staff. Bacal(1999) has also further elaborated the definition that , PM is not all about punishing a poor performer or taking punitive actions, it is all about two way communication to prevent poor performance that requires collaboration and cooperation among the employee, the supervisor and the organization.

L.Cardy and Leonard(2011) have also defined PM as; working in partnership with workers or teams of workers in order to improve future performance . They have also

further clarify their definition of PM that; PM seamlessly flows through various interdependent steps ,which are the Performance, diagnosis, evaluation , feedback, dealing with feedback, improving performance, and future performance.

According to Auginis(2007), PM is stated as: “A *continuous process of identifying, measuring and developing performance in organizations by linking each individual’s performance and objectives to the organization’s overall mission and goals*”. When Auginis(2007) further elaborated the key words:

**As Continuous process,** Performance management is an ongoing process that involves setting goals and objectives, observing performance, and giving and receiving ongoing coaching and feedback.

**Link to mission and goals:** Performance management creates a direct link between employee performance and organizational goals, and makes the employees’ contribution to the organization explicit that requires managers to ensure that employees’ activities and outputs are congruent with the organization’s goals and, consequently, help the organization gain a competitive business advantage.

PM is also a goal-oriented process directed toward ensuring that organizational processes are in place to maximize the productivity of employees, teams, and ultimately, the organization. It is a major player in accomplishing organizational strategy in that it involves measuring and improving the value of the work force. PM includes incentive goals and the corresponding incentive values so that the relationship can be clearly understood and communicated as there is a close relationship between incentives and performance (Giannetto, 2009).

## **2.2 Why Performance Management?**

The rise and aims of HRM which incorporates; adopt a strategic approach- HR strategies are integrated with business strategies, treat people as assets to be invested in to further the interests of the organization so that obtain higher levels of contribution from people by HRD and reward management, gain the commitments of employees, and develop a

strong corporate culture expressed in mission and value statements and reinforced by communication, have triggered organizations to implement PM as one strategy execution tool(Armstrong and Baron, 2004).

Armstrong (1998) also noted that; *“Performance management is based on the principles of management by agreement or contract rather than management by command. It is a means of getting better result from and organization, team and individual by understanding and managing performance within an agreed frame work of planned goals”*.

Armstrong and Baron(2004) further elaborated that; PM is basically aimed at to proactively set directions and create an organizational culture that promotes shared understanding of expectations at individual, team and organization level, as well as to provide the support and guidance individuals and teams need to improve their performance.

Managing performance has been also a very important issue for a long time. It has gained more attention recently due to high competitive business environment. Especially when the popularity of BSC calls for mechanism to cascade and instill the corporate strategy down through the organization and to ensure that strategy plan is actually implemented. Performance management is one of practice that assists organization to link organizational goals to individual goals. That is, operational goals take the organization’s strategies and translate them into specific goals. Therefore, it facilitates management alignment and buy-in by bringing all levels of management into operational planning process (Armstrong, 1997).

Managing employees’ performance mainly covers, as stated by Zhang(2012),to understand the related activities expected of a worker ‘the what’ and ‘the how’ part in order to execute the activities well.

Aguinis(2007) has also sighted the advantages associated with the effective implementation of a performance management system, which are; motivation to perform

increases due to the feedback and recognition plays a greater role to enhance future performance; self-esteem is increased for receiving feedback is also about to be appreciated and valued at work ; managers gain insight about subordinates through the process of developing productive relationships with colleagues; the definitions of job and criteria are clarified; the job of the person being appraised may be clarified and defined more clearly; self-insight and development are enhanced to develop a better understanding of employees and of the kind of development activities of value to them as they progress through the organization; participants in the system also gain a better understanding of their strengths and weaknesses, which can help them better define future career paths; personnel actions are more fair and appropriate that helps ensure that rewards are distributed on a fair and credible basis; organizational goals are made clear helps an employee to understand the link between what he or she does and organizational success; employees become more competent; better protection from lawsuits as data collected through performance management systems can help document compliance with regulations; better and more timely differentiation between good and poor performers; supervisors' views of performance are communicated more clearly; and organizational change is facilitated to align the organizational culture with the goals and objectives of the organization to make change possible.

### **2.3 Employee Performance Management cycle**

As clearly stated by L.Cardy(2004), performance management necessitates the development and articulation of a model or frame work in the absence of or inefficient way of crafting the framework implies the process can fail and performance will suffer. The major components or steps of PM as a process according to L.Cardy and Leonard(2011) include performance, diagnosis, evaluation, feedback, dealing with feedback and improving performance.

The performance management frame work needs to take in to consideration, firstly, the context at which the organization is operating manifested by the culture, management

style and structure; secondly, the content defined by the procedures, guidelines, and documentation; and thirdly the process by which the objective setting, feedback/review, and counseling or coaching functions executed (Armstrong and Baron, 2004).

Zhang(2012) has also elaborated it further by defining the EPM frame work incorporated the steps; developing and planning performance, managing and reviewing performance, and rewarding performance.

Bacal(1999) has also explained in detail the components of PM frame wok as aspects of a system with the components operate interdependently to accomplish the intended outcome.

From the different literatures depicted by the scholars it is implied that there are different ways or approaches that the PM frame work can be sketched with the ultimate aim of supporting the effective implementation of the PM as a system and to use as a monitoring and evaluation mechanism for any flaws within the system as compared to the expected out comes from each step and the PM system from the broader perspective. However, though there are differences in the approaches to draw the frame work by the scholars as disclosed above, the essence of the major steps of the performance management system incorporates the preparation step; performance planning step (setting the individual objectives and targets);the performance appraisal(evaluation) step; the rewarding and development ( as an outcome of the appraisal); the need for continuous communication, coaching and feedback; and the data tracking, observing and documentation at which the absence of one of these steps and tasks affects negatively the effectiveness of the performance management system.

### **2.3.1 Getting Ready (Preparing to Start the Process)**

According to Bacal (1999), this step has incorporated the two dimensions, first; gathering the information and data needed to set meaningful and measurable goals for each staff member, and secondly; preparing and educating staff. The essence of gathering the

information and data as an input to create goals for the employees' ties with the mere objective and purpose of PM as a system that helps the organization, its units and all of its employees go in similar direction. Moreover, individual performance expectations will also be better link with that of the success of the organization which provides much more meaning as well as motivation (Bacal, 1999).

The necessary inputs and requirements of the job including the job analysis to come up with distinct specifications needed to perform the job as well as the duties and accountabilities from the job holder that gives the job description must be properly accomplished during the job design step of the whole process (L.Cardy and Leonard, 2011). In the job design activity, the major outcomes are;

- Defining and identification of documents work methods and processes;
- Identifying qualifications required to perform the job;
- Properly identifying key competency requirements;
- Providing a basis for performance appraisal based on job standards;
- Providing a clear line of sight between responsibilities, accountabilities and goals.

The other dimension of the readiness aspect, as explained by L. Cardy and Leonard (2011), is the step at which the duty areas and tasks as part of the job and the requirements implied there too need to be clearly identified and articulated by the job descriptions.

As stated by Leanne H. Markus (2004, P.7) communication and clarification of job expectations is a critical factor in job performance. The employee readiness deals with the aspect of getting employees partnership and understanding about the 'why', 'what' and 'how' aspects of the performance management being equipped with the basic requirements that help them to accomplish their task as expected. Stressing its criticality

and benefit to the whole PM process, Anguinis( 2007) has explained that ; effective or successful implementation of the PM system requires a clear understanding of how the system works and its benefits from the different perspectives of all involved that triggers the need for a communication plan before launching the system. The major issues that should be addressed by the communication plan includes; what PM is, how does it fit in to strategy, what is in it for the employees, how it works, what are employees' responsibilities, and how it relates to other HR initiatives.

Armstrong and Murlis, 1994, as cited by Armstrong and Baron (1998) have further elaborated that PM training approach enables managers to get the heart how they can manage and coach people more effectively.

Moreover, as the major stakeholders and players through the PM process, individuals need to get adequate orientation and thorough as well as all-round training starting from the issue that what is meant by performance and how performance management processes will enhance performance; 'the what' and 'the how' they achieve that enables performance expectations to be defined and managed being focused on the critical success factors and core competencies ; how it affects them, and the part they will expect to play; and emphasize to create the feeling that PM is their process which will help them as well as the organization (Armstrong and Baron,1998).

### **2.3.2 Developing and planning Performance (Performance Planning)**

Developing and planning performance refers to the step where the goals and targets of individual employees are set by the involvement of both managers or supervisors and individual employees, and is also as motivational process which gives the feeling of being involved and sense of ownership for employees. In this step, the required competencies (that is, behavior, skill, knowledge, ...) in line with the expected performance are also clearly defined , and standards set by objectively creating an environment in which an employee will be measured according to his or her own

performance and output. It is in this step that individuals' goals and targets are linked with that of the organizations goals and objectives (Schneier et al.,1987; as cited in Zhang,2012).It is also a process that underlines the need for the line manager/supervisor and the employee to work together to set and determine what is expected of the employee in the upcoming performance period, and identifying together the assistance the employee needs from his or her manager, way forwards to overcome good performance barriers (if any), and developing a common understanding of relative recognition of job priorities and authority levels ( Bacal, 1999).

Performance planning involves the negotiation process between the supervisor and the employee appreciating the fact that they have common interest of getting the best out of it which is success. It is conducted with the intended outcomes mainly include ( Bacal, 1999):individual employee's job tasks and objectives will be aligned with that of the department/division goals and objectives; the employee will get an understanding of the link between his or her responsibilities and the overall goals; work contexts will be considered as deriving factors of modifying job responsibilities; and mutual understanding and agreement will be reached between the supervisor and employee on major job tasks and objectives, on how to measure success, on the importance level of assignments, and the authority level that the employee needs to demonstrate vice-a-vice each job's responsibility .

As summarized by Leanne H. Markus(2004,P. 8 and9): *“The Performance Plan should clearly start from an organizational objective and clearly relate the individual objective to it. The objective can be written as an activity to be completed, but as with the job description there must be a description of the measure and the expected outcome. These should be written in quantitative terms”*.

Performance targets should be SMART enough since this step of the performance management process is an essential step in laying the ground work for effective review of performance at the end of the performance appraisal period. The term SMART refers to (Armstrong, 1999):

- **Specific:** Specify clearly what is to be done, when it is to be done, who is to accomplish it and how much is to be accomplished.
- **Measurable:** Ask questions such as: How much? How many? How will I know when it is accomplished? Multiple measures should be used if possible, for example, quantity, quality, time frame and cost.
- **Attainable:** Assure there is reasonable path to achievement and feasible odds that you will get there.
- **Realistic:** The objective needs should match the level of complexity with the employee's experience and capability and no insurmountable forces outside the control of the employee should hinder its accomplishment.
- **Time-bound:** Be clear about the time frame in which performance objectives are to be achieved. In most cases, objectives are to be completed.

### **2.3.3 Ongoing Performance Communication (Feedback and Coaching)**

Communication enhances the effectiveness of performance management that clarifies the linkage between the planning and appraisal, by availing opportunities for employees to get feedback on how they are doing as getting informed has positive impact on their motivation and improvement (Bacal, 1999). Generally, performance management is very much concerned with interrelationships-between managers and individuals, between managers and teams, between members of teams, and between individuals and groups and other stakeholders (Armstrong and Baron, 2004), which reveals effective two way communication as a basis for effective PM system. Coaching plays pivotal role via addressing concerns and issues related to individuals performance to ensure that individuals' contributions are in line with the organization's expectations.

It is through the process of coaching that managers can be able to provide support aimed at to help employees become aware of how well they are performing, their improvement areas, and what do they need to learn; delegating people to handle new tasks or enlarged areas of work with appropriate guidance and monitor performance accordingly; get

managers and individuals to use the situations as learning opportunities; and providing guidance on how to carry out specific tasks as necessary on the basis of helping people to learn( Armstrong and Baron,1998).

As explained under the Frankfurt School of Finance and Management training material on coaching for success, the coaching process provides the opportunity for managers to recognize the strengths and weakness of employees and work with the employees to sort out the opportunities and ways to maximize the strengths and improve the weakness. For a performance management system to be effective, employee progress and performance must be continuously monitored focusing on the results achieved as well as behaviors demonstrated by individual employee and team dynamics affecting the work environment. The regular feedback between the supervisor and employee supported by the supervisor's continuous observation and documentation pertaining to how well the employee is meeting his or her established performance objectives is one major ingredient for the overall effectiveness of the performance appraisal to be conducted at the end of the appraisal period.

#### **2.3.4 Data Gathering, Observing, and Documentation (Data Tracking)**

As can be understood from the different literatures, performance management system is basically focused on the upgrading of individual employee's contribution to the achievement of the team's and organizational objectives which needs to appreciate both good and poor performance; to recognize and praise good performance as well as dig out the causes for poor performance and identify way forwards to solve the problems. Accordingly, the need for having systematically collected and organized data about employee's performance which is referred as data gathering is significantly important for credible and reliable consumption of the data as necessary(Bacal, 1999). Monitoring performance and detecting gaps underlines the need to understand the situation , the person, and the work being done which prevails the importance of properly gathering, observing and recording of data on the perspectives of employee strengths and

weaknesses as well as behaviors demonstrated by employees (Harvard Business Essentials,2006, p.37).

As summarized by Bacal(1999), the mere purpose of data gathering, observing and documenting is:

**Provide an ongoing fact-based record of both positives and negatives of employee performance to be used in decision making; to identify potential problems as early as possible so they can be addressed and the employee can improve; to identify employee strengths so they can be developed further and then deployed most effectively; to enhance employee motivation through recognition of good work; to collect enough accurate information to solve problems; and to record specifics of performance and communication about performance, to be used in disciplinary actions and related grievances or potential legal complaints.**

Therefore, data gathering , observing ,and documenting is done with the full understanding of its purpose and the context , it allows managers to base performance management and improvement on facts rather than feelings; and benefits the organization to pass disciplinary actions based on facts which otherwise is costly(Bacal 1999).

### **2.3.5 Reviewing Performance (Performance Appraisal)**

According to Bacal (1999), performance appraisal is one component of the performance management process by which an individual's work performance is assessed with the ultimate purpose of addressing the extent as such how well has the employee performed during the period under review. Performance appraisal as a process of assessing the performance and progress of an employee, has also further elaborated as an evaluation process of judging the worth of demonstrated performance with respect to the good and bad aspects of the performance exhibited by an employee, which necessitates observing of employees and establishing of performance standards and criteria (L.Cardy, and Leonard (2011).

As core elements of the appraisal process , the quality of rating scales with respect to minimizing confusion, subjectivity, ambiguity and conflict, is also paramount important need to be emphasized which otherwise rating scales reflect one of these elements will lead to the undermining of the performance appraisal process and put its reliability in to question. The performance assessment or appraisal meeting is an opportunity to review, summarize and highlight the employee's performance over the course of the review period focusing on issues that have properly tracked and documented as well as have been already discussed so that there are no surprises during the appraisal meeting.

The performance appraisal meeting is focused to summarize the work accomplished during the appraisal period relative to the goals that were set at the beginning of the appraisal period that includes the key results, accomplishments and shortfalls; document challenges encountered during the year and identify areas of training and development; and identify and discuss any unforeseen barriers to the achievement of the objectives.

### **2.3.6 Reward and Development of Performance (Improving of Performance)**

Rewarding performance needs the shared understanding and ownership of all employees of the organization as employees' involvement and contribution towards their self development is valuable to enhance its effectiveness, for which Nyemberzi(2009) as cited in Zhang(2012) has elaborated it ensuring procedural justice concerns are critical to ensure that employees perceive the performance appraisal process and its linkage to pay to be fair. Personnel development and linking performance to pay as an outcome of identifying the results or performance are the key activities involved in this step (Schneier,Beatty and Baird, 1987, as cited in Zhang, 2012).

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization. As PM is a process that is done in partnership with

employees, it is important to address how it benefits the employees due to the fact that it is unrealistic to expect them to participate in a partnership if there are no payoffs for them (Bacal,1999).

*“Performance improvement is not achievable unless there are effective processes of continuous development. This addresses the core competences of the organization and the capabilities of individuals and teams. ‘Performance management’ should really called ‘performance and development management’ ”.* (Armstrong and Baron, 2004).

The organization needs to define performance and performance expectations, measures; use only available rewards and make them visible; make sure that all employees are eligible; make rewards timely and contingent to the performance; use non financial rewards and last but not list makes rewards reversible(Armstrong and Baron ,1998).

#### **2.4 Consequences of Poorly Implemented Performance Management System**

Effectiveness of the performance management system can be manifested by the job behavior and performance of employees which is demonstrated by ensuring employees output is compatible with that of their organizations goals. Accordingly, the poorly implemented PMS will fail to motivate employees, and inevitably their lack of job satisfaction will impact negatively on their self-esteem, productivity levels and outputs.

The negative consequences or disadvantages of poorly implemented performance management system as explained by Aguinis (2005) includes: increased employee turnover if the process is perceived as unfair; false or misleading information may be used due to lack of standardized system in place; low self esteem due to inappropriate and inaccurate way of providing feedback; waste of resources in the form of time and money that negatively affects the organization’s return on investment; relationships are damaged as a consequence of a deficient system; negatively affects motivation to perform mainly due to failure to translate good performance in to meaningful rewards; employees suffer from job burnout and job dissatisfaction for the main reason that if the system is perceived as it is not fair and performance assessment tool is considered as invalid

;increased risk of litigation filed by employees who feel they have been appraised unfairly; unjustified demands made up on managers' resources due to the consequences of poorly implemented systems do not provide the benefits of well implemented systems, rather they take up managers' time that leads to resistance and even avoidance of the system; standards and ratings may vary and unfair across and even within units replaced by personal values, biases and relationships; and because of poor communication, employees may not know how their ratings are generated or how the ratings are translated into rewards leads to mystery.

## **2.5 Conceptual frame work**

The assumption underlying the practice of employee performance management depends on the recognition of the importance of the employee and the institution in facilitating work performance to a strategic or long-term and overarching mission of the organization as a whole. As employees are an integral and indispensable part for running a business smoothly and efficiently, employee performance management significantly contributes to ensure that employees not only fulfill their responsibilities, but also do so to the best of their abilities and up to the organization's expectation. It also allows to tap the full potential of employees through managing employees' efforts continuously based on an agreed performance indicators to measure the results/outcomes (Frankfurt School of Finance and Management Consultants Design a comprehensive HRD strategy proposal, April 2011).

Besides , an effective performance management system is: job specific covering a broad range of jobs in the organization ; aligned with the organization's strategic direction and culture; practical and easy to understand and use; provide an accurate picture of each employee's performance; include a collaborative process for setting goals and reviewing performance based on two-way communication between the employee and manager ; monitor and measure results (what) and behaviors (how); include both positive feedback for a job well done and constructive feedback when improvement is needed; provide

training and development opportunities for improving performance; ensure that employee work plans support the strategic direction of the organization ; identify and recognize employee accomplishments; support staff in achieving their work and career goals by identifying training needs and development opportunities; support administrative decision-making about promotions, terminations, compensation and rewards; and provide legal documentation to demonstrate due diligence for legal challenges related to dismissal or vicarious liability(hrcouncil.ca, 2008; <http://hrcouncil.ca/hr-toolkit/resources-resources.cfm>)

As explained by Bacal (1999), employee performance management is more than the annual performance review meeting. It is a continuous process which incorporates interrelated steps starting from ensuring employee readiness, planning performance, ongoing performance communication through feedback and coaching, data gathering, observing, and documentation; performance appraisal, and rewarding and developing performance

The CBE's performance management frame work also fits with these major steps, hence, this research used as a conceptual frame work to achieve the research objective. In line with this, the CBE after articulating its frame work on how to institute and execute the employee performance management system has also defined the critical issue under each step of the frame work as: the job design incorporates the job analysis and job evaluation part which the bank has taken the direction to use the existing as it is ( job evolution conducted before five years); concerning the ensuring the employee readiness it incorporates the aspects of having updated job descriptions, working methods and procedures, and having the basic competency to handle the duties exhibited by the job descriptions, and availability of the required resources to accomplish the task.

As to the performance planning the CBE has defined that target setting to be conducted on quarter basis and contractual agreements signed off accordingly( four times within a year), and targets defined as business or operational targets and financial targets ; performance appraisal for the business or operational and financial targets conducted on

quarterly basis, and behavioral aspects assessed on annual basis; and articulating that employee performance management is developmental as well as importance and criticality of feedback and coaching, and data tracking and documentation. Performance reward and development are articulated as both non-financial and financial rewards, and drawing personal development plans for poor performers to close performance related gaps.

Fig.2.5.1. Employee Performance Management Frame work



## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

This chapter provides the research methodology used in order to achieve the research objective. The research design, population and sampling techniques, types of data and instruments of data collection, procedure of data collection, methods of data analysis, and finally the ethical consideration are the areas presented in this chapter.

#### **3.1 Description of the Study Area**

The Commercial Bank of Ethiopia is the leader of all the commercial banks in Ethiopia both in market share as well as customer base .It has more than 970 branches launched throughout the country and employees more than 22, 000. The bank's organizational structure is organized by 12 head office processes headed by 8 vice presidents, and 4 chief officers, and offices headed by director level. Envisaging its vision of Becoming a World Class Commercial Bank by the year 2025, when crafting its five year strategy, it has identified two strategic themes: Operational Excellence and Business Growth. The Bank's strategic direction strives towards these two themes which recognize instituting modern HR practices as critical aspect of strategy implementation tools. To this end, the bank with the consultation of international consultant from Frankfurt School of Finance and Management has revised its HR practices instituting an employee performance management system with its latest context was one among the other HRD strategic initiatives.

#### **3.2 Research Design**

The study has defined specific objective and focused on assessing a system which actually has implemented and forward recommendations for any constraints or challenges identified with the ultimate objective of enhancing the effectiveness of the system. Hence, to solve the research problem, descriptive research has applied which helps to come up with informative analysis of the findings. This can be further supported by the

mere purpose of descriptive research is description of the state of affairs as it exists at the present (C. R. Kothari, 2004, as cited in Tafere Teame, 2015). Quantitative approach was employed to gather data expressed in the form of numbers through self administered structured questionnaire. Descriptive statistical analysis was used to assess the implementation of the CBE's EPM system based on the data collected from the respondents.

### **3.3 Population and Sampling Techniques**

For the scope of the study is employees of the CBE's head office processes with minimum of first degree and within the range of job grade 9 to job grade 15(excluding secretaries and clerical workers regardless of their educational qualification for they were not part of the implantation process for the performance appraisal period/year ended June 30, 2015) were the population of the study. The population comprises about 1480 employees as per CBE HR data base (September 30, 2015) out of which 50 are managers and the remaining 1430 employees with non managerial roles. In line with this, the population was stratified in to two groups; one for the managers and the other for the employees with non-supervisory role as it can be justified that the roles and responsibilities of these two groups with respect to the EPM system are different which supports the research to come with sound findings, and give the chance to compare and contrast, and analyze the findings of each stratum accordingly.

The research applied the stratified random sampling technique due to the reason that the sample size in each stratum varies according to the relative importance of the stratum in the population as explained above (Masuku, M. B., 2014). Therefore, sample size for each stratum was set taking in to consideration the representation of the sample to the population under each stratum. The administrative and related costs while conducting the research if the sample size becomes large representing homogenous type of population with respect to specific stratum was also one factor to set the sample size. Accordingly, 50% of the managers and 10% of the non-managerial employee group was taken as

sample size. This made the total sample to 168, which represents 25 out of the 50 managers, and 143 out of the non-managerial employees of 1,430 respectively. 50% of the managers group was set to fairly represent the group which otherwise would have been highly preferable to consider the whole population, but set in accordance for the mere reason of implied administration and related costs. On the other hand, as the population fall under the employees group/stratum is relatively significant, 10% sample size was taken due to the cost implication for increased number of sample as well as homogeneity of the population in this group with regard to the element of the study regardless of the their job grade, that is, they all are subordinates report to the Managers. *“If descriptive statistics are to be used, e.g., mean, frequencies, then nearly any sample size will suffice”* (Masuku, Micah B , 2014 p.20).

Sample size of each head office process’s representatives for the two stratified population groups was set and taken applying the same sample size proportion of 50% and 10% of the managers and employees found in the respective head office process respectively. However, when it comes to the specific sample size as representative of a respective head office process, that is, for the managers group and employees group (50% and 10% respectively), the researcher used the simple random sampling technique to select the respondents.

### **3.4 Types of Data and Data Collection Tools**

#### **3.4.1 Types of Data**

Two types of questionnaires were developed and distributed pertaining to the two employee groups, that is, those at supervisory or managerial level, and non-supervisory level employees since their roles and duties are different concerning the EPM system. The researcher has tried to refer to different literatures and publications to come up with the questions to be incorporated, and developed them with the consultation of the advisor and by collecting feedback from the EPM team of the Bank. Questionnaires were used

due to the cost effectiveness advantage for data collection from a large literate sample in a short span of time as compared to other methods (Mugenda and Mugenda, 2004, as cited in Tafere Teame, 2015).

As source of secondary data collection, different books, articles, publications, as well as office documents, progress reports, materials developed during the pre-implementation or preparation period were also reviewed to grasp basic understanding on the subject matter and come up with the theoretical frame work.

### **3.4.2 Data Collection Tools**

As the overall objective of the study is to assess the implementation of the EPM system in the Commercial Bank of Ethiopia with the view of recommending possible solutions for any constrains or challenges faced during the implementation process, primary data collection methods using self administered structured questionnaire were used to collect the primary data from the target respondents. The structured questionnaires were developed using the 5-point Likert Scale due to the fact that each variable or topic comprises series of questions which fit with the mere purpose of using rating scale, that is, it allows respondents to express both the direction and strength of their opinions about a given topic (Catherine, H.2000). The 5-point Likert Scale was developed with ratings at which respondents can able to put their opinions with respect to their level of agreement for each specific variable under each topic or construct that ranges from Strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5).

### **3.5 Data Collection Procedure**

The questionnaires have been distributed to the employees at the head office based on the sample size from each population group. The questionnaire contains 8 separate sections; first section deals with the personal profile of each respondent, the remaining 7 deals with questions related to the research topic, prepared in English since English is the

organization's working language and were presumed that respondents can easily understand the questions and interpret accordingly. Total questionnaires distributed to respondents of the two group of employees were 167 which comprise 25 for the managerial group and the remaining 143 for the non-managerial employees out of which 2 of the questionnaires from the managerial group was not responded that makes the total questionnaires responded to 166. Nonetheless, the sample size for the managerial group was set to take 50% out of the 50; the managers from each respective population, process in this case, were fairly represented even with missing 2 responses.

### **3.6 Data Analysis and Presentation**

Descriptive data analysis was mainly used to analyze the data collected through the questionnaire and data has analyzed according to the objective of the study and framing the different sections of the questionnaire and the variables under each construct through statistical data analysis method. Mean of each construct was analyzed using SPSS. Data has presented using tables and the numbers representing the mean scores of the items, the respondents' responses for the open ended questions which mainly focused on the challenges or constraints that potentially hindered the effectiveness of the bank's employee performance management were also summarized as findings of the research.

### **3.7. Ethical Consideration**

Study respondents' willingness to fill the questionnaires was respected and verbal consent was taken while distributing the questionnaire papers. Name of individuals were not mentioned in the report, and yet any information or data that can be found confidential as well as affecting the goodwill and reputation of the organization under study is not included in the report of the study.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

Under this chapter, the data, its analysis and interpretation are presented. As mentioned in the previous chapters, data were collected through questionnaire, from two different target groups; managers and employees.

In assessing the implementation of the employee performance management system of the CBE, the analysis goes through each of the six constructs that addresses the frame work used in the study one by one keeping the chronological order set in the questionnaire, and analyzing and interpreting the data according to the mean scores of the items as the mean scores reflect respondents level of acceptance or agreement which supports the interpretation and posing conclusions with the view of drawing practical and constructive recommendations. The inputs collected from the open ended questions that address the challenge part under each construct are summarized. The descriptive analysis and interpretations of the data are presented as follows.

#### **4.1 Demographic Characteristics of the Respondents**

The summary in table 4.1 shows that most respondents in both categories are aged above 25 years, have more than five years of experience in the bank. All the respondents have educational qualification of BA and above and 35% of the managers and 22% of the employees even have MA and above. These aspects of the respondents have positive contribution on the validity of the study, for their age, educational qualification and experience allow them to knowledgably and reasonably rate the variables.

Table 4.1. Demographic Characteristics of the Respondents

Characteristics of the Respondents		Managers		Employees	
		Frequency	Percent	Frequency	Percent
Sex	Female	3	13%	47	32.8%
	Male	20	87%	96	67.2%
	Total	23	100%	143	100%
Age	Below 25	0	0	18	13%
	25-35	7	30%	88	62%
	36-45	16	70%	30	21%
	>46	0	0	7	0
	Total	23	100%	143	100%
Educational level	BA	15	65%	111	78%
	MA and Above	8	35%	32	22%
	Total	23	100%	143	100%
Experience at the Bank	Below 5	2	9%	43	30%
	5-15	10	43%	55	38%
	Above 15	8	35%	31	22%
	Not mentioned	3	13%	14	10%
	Total	23	100%	143	100%

Source: Own survey computation, 2015

## 4.2 Employee Readiness

The readiness as one ingredient of the employee performance management system deals with the perspective of getting employees partnership and understanding about the ‘why’, ‘what’ and ‘how’ aspects of the performance management being equipped with the basic

requirements that help them to accomplish their task as expected, that is, ensuring that employees are ready in a sense that there is buy-in, and understanding to the process.

Table 4. 2. Descriptive statistics for Employee Readiness

Item	Managers			Employees		
	N	Mean	Std.dev	N	Mean	Std.de
Processes and methods of doing your work are defined and communicated to you	23	3.77	0.901	143	3.89	0.84
You are assigned to a position where you have the required competence	23	4.26	0.541	143	3.82	1.018
Required resources are available to you	23	3.59	0.937	143	3.81	0.830
Your job descriptions are clearly communicated to you	23	4.09	0.848	143	3.68	1.071
Guidance is being provided about what is expected of you and how you can meet these expectations	23	3.78	0.902	143	3.54	0.937
Your responsibilities for managing the performance of your staff have been clearly defined	23	4.09	0.668	NA	NA	NA
You have updated job descriptions for all employees in your process/district/sub process/branch	23	3.70	0.926	NA	NA	NA
As a supervisors, you have the knowledge, skills and abilities necessary to manage performance effectively	23	4.22	0.518	NA	NA	NA
Adequate training was provided with Employee performance management before the implementation of the Employee performance management system	23	3.26	1.214	NA	NA	NA
The required resources and trainings are fulfilled before employees conduct target setting	23	3.09	0.949	NA	NA	NA
Competency requirements in relation to your performance were communicated to you	NA	NA	NA	143	3.47	0.984
Your organization demonstrates a commitment to a performance based culture	NA	NA	NA	143	3.63	09.885
<b>Mean</b>		<b>3.78</b>	<b>0.486</b>		3.69	0.633

Source: Own survey computation,2015

( NA refers to Not Applicable)

Table 4.2 above demonstrates the mean score of the data with respect to the two groups, that is, the managers and employees respectively. Accordingly, the mean score of 3.78

out of the maximum score of 5 and the mean score of all the specific items, which are, above the neutral score (3) for the managers group reveals that majority of the managers agree that the bank has exerted effort to equip them by clearly setting their roles and responsibilities with respect to managing their individual performance as well as performance of their subordinates. The mean scores of the highest rated items which include, responsibilities for managing the performance of the staff have been clearly defined(4.09), the manager is assigned to a position where he or she has the required competence (4.26), the manager's job descriptions are clearly communicated to him or her (4.09), and as a supervisor the manager has the knowledge, skills, and abilities necessary to manage performance (4.22) , demonstrate that the bank has been assigning the managers to areas where by they are competent enough and yet they believe that they have the basic understanding on how to manage employee performance. Whereas, the items which have relatively less mean score, which include, adequate training was provided with employee performance management before the implementation of the employee performance management system (3.26), the required resources and trainings are fulfilled before employees conduct target setting(3.09), and on the area of having updated job descriptions for all employees in respective process/sub process/division(3.70), reveal that trainings that are aimed at equipping managers with the basic concept and purpose as well as process of performance management system are not adequate enough though the managers confirm that they do have the knowledge, skills, and abilities necessary to manage performance (4.22) which might be due to the mere reason that as a manager they know that they are responsible to manage employees performance but not with the way it should have to be , that is, not as articulated by their role towards ensuring that the performance management system is as effective as it should have to be.

Though the mean score of 3.69 of the employees group demonstrates that employees do agree that the bank's progress is promising, there are areas where the bank needs to work further to ensure that lower level employees are equipped enough with respect to making

them ready to contribute to the achievement of the bank's corporate goals and objectives via aligning their individual goals and targets towards the corporate objectives. From the specific mean score of the items under the employee group, it can be deduced that majority of the respondents have agreed that processes and methods of doing their work are defined and communicated to them(3.89), they are assigned to a position where they have the required competence(3.82) ,and required resources are available to them (3.81). On the other hand, the mean scores of the items; guidance is being provided about what is expected of you and how you can meet these expectations(3.54), competency requirements in relation to your performance were communicated to you(3.47), and your organization demonstrates a commitment to a performance based culture(3.63), relatively demonstrate that even if majority of the employees agreed that they are getting guidance on what is expected of them, basic competency requirements to perform as expected are somehow defined, and the bank is striving to peruse performance oriented culture, the extent , scope and depth cannot be generally rated as it reached at its acceptable level.

Furthermore, the mean scores of the two groups dictate that the managers are at better status with respect to their level of being equipped with the basic requirements to exhibit their duties as managers to manage their team's performance with least mean score in the area of availability of required resources and getting employees well trained before conducted target setting (3.09) which also supports the relative less mean score get from the employees group too.

Hence, having the basic understanding and ownership on their major roles and responsibilities with regard to performance management of their subordinates with the required competence to perform has positive impact on the effectiveness of the performance management system of the bank. However, the gaps with regard to not providing adequate trainings before launching the system and ongoing orientation and training before employee conduct periodic target settings, the resource and time constraints, and limited guidance given to employees on what is expected of them, have negative impact on the buy-in and motivation level of employees since they might fail to

see the big picture, that is, the strategic alignment and congruence of their individual contribution to the bank's grand objectives might not clearly visualized to them.

The challenges with regard to the prevailing condition on the readiness aspect as disclosed by the respondents include: limited awareness and trainings concerning the purpose, requirements and implications of performance management; lack of trust and continuity of the system due to its newness and limited orientation; resistance to change and implementation not supported by change management; last but not least, not updated job descriptions.

These points can further signify that the managers and employees of the bank do have good understanding towards the underlining requirements for employee performance management system to run correctly, but limited ownership and buy-in for the direct implications of the mentioned challenges on the internalization and level of ownership.

As Bacal(1999) further elaborated it:

*“If employees don't understand the process and how it will benefit them, they'll worry about it. They'll see it as something done to them and probably focus on the appraisal or evaluation part. The more questions and concerns they have about the process, the more likely they'll enter in to it with resistance, hostility, or anger”.*

Noting the key steps to the successful implementation of the performance management system as a finding of research conducted in this aspect has disclosed that; ensuring that individual employees have current job descriptions as well as conduct job reviews regularly plays significant part in reducing role insufficiency, role conflict or role overload. It is also stressed that as resistance to change is part of the culture in most organizations; the best change management strategy is multifaceted in a way that regulations and example are there to support communication and education.

*“Senior management must make performance management as a requirement and itself part of the review process.”* (Leanne H. Markus, 2004, page 12).

Towards this the major initiatives and tasks undertaken by the bank includes: formulate the bank's EPM frame work and guideline, develop performance standards and measures

segregating the financial and non-financial objectives, conduct workshops and awareness sessions targeting top management and line managers by the consultants team, revise the CHRM process's structure and formulate EPM team under the HRD sub process which is in charge of any issues concerning the EPM system of the bank.

### **4.3 Performance Planning**

Planning performance refers to the step where the goals and targets of individual employees are set by the involvement of both managers or supervisors and individual employees. It is in this step that individuals' goals and targets are linked with that of the organizations goals and objectives (Schneier et al.,1987; as cited in Zhang,2012).

Table 4.3. Descriptive statistics for Performance Planning

Item	Managers			Employees		
	N	Mean	Std.d	N	Mean	Std.de
You have clear understanding of performance standards, indicators and targets	23	3.96	0.767	143	3.77	0.817
Your goals and targets are in line with your job description	23	3.74	0.689	143	3.68	0.858
your goals and targets are cascaded from the organization's objectives and goals	23	4.09	0.733	143	3.89	0.751
Your goals and targets are SMART(Specific , Measurable, Achievable, Realistic and Timely)	23	3.39	1.196	143	3.57	1.010
You have given the opportunity to review and comment on your goals and targets by your immediate supervisor	23	3.70	0.822	143	3.36	1.115
You have an option to address your comments during the signing of the contractual agreement	23	4.17	0.650	143	3.37	1.134
You sign off contractual agreement with your supervisor after you reach an agreement with goals and targets critical to your job role	23	3.83	0.834	143	3.53	1.043
Performance related communications are factual, open and honest based on data tracking and tangible evidence demonstrated by employees' behaviors	23	3.48	1.082	143	3.36	1.009
You believe that the work you do is very important to the organization	23	4.61	0.583	143	4.19	0.592
As a supervisor , you have clearly laid out expectations to your staff through the planning/target setting process	23	4.22	0.422	NA	NA	NA
Performance measures are relevant to your targets	NA	NA	NA	143	3.71	0.946
Targets and measures of performance are consistent for similar roles and jobs	NA	NA	NA	143	3.69	0.910
You believe that performance management is the major responsibility of line managers	NA	NA	NA	143	3.64	0.981
<b>Mean</b>		<b>3.91</b>	<b>0.526</b>		<b>3.64</b>	<b>0.573</b>

Source: Own survey computation, 2015

(NA refers to Not Applicable)

With regard to the planning step (table 4. 3 above) of the performance management, the mean score of 3.91 of the managers group demonstrates that the bank has been striving to align division's or team's goals and targets with that of the corporate goals and objectives through the process of creating clarity about individual managers performance standards, indicators and targets . Besides the highest rated items from the managers group, which incorporate, your goals and targets are cascaded from the organization's objectives and goals (4.09), you have an option to address your comments during the signing of the contractual agreement (4.17) , you believe that the work you do is very important to the organization(4.61), and as a supervisor , you have clearly laid out expectations to your staff through the planning/target setting process(4.22) demonstrate that the bank's practice of performance planning with respect of aligning team's or division's objectives with that of the organization's goals & objectives , and involving of the managers while setting their goals and objectives is highly satisfactory can also further supported by the bank's trend of using the BSC as strategy implementation tool to cascade corporate objectives and goals down to the sub process level. However, the mean scores for the items; your goals and targets are SMART(Specific , Measurable, Achievable, Realistic and Timely)(3.39), and performance related communications are factual, open and honest based on data tracking and tangible evidence demonstrated by employees' behaviors( 3.48) revealed that though the respective team's or division's headed by the manager goals and targets are cascaded down from that of the bank's goals and objectives, they are not SMART enough and respective manager's performance related communications are not to the expected level due to lack of properly tracked and recorded data that leads to subjectivity, biasness and limited transparency which ultimately affects the effectiveness of the EMP system.

The mean score of 3.64 for the employees group demonstrates that the employees have been involved in the process of setting their individual targets, and have the understanding and belief that each individual employee contributions are important to the bank to achieve its objectives, and individual goals and targets are cascaded down from

the bank's grand objectives. Though it is lower than that of the managers' agreement level as demonstrated by the mean scores for the specific items, employees have also agreed that their goals and targets are cascaded from the organization's objectives and goals (3.89), and they believe that the work they do is very important to the organization (4.19). However, the mean scores of the items; you have given the opportunity to review and comment on your goals and targets by your immediate supervisor(3.36), and you have an option to address your comments during the signing of the contractual agreement(3.37) demonstrate that the extent with respect of availing the necessary opportunities for employees to review and comment which is to the extent of adding and reducing their goals and targets as well as incorporating their comments while signing the contracts if they have different perspectives and views is not entertained at the expected level by the bank. Unlike the employees, managers have strongly agreed that they have an option to address their comments during the signing of the contractual agreement as can be shown from the mean score of the item ( 4.17) which reveals that the involvement level of managers and employees on the planning process is different , that is, managers are relatively highly involved than the employees. Mean scores of both groups on the item; performance related communications are factual, open and honest based on data tracking and tangible evidence demonstrated by employees' behaviors ( 3.47, and 3.36 respectively ) dictate that there is limitation with regard to providing performance feedback on timely tracked and recorded data , and is not free of biasness and subjectivity at all employee levels.

A report on a study conducted on state of performance management during 2010(WorldatWork and Sibson Consulting October 2010, page 2) has also clarified that; respondents' perceptions concerning the alignment between individual goals and organizational goals is strongest at the senior-management level; perceived linkage decreases significantly at the middle-manager level and is lowest for employees who are not managers to the majority of organizations.

In summary, the major gaps outlined from the research findings in relation to the performance planning include: the gap with regard to setting SMART goals and targets; limited or poor experience with regard to availing opportunities to employees to address their comments or opinions while signing the contractual agreements; and the gap on supporting performance related communications by tangible evidence and open as well as honest factual feedbacks.; can lead to employee dissatisfaction and fail to clearly understand the link between his or her responsibilities and the overall goals and objectives of the organization(Agunis, 2005).

Besides, the major challenges outlined from the respondents in the planning process are: subjectivity due to trend of handling unplanned tasks that leads to judgment and affects the reliability of the planned goals & targets, and lack of coordination and synchronization of inter as well as intra processes' tasks. These points also further justify the relatively less mean score of the item on SMART goals and targets.

Hence, though both managers and employees do have good understanding and acceptance that the employee performance management system has supported the alignment of the bank's objectives to that of the individuals as the research confirmed, their full ownership is not yet assured for the reason that they are not getting the required chance & opportunity to review and comment on their goals and targets as well as address the comments before signing off the performance contractual agreements, and yet, the gaps with regard to openness and reliability of performance related communications also justify so. In the CBE's planning process, process owners were involved in identifying the goals and targets of the respective process aimed at aligning of team's and individual employee target with the process's score card objectives supported by the EPM team.

#### **4.4 Feedback and Coaching**

The feedback and coaching process involves activities that managers exhibit that can able them to provide support aimed at helping employees become aware of how well they are

performing, their improvement areas, and what do they need to learn; and delegating people to handle new tasks or enlarged areas of work with appropriate guidance and monitor performance accordingly supported by the supervisor's continuous observation and documentation pertaining to how well the employee is meeting his or her established performance objectives.

Table 4.4. Descriptive statistics for Feedback and Coaching

Item	Managers			Employees		
	N	Mean	Std.d	N	Mean	Std.d
You get feedback frequently both on good and poor performance	23	3.26	0.964	143	3.37	1.001
Feedback sessions are planned at your process/sub process/branch	23	3.13	1.014	143	3.01	1.000
You are getting proper coaching from your immediate supervisor	23	3.43	0.992	143	3.42	0.962
Two way communication is being applied as one way of creating conducive environment to achieve your targets	23	3.83	0.778	143	3.62	0.912
You have been frequently tracking data on performance and provide feedback on an going basis	23	3.48	1.163	NA	NA	NA
You have the basic skill how to coach people	23	3.96	0.638	NA	NA	NA
You have adequate time and resource to provide timely feedback( both on good and poor performance)	23	3.00	1.128	NA	NA	NA
You always track data on business targets and behavioral observation demonstrated by the employees	23	3.65	0.832	NA	NA	NA
You, as supervisor is taking performance management as your major responsibility	23	4.18	0.716	NA	NA	NA
Your supervisor gives you ongoing feedback that helps you to improve your performance	NA	NA	NA	143	3.56	1.023
Your supervisor holds you and your co-workers accountable for your performance	NA	NA	NA	143	3.76	0.846
You trust the feedback you receive from your supervisor	NA	NA	NA	143	3.65	0.901
You are getting proper support and guidance from your immediate supervisor and work colleagues	NA	NA	NA	143	3.59	0.957
<b>Mean</b>		<b>3.55</b>	<b>0.493</b>		<b>3.49</b>	<b>0.704</b>

Source: Own survey computation,2015

(NA refers to Not Applicable)

The mean scores of the managers and employees of 3.55 and 3.49 respectively as shown under table 4. 4 above dictate that the bank's effort to institute the issue of feedback and coaching as critical aspect of ensuring effective employee performance management system is somehow moderate that signifies it still demands a lot of work to make it more satisfactory. When some of the highest and lowest rated items from both groups are analyzed, two way communications is still at the heart of the feedback and coaching process (3.83) concerning the managerial group. And yet the managers have also confirmed that they are taking performance management as their major responsibility (4.18). The mean score, 3.96, for the variable that measures the perception of managers with respect to having the basic skills on how to coach people, shows that managers do believe that they have adequate coaching skills which somehow seems unfairly high score for it can be justified from the score of the employees concerning their observation as getting the proper coaching from their immediate supervisors which is rated far below 3.96 as 3.42. On the other side, the mean score of 3.00 which is the score for the item referred to availability of time and resource to provide timely feedback (both on good and poor performance) demonstrates that managers have time and resources constraints that retards the process of providing feedback at a planned and consistent manner. Both respondent groups revealed that, as demonstrated by the two groups mean scores of the item; you are getting proper coaching from your immediate supervisor (3.43 & 3.42 respectively), coaching as major driver of effective performance management can be rated as at its infant stage by the bank.

The major areas that contributed to the relatively less mean score of the employees group as compared to the managers group are that due to feedback sessions are not planned as can be seen from the lowest rated item with mean score 3.01, reasonably affects the overall effectiveness of the feedback activity which is being exercised by the managers. This can be further supported by: as noted by a research conducted in the area, feedback must be based on clear expectations and measures that require to capture and record data on a continuous basis as well as regular but informal observation of performance.

Feedback needs also to be timely for a late feedback is likely to be quite ineffective (Leanne H. Markus, 2004 page 9).

Therefore, the gaps demonstrated by the less rated items in the feedback and coaching aspect which include; fail to get frequent feedback both on good and poor performance, not properly planned feedback and coaching sessions, as well as fail to get proper coaching from immediate supervisor, have significant impact on the overall effectiveness of the employee performance management system by: affecting employees self esteem that leads to resentment; relationships may be damaged; personal values, biases and relationships are likely to dominate and employees may not know how their periodic ratings are derived due to poor communication and failure to provide prompt feedback and support. It can further create climate of distrust and alienation if employees do not get prompt support and recognition through enhanced two way communication, and employees start to doubt the integration between their day-to-day performance and the data to be used on the appraisal period.

The challenges underlined by the majority of the respondents with this respect incorporate: lack of consistency in providing feedback, poor culture of openness and transparency (process is not free of bias); lack of properly tracked and recorded data; and time constraint to deal with each and every employee due to flatten organizational structure that leads to enlarged span of control make the feedback and coaching process cumbersome.

Generally, even though the closeness of the mean scores of the managers and employees and their feedback on the challenge part demonstrate that they do have the basic understanding as to the aspect of feedback and coaching visa-a-vise the critical issues that affect the process, their ownership as must be demonstrated by their active roles to peruse effective feedback and coaching is not yet winned by the bank.

## 4.5 Performance Appraisal

Performance appraisal as one component of the performance management process is the step at which an individual's work performance is assessed or evaluated with the ultimate purpose of addressing the extent how well has the employee performed during the period under review.

Table 4. 5. Descriptive statistics for Performance Appraisal

Item	Managers			Employees		
	N	Mean	Std.de	N	Mean	Std.d
Your periodic performance appraisal is based on objectively recorded data	23	3.83	0.650	143	3.74	0.996
performance appraisal is not a surprise for you	23	4.26	0.541	143	3.47	0.982
Standards and evaluations for each job function are appropriate/relevant	23	3.78	1.166	143	3.48	1.005
Your supervisor give enough time to discuss on your performance during the appraisal period	23	3.74	0.810	143	3.35	1.082
Appraisal/evaluation take place at regular intervals and at appropriate moments	23	3.96	0.878	143	3.86	0.746
Performance appraisal is perceived as a developmental tool to improve team and organizational performance	23	3.74	1.251	143	3.91	0.821
Performance appraisals are based on job standards	23	3.52	1.123	143	3.77	0.772
Your subordinates performance directly correlates with your performance	23	3.96	0.706	NA	NA	NA
Feedback is provided both on negative and positive performance	23	3.87	1.014	NA	NA	NA
You used to evaluate performance dimensions for which you have sufficient information only	23	3.78	0.795	NA	NA	NA
You always evaluate your employees based on data tracked on business targets and behaviors demonstrated by the employees	23	3.87	0.869	NA	NA	NA
The performance appraisal system is effective in promoting quality work, fairness, and unbiased	23	3.78	0.998	NA	NA	NA
Your immediate supervisor used data tracking on performance and your behavior while conducting performance appraisal	NA	NA	NA	143	3.58	0.995
Your supervisor has the knowledge, skills and abilities necessary to manage performance effectively	NA	NA	NA	143	3.78	0.873
<b>Mean</b>		<b>3.84</b>	<b>0.625</b>	<b>0.636</b>	<b>3.66</b>	

Source: Own survey computation, 2015

( NA refers to Not Applicable)

Table 4.5 shows the mean score of 3.84 for the managers group on the variable concerning the performance appraisal demonstrates that managers agree that the bank's progress in this aspect so far is satisfactory. All the mean scores of the items are above 3.5 that also reveal the bank has laid down the ground to ensure the periodic performance evaluation of individual employees' are conducted consistently applying set standards and supported by somehow objectively recorded data. The first three highly rated items from the managers group, which incorporate, performance appraisal is not a surprise for you(4.26), appraisal/evaluation take place at regular intervals and at appropriate moments(3.96), and your subordinates performance directly correlates with your performance(3.96) further elaborate that line managers have adequate understanding about the requirements and purpose of performance appraisal for themselves as an employee as well as for their subordinates as a manager. However, the mean score of the item; performance appraisals are based on job standards (3.52) which is the least rated item by the managers group demonstrates that there is gap with respect to properly defining and articulating job standards that can also justify the relatively less mean score rated for the item addressing SMART goals and targets under the performance planning step.

The mean score for the employees group ,3.66, also reveals that the current performance appraisal system of the bank is accepted as fair enough in such a way that it is being conducted at regular intervals based on recorded data(3.74), and the employees do have moderate level of confidence that their immediate supervisors have the competence; knowledge, skill, and abilities on performance appraisal(3.78) and the use of performance appraisals as a development tool to improve team and organizational performance(3.91). However, the mean scores from the employees group with regard to the items; providing continuous feedback and no surprise during conducting the appraisal(3.47), appropriateness of job evaluations and standards(3.48), and manager's allocating enough time to discuss performance appraisal(3.35) demonstrate that failure to give feedback on

continuous basis, inappropriate job standards and evaluations, and time constraint of line managers are negatively affecting the performance appraisal process.

Underlining the positive aspects with regard to setting the basic understanding of using performance appraisals as developmental tools which leads to raised employee motivation and commitment to deliver better, the gaps with respect to: supporting the appraisal by continuous feedback and guidance, appropriateness of job evaluations and standards, and time constraint of managers to discuss performance appraisal, has significant impact on the effectiveness of the bank's employee performance management system via affecting employees' motivation to perform, false or misleading information may be used due to poor integration between jobs and standards, standards and ratings may vary and unfair, biases can replace standards which lead to de-motivation and mystery surrounds (Agunis, 2005).

The challenges in relation to the appraisal process as disclosed by the respondents are, lack of properly tracked and recorded data mainly due to lack of system to support data tracking and documentation and limited awareness and experience with regard to importance of data, and poor or inappropriate standards and evaluation tools that do not take into consideration the differences in the nature of the tasks and competence level of individual employees.

Towards supporting instituting of structured and robust employee performance management system, the bank's PMS team at the HRD sub process is mandated to handle tasks and activities concerning with providing target setting awareness creation workshops and trainings, development and disseminating standardized performance contracts and defining measurement scores and individual performance standards, collecting and recording of performance contracts as well as appraisals, and preparing of progress report for top management's attention on quarterly basis. However, the existing rating scales that the Bank is using to appraise quarterly performance of employees are 1

and 4 for non financial targets, and 1,2,3,and 4 for financial targets which tends to rate an employee either at 1 or 4, that shows 1 for not meeting expectation and 4 meeting expectation.

In line with this research findings show that: *“The highest rated challenge to effective performance management cited by nearly half of respondents is that managers lack the courage to have difficult performance discussions with employees”*.

The same research has also noted that, *“However, far fewer organizations (28 percent) felt their managers focus on having effective performance conversations, rather than just completing forms”* (WorldatWork and Sibson Consulting October 2010, pages 2 and3)

#### **4.6 Rewarding and Improving**

As PM is a process that is done in partnership with employees, it is important to address how it benefits the employees due to the fact that it is unrealistic to expect them to participate in a partnership if there are no payoffs for them(Bacal,1999).

Table 4.6. Descriptive statistics for Reward and Improving

Item	Managers			Employees		
	N	Mean	Std.d	N	Mean	Std.d
Good performance is rewarded	23	3.35	1.071	143	2.74	1.084
Mechanisms are put into place to address poor performance	23	3.22	1.126	143	2.82	1.006
There are different mixes of rewarding mechanisms	23	3.00	1.000	143	2.65	0.955
The performance evaluations are fair enough to be used for important human resource decisions	23	3.13	1.254	143	2.96	1.061
Employees are recognized for their high performance	23	3.48	1.039	143	3.04	1.051
Pay raises depend on how well employees perform their jobs	23	2.83	1.403	143	2.72	1.048
Differences in performance are recognized in a meaningful way	23	3.13	1.140	143	2.97	0.971
Appraisal results are being used for important human resource decisions	23	3.26	1.137	NA	NA	NA
Differences in performance are recognized in a meaningful way	23	3.30	1.259	NA	NA	NA
Employees have a feeling of personal empowerment with respect to work processes	23	3.57	0.788	NA	NA	NA
You have a feeling of personal empowerment with respect to work processes	NA	NA	NA	143	3.43	0.932
<b>Mean</b>		<b>3.22</b>	<b>0.925</b>		<b>2.92</b>	<b>0.755</b>

Source: Own survey computation, 2015

(NA refers to Not Applicable)

As can be observed from table 4.6 above, the mean scores for rewarding and improving are the least scored variables for the two groups (3.22 and 2.92) of which mean score of 2.92 of the employees group is even below the neutral level. The managers have somehow agreed as compared to the employees group that; good performance is rewarded (3.35), mechanisms are put into place to address poor performance (3.22), employees are recognized for their high performance (3.48), appraisal results are being

used for important human resource decisions (3.26), and employees have a feeling of personal empowerment with respect to work processes (3.57). These ratings demonstrate that due to the mere reason of their managerial authority/ power/responsibility, managers are starting to differentiate good performers and poor performers and disseminate the information for further HR related decisions to some extent could be promotions and training needs and the like. Besides, the mean score on the area of employees having feeling of personal empowerment with respect to work processes is also shared by the employees as can be referred from the mean score of 3.43 which is also the highest rated item from the employees' group.

Accordingly, it can be revealed that the bank did not institute a system and mechanisms to use individual employees' performance as an input for reward and improvement which of course has significant impact with regard to the consequences of good and poor performance that ultimately affects the credibility and sustainable acceptance of the performance management system by the employees. Moreover, as Agunis(2005) noted; employees may suffer from job dissatisfaction and resentment, and may minimize their effort until they are able to find a job elsewhere which leads to waste of resource (money, skilled employee, and the like). According to Armstrong and Baron (1998), performance measurements and performance improvements are taken more seriously when the PM system has direct relationship with the reward system which defines the expectations in line with the rewards availed thereto.

Hence, as not linking performance to reward and development is a challenge by itself, confirmed by the research findings, it is not uncommon to reveal that employees do not have adequate understanding as to the implication of their performance and fail to fully own it accordingly.

#### **4.7 Overall Performance Management as a New System**

Performance management as a system is a process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall

contribution to the organization. It involves setting objectives, assessing progress and providing coaching and feedback, as well as periodic evaluation of individuals' performance, rewarding good performance and improving of poor performance.

Table 4.7. Descriptive Statistics for Overall Performance Management

Item	Managers			Employees		
	N	Mean	Std.d	N	Mean	Std.de
The time you spend on performance reviews is worthwhile	23	3.83	0.778	143	2.61	0.956
The current performance management system works well and does not need to change	23	2.09	0.996	143	3.44	0.893
The quarter and annual appraisals support the organization to distinguish good and poor performance in the organization	23	3.26	3.26	143	3.44	0.889
Performance management helps you to motivate your people	23	3.91	0.668	NA	NA	NA
Performance management helps you to develop the skills and capabilities of your team	23	4.17	0.650	NA	NA	NA
Performance management helps your team to perform better	23	4.13	0.757	NA	NA	NA
Performance management helps you to communicate to your team what is expected of them	23	4.30	0.470	NA	NA	NA
You are comfortable with conducting performance review	23	3.65	1.112	NA	NA	NA
You have been adequately trained to get the best out of the performance management process	23	3.43	0.945	NA	NA	NA
You have no difficulty in agreeing objectives or performance standards with individual members of your team	23	3.17	1.029	NA	NA	NA
The documentation associated with performance management is clear and helpful	23	3.50	1.118	NA	NA	NA
Performance management helps you to do your job better	NA	NA	NA	143	3.81	0.813
Performance management helps you to develop you skill and potential	NA	NA	NA	143	3.67	0.899
You feel motivated after a performance review	NA	NA	NA	143	3.49	0.887
You fully understand how your objectives/performance standards relate to the business needs of the organization	NA	NA	NA	143	3.81	0.765
You have received adequate training in performance management	NA	NA	NA	143	2.65	1.117
<b>Mean</b>		<b>3.58</b>	<b>0.475</b>		<b>3.36</b>	0.639

Source: Own survey computation, 2015

(NA refers to Not Applicable)

Table 4.7 shows the mean score of the items tried to measure the perceptions and level of agreement concerning the summary of benefits of the performance management system and some critical aspects which contribute to enhanced effectiveness of the system. Accordingly, mean score of 3.58 for the managers group dictates that the bank is not yet cultivating the optimum benefits of the performance management system mainly due to the existing system, and difficulty in agreeing performance objectives and standards with employees as stipulated by mean score of 2.09 and 3.17 respectively. This can be further justified that one of the major challenges noted by the respondents under the appraisal area is having poor and inappropriate standard and evaluation tools, and not updated job descriptions which also is mentioned as one challenge under the readiness aspect. On the other hand, the mean score of 3.36 for the employee group also dictates that there is a lot work to do from the bank's side especially in the areas of providing training concerning the performance management system to the lower level employees, and revision of the existing system as signified by the means 2.65 and 2.61 respectively. Due to this, biases can replace standards, false or misleading information may be used, unfair standards may be used, distrust may rise on how ratings were derived, and motivation to perform decreased that ultimately affects the overall goal and purpose of implementing employee performance management system.

The challenges noted in this respect include; limited awareness and trainings concerning the organizational as well as individual implications of performance management system for all the stake holders, and considering PM as responsibility of the HRM process or taking it as a requirement; inadequate working tools mainly EPM policy and procedure document (activities being executed using guidelines and requesting technical support from the PMS team at the HRD center); lack of system to support and simplify the data capturing, recording and documentation activity; and inappropriate performance standards and measures.

With regard to the level of understanding and exhibiting ownership to the system, both managers and employees can be rated as they have good understanding and moderate

level of ownership as can be justified by the scores they rate to the items refer to: the contribution of the employee performance management to upgrade employees' skills and capacity, helps teams to perform better, and helps to communicate to team members what is expected of them. The reason behind for limited ownership could be the lack of adequate training on the employee performance management system, as exhibited by the mean score of the item which is far below the neutral level.

Research findings in the area of performance management system addressed that reliant on old technology is one of the reasons performance management systems are rated as ineffective as they are too time consuming and too hard to operate effectively. But proven performance management practices can be supported and encouraged by flexible systems which enable to capture relevant performance data and the delivery of quality information. The same research report disclosed that in addition to analyzing the design of the performance management program, an organization must also analyze the key drivers; leadership and execution (Leanne H. Markus, 2004, pages 5 and 13).

In this respect, the CBE is in the process of implementation of Enterprise Resource Planning (ERP) system commencing the second half of the 2014/15 fiscal year to automate data of its resources including HR.

However, underlining the core aspects of performance management as very much concerned with interrelationships-between managers and individuals, between managers and teams, between members of teams, and between individuals and groups and other stakeholders Armstrong and Baron ( 2004), signifies that the implementation process demands significant change from different dimensions. Some of the changes which needed to be addressed for the smooth and sound implementation of the PM system includes to create awareness and shift in peoples' attitude so that they can snatch from the old way of perceiving about their performance implications and appraisal methods; equipping managers and employees with proper information as to the 'what' and 'how' aspects of the performance management and its ultimate implication to the achievement

of organizational objectives and other human resources decisions and actions; and the need to institute performance oriented culture so that individual employees can have sense of ownership for job related rewards and developmental areas which ultimately enhances the return on investment.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION, LIMITATION OF THE STUDY AND RECOMMENDATION

#### 5.1. Summary

This research, aimed at assessing the level of implementation of the employee performance management system of the CBE, drawing the specific objectives of: assessing the level of the effective implementation of the EPM system in the CBE; assessing the bank's managers' and employees' level of understanding and ownership with regard to the concept and technical aspects of the EPM system; and identifying potential challenges and recommend possible solutions in order to mitigate them, was conducted using six variables that attempted to address the major aspects of performance management system based on inputs gained from different literatures as well as the bank's EPM framework. The constructs used in this research are Readiness, Performance Planning, Feedback and Coaching, Performance Appraisal, Rewarding and Improving, and variables under the overall Performance Management System. Each of these constructs was measured using a composite of several items, and the implementation of the performance management system of CBE was finally analyzed by the composite scores of each variable. Descriptive statistics was mainly employed in the analysis and the major findings are summarized as below.

- ❖ The mean scores for the employee readiness which are 3.78 and 3.69, for the managers and employees group respectively, demonstrates that managers are at better position with regard to the readiness aspect as compared to the employee, but it can revealed that the bank's effort with this regard so far is moderate that signals there are gaps that to done. The highest rated items with respect include: responsibilities of the managers for managing the performance have been clearly defined to them (managers)(4.09); managers are assigned based on their

competency(4.26); managers have their job descriptions (4.09); and as a supervisor the manager has the knowledge, skills, and abilities necessary to manage performance (4.22) . The relatively lowest items in the employee readiness aspect of the employee performance management system of the CBE include as managers tempted to relatively disagree that: adequate training was provided with employee performance (3.26), and the required resources and trainings are fulfilled before employees conduct target setting(3.09);and the lowest rated items from the employees group include: guidance is being provided about what is expected of them and how they can meet these expectations(3.54), and competency requirements in relation to their performance were communicated to them(3.47).

- ❖ The mean scores for the two groups, managers and employees , 3.91 and 3.64 respectively, demonstrate that the bank's effort to align individuals' as well as team's goals & targets and the attempts done so far with respect the performance planning aspect are fairly rated as strong though there are gaps as scored relatively less means. The highest rated items in this variable include: from the managers group; goals and targets are cascaded from the organization's objectives and goals (4.09), have an option to address comments during the signing of the contractual agreement (4.17), believe that the work they do is very important to the organization (4.61), and, as a supervisor, have clearly laid out expectations to staff through the planning/target setting process (4.22). Employees also gave relatively high ratings to the items: their goals and targets are cascaded from the organization's objectives and goals (3.89), and they believe that the work they do is very important to the organization (4.19).
- ❖ The mean scores of the two groups for the feedback and coaching as one aspect of employee performance management system ( 3.55 for managers and 3.49 for the employees group) demonstrate that the bank's effort to institute the issue of

feedback and coaching as critical aspect of implementing effective employee performance management system is somehow moderate .The lowest rated items in this respect also justify so that include: from the managers' side availability of time and resource to provide timely feedback ,both on good and poor performance; retards the process of providing feedback at a planned and consistent manner(3.00) which is also confirmed from the lowest rated item by the employees , that is, feedback sessions are not planned and conducted consistently , as scored at relatively less mean score 3.01

- ❖ The mean scores of the two groups for the performance appraisal aspect(3.84 & 3.66 for the managers and employees respectively) reveal that bank's progress with this regard is satisfactory but not to the expected level for the gaps(lowest rated items) that incorporate: both groups tempted to disagree that performance appraisals are based on job standards (3.52) and employees gave less ratings to the items; continuous feedback and no surprise during conducting the appraisal(3.47), appropriateness of job evaluations and standards(3.48), and manager's allocating enough time to discuss performance appraisal(3.35).The highest rated items in this regard are: from the managers' group; performance appraisal is not a surprise (4.26), appraisal/evaluation take place at regular intervals and moments(3.96), and subordinates performance directly correlates with his/her performance(3.96); from the employees' group, performance appraisal conducted at regular intervals (3.74), have moderate level of confidence with regard to competency of their managers(3.78) and performance appraisals as a tool to improve team and organizational performance(3.91).
- ❖ As demonstrated from the mean scores of the two groups( 3.22, and 2.92) , the reward and development aspect of the employee performance management system of the CBE is the least scored item that demonstrate the bank did not institute a system and mechanisms to use individual employees' performance as

an input for reward and improvement which of course has significant impact with regard to the consequences of good and poor performance that ultimately affects the credibility and sustainable acceptance of the performance management system by the employees.

- ❖ The gap with the existing system, and difficulty in agreeing performance objectives and standards with employees as stipulated by mean score of 2.09 and 3.17 respectively. And providing training concerning the performance management system to the lower level employees, and revision of the existing system as signified by the means 2.65 and 2.61 respectively; dictate that the CBE needs to work hard further towards ensuring the effective implementation of the employee performance management system .
- ❖ The challenges as disclosed by the respondents are summarized as :limited awareness and trainings concerning the purpose, requirements and implications of performance management; lack of trust and doubt for the continuity of the system due to its newness and limited orientation; resistance to change and implementation not supported by change management; not updated job descriptions. subjectivity due to trend of handling unplanned tasks that leads to judgment and affects the reliability of the planned goals & targets; lack of coordination and synchronization of inter and intra processes' tasks; lack of consistency in providing feedback; poor culture of openness and transparency (process is not free of bias); time constraint to deal with each and every employee due to flatten organizational structure that leads to enlarged span of control make the feedback and coaching process cumbersome; lack of properly tracked and recorded data mainly due to lack of system to support data tracking and documentation and limited awareness and experience with regard to importance of data, and poor or inappropriate standards and evaluation tools that do not take into consideration the differences in the nature of the tasks and competence level

of individual employees; limited awareness and trainings concerning the organizational as well as individual implications of performance management system for all the stake holders, and considering employee performance management as responsibility of the HRM process or taking it as a requirement; inadequate working tools mainly EPM policy and procedure document.

## **5.2 Conclusion**

The CBE recognizing employee performance management system as a tool to align its corporate objectives with that of individual employees' contributions and performance has incorporated it as one aspect of its new HRD strategy scheme by hiring international consultants to get up-to date best practices and technical support in the area. Towards this, the bank has drawn employee performance management frame work and conducted different workshops and awareness creation programs assisted by the consultants targeting the stake holders including top management. In addition to this the employee performance management team has developed different working tools to assist execution of the system at bank wide that includes guidelines and performance measurement standards/measurement tools.

Hence, the bank's employee performance management system, as assessed in light of the steps incorporated in the employee performance management system frame work, the research findings show that:

- ❖ Ensuring employee readiness with the perspective of laying the ground work so that employees can have shared understanding and responsibility throughout the performance management process in the CBE is found to be positively rated as respondents from the two groups, managers and employees, tempted to agree as can be revealed from the mean scores, which are, above the marginal/neutral score. It was demonstrated that the bank's progress with respect to clearly defining work methods and procedures, assigning managers to a position where they can be competent enough, and clarifying the responsibilities of managers

with respect to managing the performance of employees under their supervision, is rated as moderately strong. On the other hand, the bank's attempt towards giving adequate trainings concerning the performance management system and availing required resources to support the effective execution of the system is rated as relatively poor. Therefore, the CBE's over all progress with respect to ensuring employee readiness towards paving the way to ensure effective employee performance management system is at its moderate level which signifies there are gaps in this respect failing to address these concerns will put the effectiveness of the EPM system at stake.

- ❖ Implementing effective employee performance management system in the bank in light of the performance planning aspect as perceived and rated from both employee group perspectives tends to be strong which signifies that the bank's progress towards smoothing the way to align teams' and individuals' goals with that of its corporate objectives , and involving employees in the planning or target setting process so far is satisfactory which has direct relationship with the effectiveness of the employee performance management system since it supports employees to develop sense of shared responsibility and ownership for their performance. However, in the areas of setting SMART goals and targets as well as defining objective measures, and subjectivity due to lack of properly recorded trend data that leads to leave some tasks unplanned, it is noted that the bank needs to mitigate these gaps as early as possible so as to ensure effectiveness of the performance planning activity on continuous basis.
- ❖ The findings show that the bank's progress so far with regard to availing conducive conditions and promoting feedback and coaching as key drivers of effective employee performance management system is promising but not to expected level as witnessed by the mean scores of the two groups. As outlined from the research findings of the lowest scores of the items under this variable, bank's trend of unplanned and inconsistent feedback and coaching practice; lack

of properly tracked and recorded data; and time and resources constraints faced by the line managers that hinder the process of conducting effective feedback and coaching are the major areas that adversely affect the feedback and coaching process which ultimately affects the effectiveness of the employee performance management system as its core concern is the people who are in charge of handling the tasks and need prompt attention and support .

- ❖ The bank's progress and attempt in light of instituting and developing a system to support the performance appraisal process taking in to consideration the trend the CBE had been using for decades to conduct employees' periodic appraisal which is highly subjective mainly focusing non-quantifiable behavioral variables and yet the challenges imbedded within the perspective of appraising employees' performance due to human elements, the changes and progress achieved in this regard can be rated as fairly effective. Nevertheless, the less mean scores of the employees group with regard to the items; providing continuous feedback and no surprises during conducting the appraisal, appropriateness of job evaluations and standards, managers allocating enough time to discuss individual performance appraisal, show that failure to give feedback on continuous basis, inappropriate job standards and evaluations, and time constraint of line managers are negatively affecting the quality and outcome of performance evaluations. According to the research findings, the major challenges that impede the effectiveness of the performance appraisal activity are lack of properly tracked and recorded data mainly emanated from limited awareness and experience, as well as, in adequate system that failed to support data tracking and documentation; poor or inappropriate standards and evaluation tools; and lack of continuous and consistent feedback, both on good and poor performance.
- ❖ Implementation of effective employee performance management system in CBE in light of aligning it with reward and development is the lowest rated variable of all the variables. Employees' performance is not yet linked to reward and

development schemes which has adverse effect on the effective implementation of the performance management system at the bank unless the bank takes prompt initiative to address this because employees can question what is in it for them and lack trust and motivation as a consequence.

- ❖ The overall performance management system with respect to underlining its major benefits and outcomes, as well as applicability and simplicity of the system by the users, managers and employees in this case, is not as such strong. The research findings dictate that the existing system is not yet supportive enough to capture and record performance data and delivery of quality information.
- ❖ In summary , CBE's progress with respect to fulfilling the prevailing conditions to ensure the effective implementation of the employee performance management system with respect to ensuring employee readiness, performance planning at individual employee level via aligning individual goals and targets to the bank's corporate goals and objectives, and articulating the mechanisms and periodic intervals at which performance evaluations take place though there are discrepancies with regard to the measurement standards and measures, is rated as moderately satisfactory. Whereas, the bank's attempt and progress with the perspective of instituting prevailing conditions to promote effective feedback and coaching , incorporating performance management system as employee development and performance improvement tool through the integration of performance outcomes to other HR functions and decisions, underlining that performance management is day-to-day responsibility of managers and employees, and importance of continuous and adequate trainings is revealed to be fairly good that indicates the bank needs to work hard further so as to enhance the effectiveness of the employee performance management system. Furthermore, as the mean scores of the two groups, the managers and employees, demonstrate the bank's effort and fulfilling the prevailing conditions to align employees' performance with reward and development as one aspect of ensuring the

acceptance and implications of the employee performance management system is poor which adversely affects employee performance & productivity. This ultimately affects the mere purpose of implementing performance management system which at the same time impedes its effectiveness.

The CBE's employee performance management system in light of the managers' and employees' level of understanding and ownership of the concepts and technical aspects of the system, the research findings outlined that:

- ❖ Both the managers and employees do have adequate understanding as to the requirements and technical aspects of the employee performance management system as demonstrated by the acceptable scores given to most of the items such as, the benefits that the system availed by aligning individual goals to that of the organizations goals and objectives, its contribution to upgrade skill and capacity of employee and increased individual performance as a result, and critically articulating the challenges faced in the employee performance management process which denote the areas that must be addressed to get employees full consent and acceptance. With regard to their ownership level, as merely demonstrated by the areas that require full involvement and end-to-end ownership of the system, that is, thoroughly understanding its purpose , implication both at individual and organizational level, as well as individuals' roles and responsibilities for its success, is tended to be weak or unsatisfactory . This is due to the reason that, as outlined by the research, there are awareness and training gaps, inappropriate and unreliable appraisal tools and systems, and not clearly defining the implications of good and poor performance.
- ❖ Generally, based on the research findings, it can be said that managers are at a relatively better position and status with regard to the basic understanding and know how as well as owning the implications of the system as exhibited by relatively higher mean scores in majority of the items.

- ❖ Hence, the mean scores of all the variables as reflections of the respondents perceptions and agreement levels that ultimately clarify their level of understanding and eternalizing the specific items or issues, demonstrate that employees still need further support and orientation which otherwise has adverse effect on the effectiveness of the employee performance management system. Moreover, as witnessed by researches conducted in the same topic, effectiveness of employee performance management system has direct coloration with the empowerment of employees refers to the involvement of developing their own system, enable them with education and training on the measures and related tools and procedures, and encourage them to use the data provided by the system.

Pertaining to the identification of the potential challenges that affect the CBE's employee performance management system, the major challenges underlined under each variable include:

- ❖ Limited awareness and trainings on the purpose, requirements and implication of employee performance management as a new system and considering EPM as responsibility and major function of the CHRM process;
- ❖ Resistance to change and implementation not supported by change management
- ❖ Limited coordination and synchronization of the activities among the processes during planning of teams' and individual employees' expected performance ;
- ❖ Job descriptions not updated that lead to task overlap and inappropriate goals and targets and trend of handling unplanned tasks that leads to subjectivity while conducting performance appraisal;
- ❖ Lack of consistency in providing feedback , and poor culture of openness and transparency( process is not free of bias as a result) and time constraint to deal with each employee due to flatten organizational structure leads to enlarged span of control that make employee performance management cumbersome;

- ❖ Lack of properly tracked and recorded data mainly due to lack of system to support data tracking and documentation, and limited awareness and experience with regard to the importance of data, poor or inappropriate standards and evaluation tools/measures and inadequate working tools mainly procedures and templates;
- ❖ Individual behavioral attributes or attitudes due to lack of proper career management in to place, and lack of trust to the workability of the performance management system due to its newness and limited awareness with its benefits and implications/consequences.
- ❖ Performance management system outcome not yet linked to reward and development;
- ❖ Accordingly, the research has outlined that; adequate trainings are not yet given to employees concerning the performance management; rather the bank has taken risk to implement the system without even emphasizing the importance of updated job descriptions and instituting a system to support the data tracking and documentation. Moreover, the CBE has implemented this huge change with the absence of change management support. This leads to resistance to change since employees could not able to see the end-to-end advantages and implications/consequences of implementing the system with the context of the CBE, as well as perceiving performance management as the activity of CHRM process due to limited awareness and orientation. Moreover, as can be depicted from the research findings, majority of the items rated at relatively less mean scores are also underlined as challenges in one way or another which ultimately notifies the major areas that the CBE should give emphasis so as to enhance the effectiveness of the employee performance management system.

### **5.3 Limitation of the Study**

As stated on the scope of the study, the study has conducted limited to the head offices organs of the bank for the mentioned reasons, which otherwise was more comprehensive and exhaustive if it would have been included the employees at the branches.

### **5.4 Recommendation**

Though the implementation of the employee performance management system in the CBE is considered as satisfactory, if not effective, taking in to account its short period since its implementation and the newness of the system with the context of Ethiopian local business perspective and the emphasis given identifying it as one of the critical HRD strategic tool to align the bank's corporate objectives with team's and individual goals and targets , CBE should give due attention for the identified gaps so as to ensure the effective implementation of the employee performance management system. Accordingly, the research recommends the following points of action.

- ❖ The bank needs to maintain its pace with regard to the activities and initiatives aimed at enhancing the awareness and confidence level of employees; underlining the essence and benefit of the performance management to the organization as well as individual employees, and its implications; creating the basic understanding and awareness that employee performance management as one of the major responsibilities of line managers and individual employees; and upgrade planning skill of managers and employees; by availing continuous trainings and workshops.
- ❖ A system that enables line managers to properly track, record and document performance related data is paramount important as witnessed from the research data in the absence of it the whole employee performance management process will be at stake. Hence, the bank should give due attention and priority if it needs

the employee performance management system to work well and operate as expected. To this end, the bank may need to develop in house system to accommodate the gaps that the Enterprise Resource Planning couldn't able to entertain.

- ❖ The existing performance appraisal tools and standard scoring tools need prompt revision and change as the research findings witnessed that, the existing appraisal tools and standards failed to address; different performance levels of individual employees, difference in the nature of tasks and activities, and integrations between and among different work units and processes. Hence, it is time for the employee performance management technical team to take prompt initiation and assignment to revise the appraisal tools before it affects the whole process as the bank has already managed to implement the employee performance management system all over the bank processes and branches.
- ❖ The relevant and basic working tools, mainly, the procedure for the bank's employee performance management system must incorporate all issues and aspects of the system and disseminated to all user organs as promptly as possible.
- ❖ Though it seems too late, instituting change management to support the end to end implementation is at the core of all the challenges and limitations addressed by the research for the reason that the deriving factor behind to encounter such challenges is that due to the newness of performance management as HRD strategic tool and practice as well. Hence, new system which requires new way of doing things demands proper change management support.
- ❖ The research underlines that the performance management system of the CBE is not yet linked with reward and development, and the other HRD and HRM functions decisions. However, as the ultimate goal of managing employees' performance is enhance individual's contribution through rewarding of good performance, and institute employee development schemes to address poor performance and bring it to its optimum level, the absence of the these lead the

system to be perceived as useless and non value adding so that the goal will be in vain. Therefore, the bank must take it as critical issue so as to ensure the effectiveness of the system. Moreover, the bank needs also to strengthen and enhance the initiatives under progress with respect to the mentioned HRD and HRM functions.

- ❖ The organization structure of the bank needs also attention and revision with the view of creating conducive conditions both for line managers and employees to simplify the feedback and coaching process as their day to day practice that enhances the effectiveness of the PM system.
- ❖ Last, but not least, top management's involvement and prompt follow up and support is critical for the effectiveness of the CBE's employee performance management system that it should have to pursue strengthening the current practice, and the capacity and technical knowledge of the EPM technical team should have to be upgraded so as to provide adequate support and advice.

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# **APPENDIX**

## **APPENDIX A**

**SAINT MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MBA PROGRAM**

**Questionnaire to be filled by Line managers/supervisors**

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, " **An Assessment of the Employee Performance Management system- Case of the Commercial Bank of Ethiopia** " as partial fulfillment to the completion of the Masters of Business Administration (MBA) Program at Saint Mary's University. In this regard I kindly request you to provide me reliable information that is to the best of your knowledge so that the findings from the study would meet the intended purpose. Your prompt attention to this study will support me to achieve my MBA and will also support me to contribute little to the implementation of the employee performance management. I strongly assure you of confidential treatment of your answers and would like to extend my deep-heart thanks filling this form. Please also note that your responses will be used for my research purpose only.

**Directions**

- No need to write your name
- Answer by making a  $\surd$  mark, or in writing wherever appropriate
- In case you have ambiguities on any of the questions, please do not hesitate to contact me through my mobile number 0911 51 69 99

**With best regards.**

**Eyerusalem Amaha**

**Questioner to be filled by Line managers/supervisors**

**PERSONAL PROFILE**

1. Sex: Male  Female

2. Age: Below 25  25-35  36-45  46-55  Above 55

3. Educational Background: High School Complete  Diploma

First Degree  Masters and above

4. Job experience in present organization \_\_\_\_\_

5. Name of your department/sub division \_\_\_\_\_

6. Present designation \_\_\_\_\_

**Part I Questions in relation to Readiness**

Please indicate to what extent you agree or disagree with each of the following statements by putting a check mark (√) in the appropriate column within a range between strongly disagree(1) and strongly agree(5).

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Your responsibilities for managing the performance of your staff have been clearly defined					
1.2.	Processes and methods of doing your work are defined and communicated to you					
1.3.	You are assigned to a position where you have the required competence					
1.4.	Required resources are available to you					
1.5.	Your job descriptions are clearly communicated to you					
1.6.	Guidance is being provided about what is expected of you and how you can meet these expectations					
1.7.	You have updated job descriptions for all employees in your process/district/sub process/branch					

1.8.	As a supervisors, you have the knowledge, skills and abilities necessary to manage performance effectively					
1.9.	Adequate training was provided with Employee performance management before the implementation of the Employee performance management system					
1.11.	The required resources and trainings are fulfilled before employees conduct target setting					

2. Are there any challenges/weakness with respect to ensuring of employee readiness as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part II. Questions in relation to Planning**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	You have clear understanding of performance standards, indicators and targets					
1.2.	Your goals and targets are in line with your job description					
1.3.	your goals and targets are cascaded from the organization's objectives and goals					
1.4.	Your goals and targets are SMART(Specific , Measurable, Achievable, Realistic and Timely)					
1.5.	You have given the opportunity to review and comment on your goals and targets by your immediate supervisor					

1.6.	You have an option to address your comments during the signing of the contractual agreement					
1.7.	You sign off contractual agreement with your supervisor after you reach an agreement with goals and targets critical to your job role					
1.8.	Performance related communications are factual, open and honest based on data tracking and tangible evidence demonstrated by employees' behaviors					
1.9.	You believe that the work you do is very important to the organization					
1.10.	As a supervisor , you have clearly laid out expectations to your staff through the planning/target setting process					

2. Are there any challenges/weakness with the Bank's performance planning system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part III. Questions in relation to Feedback and Coaching**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	You get feedback frequently both on good and poor performance					
1.2.	Feedback sessions are planned at your process/sub process/branch					
1.3.	You are getting proper coaching from your immediate supervisor					
1.4.	Two way communication is being applied as one way of creating conducive					

	environment to achieve your targets					
1.5.	You have been frequently tracking data on performance and provide feedback on an going basis					
1.6.	You have the basic skill how to coach people					
1.7.	You have adequate time and resource to provide timely feedback( both on good and poor performance)					
1.8.	You always track data on business targets and behavioral observation demonstrated by the employees					
1.9.	You, as supervisor is taking performance management as your major responsibility					

2. Are there any challenges/weakness with the Bank's Feedback and Coaching system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part IV. Questions in relation to Appraisal**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Your subordinates performance directly correlates with your performance					
1.2.	Your periodic performance appraisal is based on objectively recorded data					
1.3.	performance appraisal is					

	not a surprise for you					
1.4.	Feedback is provided both on negative and positive performance					
1.5.	Standards and evaluations for each job function are appropriate/relevant					
1.6.	Your supervisor give enough time to discuss on your performance during the appraisal period					
1.7.	Appraisal/evaluation take place at regular intervals and at appropriate moments					
1.8.	Performance appraisal is perceived as a developmental tool to improve team and organizational performance					
1.9.	You used to evaluate performance dimensions for which you have sufficient information only					
1.10.	Performance appraisals are based on job standards					
1.11.	You always evaluate your employees based on data tracked on business targets and behaviors demonstrated by the					

	employees					
1.12.	The performance appraisal system is effective in promoting quality work, fairness, and unbiased					

2. Are there any challenges/weakness with the Bank's performance appraisal system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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4. How do you see the fact that the same appraisal format/rating standard is used across all process and to all employees irrespective of the type of task they are accomplishing? What do you recommend in this regard?

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**Part V. Questions in relation to Rewarding and Improving**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Good performance is rewarded					
1.2.	Mechanisms are put into place to address poor performance					
1.3.	There are different mixes of rewarding mechanisms					
1.4.	Appraisal results are being used for important human resource decisions					
1.5.	The performance evaluations are fair					

	enough to be used for important human resource decisions					
1.6.	Differences in performance are recognized in a meaningful way					
1.7.	Employees have a feeling of personal empowerment with respect to work processes					
1.8.	Employees are recognized for their high performance					
1.9.	Pay raises depend on how well employees perform their jobs					
1.10.	Differences in performance are recognized in a meaningful way					

2. Are there any challenges/weakness with the Bank's Rewarding and Improving system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part VI: Questions in relation to the performance management as it applies to you as a line manager in your organization**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Performance					

	management helps you to motivate your people					
1.2.	Performance management helps you to develop the skills and capabilities of your team					
1.3.	Performance management helps your team to perform better					
1.4.	Performance management helps you to communicate to your team what is expected of them					
1.5.	You are comfortable with conducting performance review					
1.6.	You have been adequately trained to get the best out of the performance management process					
1.7.	You have no difficulty in agreeing objectives or performance standards with individual members of your team					
1.8.	The time you spend on performance reviews is worthwhile					
1.9.	The documentation associated with performance					

	management is clear and helpful					
1.10.	The current performance management system works well and does not need to change					
1.11.	The quarter and annual appraisals support the organization to distinguish good and poor performance in the organization					

**Part VII. General Comments**

1. Do you think that all line managers are executing employee performance management as part of their every day work? (Please take note that line managers are all operational managers whose primary responsibility is managing their specific area).

A. Yes  B. No

2. If your answer for item no.1 is yes, please specify why responded yes;

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3. If your answer for item no. 1 is No, please specify why you responded No;

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4. What comments/suggestions (any type of reflection) do you have regarding the implementation of the employee performance management, and the involvement of top management, line managers and employees in effectively executing it?

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Thank you so much.

## **APPENDIX B**

**SAINT MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MBA PROGRAM**

**Questionnaire to be filled by Employees**

Dear Respondent,

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**Directions**

- No need to write your name
- Answer by making a  $\surd$  mark, or in writing wherever appropriate
- In case you have ambiguities on any of the questions, please do not hesitate to contact me through my mobile number 0911 51 69 99

**With best regards.**

**Eyerusalem Amaha**

**Questioner to be filled by employees**

**PERSONAL PROFILE**

1. Sex: Male  Female

2. Age: Below 25  25-35  36-45  46-55  Above 55

3. Educational Background: High School Complete  Diploma

First Degree  Masters and above

4. Job experience in present organization \_\_\_\_\_

5. Name of your department/sub division \_\_\_\_\_

6. Present designation/title \_\_\_\_\_

**Part I Questions in relation to Readiness**

Please indicate to what extent you agree or disagree with each of the following statements by putting a check mark (√) in the appropriate column within a range between strongly disagree(1) and strongly agree(5).

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Processes and methods of doing your work are defined and communicated to you					
1.2.	You are assigned to a position where you have the required competence					
1.3.	Required resources are available to you					
1.4.	Your job descriptions are clearly communicated to you					
1.5.	Guidance is being provided about what is expected of you and how you can meet these expectations					
1.6.	Your organization demonstrates a commitment to a performance					

	based culture					
1.7.	Competency requirements in relation to your performance were communicated to you					

2. Are there any challenges/weakness with respect to ensuring of employee readiness as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part II. Questions in relation to Planning**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	You have clear understanding of performance standards, indicators and targets					
1.2.	Your goals and targets are in line with your job description					
1.3.	You know well how your work contributes to the goals of the organization					
1.4.	Performance measures are relevant to your targets					
1.5.	your goals and targets are cascaded from the organization's objectives and goals					
1.6.	Your goals and targets are SMART(Specific, Measurable, Achievable, Realistic and Timely)					
1.7.	You have given the opportunity to review and comment on your goals and targets by your immediate supervisor					
1.8.	You have an option to address your comments during the signing of the					

	contractual agreement					
1.9.	You sign off contractual agreement with your supervisor after you reach an agreement with goals and targets critical to your job role					
1.10.	Targets and measures of performance are consistent for similar roles and jobs					
1.11	Performance related communications are factual, open and honest based on data tracking and tangible evidence					
1.13.	You believe that performance management is the major responsibility of line managers					
1.14.						

2. Are there any challenges/weakness with the Bank's performance planning system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part III. Questions in relation to Feedback and Coaching**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Your supervisor gives you ongoing feedback that helps you to improve your performance					
1.2.	Your supervisor holds you and your co-workers accountable for your performance					
1.3.	You trust the feedback you receive from your supervisor					
1.4.	You get feedback frequently both on good					

	and poor performance					
1.5.	You are getting proper support and guidance from your immediate supervisor and work colleagues					
1.6.	Feedback sessions are planned at your process/sub process/branch					
1.7.	You are getting proper coaching from your immediate supervisor					
1.8.	Two way communication is being applied as one way of creating conducive environment to achieve your targets					

2. Are there any challenges/weakness with the Bank's Feedback and Coaching system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part IV. Questions in relation to Appraisal**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	Your periodic performance appraisal is based on objectively recorded data					
1.2.	Your immediate supervisor used data tracking on performance and your behavior while conducting performance appraisal					
1.3.	You received continuous feedback on your performance and performance appraisal is not					

	a surprise for you					
1.4.	Standards and evaluations for each job function are appropriate/relevant					
1.5.	Your supervisor give enough time to discuss on your performance during the appraisal period					
1.6.	Appraisal/evaluation take place at regular intervals and at appropriate moments					
1.7.	Performance appraisal is perceived as a developmental tool to improve team and organizational performance					
1.8.	Performance appraisals are based on job standards					
1.9.	Your supervisor has the knowledge, skills and abilities necessary to manage performance effectively					

2. Are there any challenges/weakness with the Bank's performance appraisal system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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4. How do you see the fact that the same appraisal format/rating standard is used across all process and to all employees irrespective of the type of task they are accomplishing? What do you recommend in this regard?

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**Part V. Questions in relation to Rewarding and Improving**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.1.	There is culture of rewarding good performance in the Bank					
1.2.	Mechanisms are put into place to address poor performance					
1.3.	There are different mixes of rewarding mechanisms					
1.4.	The performance evaluations are fair enough to be used for important human resource decisions					
1.5.	You have a feeling of personal empowerment with respect to work processes					
1.6.	Employees are recognized for their high performance					
1.7.	Pay raises depend on how well employees perform their jobs					
1.8.	Differences in performance are recognized in a meaningful way					

2. Are there any challenges/weakness with the Bank's Rewarding and Improving system as part of the overall employee performance management? Yes  No

3. If your answer to item no.2. is Yes, please specify them;

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**Part VI. Questions in relation to performance management as it apply to you personally in your current role;**

NO.	ITEM	Strongly disagree	Disagree	Neutral	Agree	Strongly agree

1.1.	Performance management helps you to do your job better					
1.2.	Performance management helps you to develop you skill and potential					
1.3.	You feel motivated after a performance review					
1.4.	You fully understand how your objectives/performance standards relate to the business needs of the organization					
1.5.	You have received adequate training in performance management					
1.6.	The system of performance management used here works well and does not need to change					
1.7.	Time spent on performance management is worthwhile					
1.8.	The quarter and annual appraisals support the organization to distinguish good and poor performance in the organization					

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**Part VII. General Comments**

1. Do you think that line managers are executing employee performance management as part of their every day work? (Please take note that line managers are all operational managers whose primary responsibility is managing their specific business/team).

B. Yes  B. No

2. If your answer for item no.1 is yes, please specify your response why responded yes;

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3. If your answer for item no. 1 is No, please specify why you responded No;

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4. What comments/suggestions (any type of reflection) do you have regarding the implementation of the employee performance management, and the involvement of top management, line managers and employees in effectively executing it?

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Thank you so much.