



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
GENERAL MBA PROGRAM**

**ASSESEMENT OF PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION
AND CHALLENGES: A CASE OF COMMERCIAL BANK OF ETHIOPIA**

**BY
ELENY RORISSA KUMA**

**JUNE, 2017
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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STATEMENT OF DECLARATION

I, ElenyRorissa, declare that this research, titled “ASSESEMENT OF PERFORMANCE MANAGEMENT SYSTEM: A CASE OF COMMERCIAL BANK OF ETHIOPIA is done with my own effort. I have produced it independently except for the guidance and suggestions of my research advisor. I assure that this study has not been submitted for any scholarly award in this or any other university.

ELENY RORISSA

Signature _____ Date _____

CERTIFICATION

Here with I state that ElenyRorissa has carried out this research work on the topic entitled “ASSESEMENT OF PERFORMANCE MANAGEMENT SYSTEM: A CASE OF COMMERCIAL BANK OF ETHIOPIA” under my supervision. It is sufficient for submission for the partial fulfillment for the award of General MBA.

TEREFE FEYERA (PhD)

Signature _____ Date _____

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ABBREVIATIONS/ACRONYMS

CBE- Commercial Bank of Ethiopia

EPMS- Employee Performance Management System

EPM-Employee Performance Management

HRM - Human Resources Management

HRD- Human Resources Development

PMS- Performance Management System

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Abstract

This paper is a case study assessing the employee performance management system: a case of Commercial Bank of Ethiopia (Addis Ababa). It aimed at attaining the specific objectives of assessing whether the strategic mission of CBE aligns with individuals' performance objectives, investigating whether the organization performance management system properly implemented or not, identifying the benefits gained from performance management system implementation in CBE, identifying potential challenges and recommend possible solutions in order to mitigate them, and finding out employees' perception toward employee performance management system of the Bank . To attain these objectives descriptive survey research design has been deployed by using mixed method approach. For this study simple random sampling technique was used by taking 440 employees to fill in the adapted questionnaire, which is the main data collection instrument. The analysis was done by the help of SPSS and presented using descriptive statistics; frequency tables, percentages, mean and standard deviation. However, data gathered from interview document analysis were analyzed contextually. The scope of the study was delimited to branches and head office within Addis Ababa area. In general the finding of the study revealed that: organizational goals were not fully aligned with departmental and individual goals; there is a tendency of giving unbalanced targets for similar positions; supervisor evaluates employees work not based on recorded evidence only; there is no fair job rotation among employees; there is no sufficient resource allocation to execute their job properly; performance management processes are not done free of bias and objectively; pay raises are not depending on how well employees perform their jobs; performance ratters are not competent enough to undertake their assignment. Employees feel they are not fairly treated in every process of performance management system even they do not have received adequate training in performance management and performance management system is not clearly defined in the organization. Having this in mind the researcher concluded that even though CBE has some good qualities in clearly defining the mission, vision and values and developing strategy map but a lot have to be made in making performance management system to be more useful for the organization. In order to fill the identified gap, recommendations were forwarded to align organizational goals with departmental and individual level, 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 and coaching culture; revising performance standards and measuring to minimize subjectivity, vagueness, and inappropriateness; enhancing the involvement and ownership of both the managers and employees via promoting transparency and equipping 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: - Commercial Bank of Ethiopia, Employee Performance Management and Human Resources Development

CHAPTER ONE

INTRODUCTION

This section deals with background of the study and organization, statement of the problem, basic research questions, general and specific objectives of the study, definition of terms, significance of the study, scope of the study and organization of the study.

1.1 Background of the study

According to Agunis (2005) performance management system is 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. Looking the above definitions, we can learn that performance management system is a continuous process unlike performance appraisal system that involves employee evaluations once a year, without an effort to provide feedback and coaching so that the performance of individual can be improved. The other important aspect we can draw from the above definition is that, performance management system ability to align the activity of individuals with the overall objective of the organization. Hence, performance management is one of the critical factors that affect the success and failure of an organization.

Another important question regarding the performance management could be what benefit we are getting from performance management system? To this end, Agunis (2005) assert that performance management system would have the many merits like : Motivation to perform is increased; Self-esteem is increased; Managers gain insight about subordinates; The job definition and criteria are clarified; Self-insight and development are enhanced; Personnel actions are more fair and appropriate; Organizational goals are made clear; Employees become more competent; There is better protection from lawsuits; There is better and timeline differentiation between good and poor performers; Supervisors' views of performance are communicated more clearly; and Organizational change is facilitated. Therefore, if performance management system can help us to have all the benefit listed above, then it's an area worth studying in any sector which organizations engaged in.

Commercial Bank of Ethiopia (CBE) was established in 1942. It has 1100 branches as of September 30, 2016. Among which four of them are located outside of Ethiopia at Juba the capital of Southern Sudan. The bank has been playing a catalytic role in the economic progress and development of the country. Currently it has more than 11 million account holders and the number of Mobile and Internet Banking users also reached more than 460,000, as of September 30, 2016 and a total asset of 311 billion birr. (www.cbe.com.et).

The bank has a total of 28,278 (twenty eight thousand two hundred seventy eight) employees. From this total a total of 12,622 (Twelve thousand six hundred twenty two) work at Addis Ababa the remaining 15,656 (fifteen thousand six hundred fifty six) work at outlying branches. From the total 12,622 (Twelve thousand six hundred twenty two) employees working at Addis Ababa 3,045 (three thousand forty five) work at head office and 9,577(nine thousand five hundred seventy seven) work at branches organized under the four districts (CBE, 2016).

CBE has a vision to become a world class commercial bank in 2025. To become a world class commercial bank, it must have a minimum required standard in financial and non-financial resources. So 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 is also implied that the bank needs to design 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. According to the resource-based view, employees are the resources and assets of an organization. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work.

According to Varma, Budhwar and Denisi (2008), successful organizations know that to win in today's competitive marketplace, they must attract, develop and retain talented and productive employees. Indeed, winning organizations get their competitive edge from a performance management system that helps them hire talented people, place them in the right position, align their individual performance with organization's vision and strategic objectives, develop their abilities and reward performance commensurate with contributions to the organizations success. According to this respect, performance management and appraisal systems have come to play an

indispensable role in helping organizations to reach their goals of productivity (Stevens & Joyce, 2000). In fact, human resource management practices could influence the behaviors of individual employees. The impact of Human Resources (HR) practices on employees' commitment and performance depends on employees' perception and evaluation of these practices (Guest, 1999).

According to the Global PM Survey Report conducted by MARSH and McLennan (2013); *“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 Employees Performance Management 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.

The reason for the existence of performance management system in an organization is to improve organizational result, deploy a culture that will attract and develop employees, create a good relationship between leaders and employees, enhance meaningful work cooperation among employees, generate an opportunity for growth and development and to make clear on an understanding of work objectives. An efficient performance management system equips and energizes people to take responsibility for their performance and the accomplishment of superior results. Indeed, it has been shown that the use of performance management improves the performance and overall quality of an organization (Rogers, 1991). Effective performance management systems have a well-articulated process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees. Especially in organizations that use performance management as a basis for pay and other HR decisions, it is important to ensure that all employees are treated in a fair and equitable manner (Pulakos, 2004).

1.2 Statement of the problem

The Commercial Bank of Ethiopia has implemented employee performance management system in order to achieving its vision and mission by aligning the strategic objectives of the bank to that of individual level. However, The annual performance management progress report prepared by the employee performance management team of the bank (2016), shows that there is different challenges like: individual employee's performance is somehow not linked with respective process's annual score card performance; unbalanced goals and targets were assigned to employees; employees were assigned at different assignments while they are at the same job grades; misalignment of performance management system with benefit packages ; did not engage line managers to coach their subordinates and giving timely feedback and lack of the practice of attaching performance to the human resource management decisions.

The performance management system lacks alignment between individual performance, departmental performance and organizational delivery and so all systems default back to financial measurements (Williams, 1998). The annual performance management progress report prepared by the employee performance management team of the Bank on June 2016 shows that the annual performance appraisals of the processes, as evaluated by their score card targets, fall in the ranges of 85 % to 98 %. But the overall performance appraisal scores for the head office employees were scored as, below expectation 5%, meets expectation 18%, above expectation 29 %, and exceptional ratings 48 %.This implies that there is a problem that individual employee's performance is not linked with respective process's annual score card performance.

So, it signals the need to assess the effective implementation of the employee's performance management as a system in the bank. In line with that, performance management system in Commercial bank of Ethiopia is the area of focus of this particular study. Because it needs a well designed and implemented performance management system to enhance the performance of its employees who are responsible in serving variety of customers. So this study helps to fill the gap related to implementation of performance management system.

1.3 Research question

This particular research assesses the current prevailing facts about performance management system in the context of Commercial Bank of Ethiopia. Hence, this research answers the following research questions:

- To what extent the strategic mission of CBE align with individuals' performance objectives?
- To what extent the organization performance management system is being properly implemented?
- What are the benefits gained from the implementation of employee performance management system in CBE?
- What are major challenges that affect employee's performance management system?
- What are the perceptions of employees towards employee performance management system in the bank?

1.4 Objective of the study

The general objective of the study is to assess performance management system implementation and challenges in Commercial Bank of Ethiopia. Specific objectives are to:

- Assess whether the strategic mission of CBE aligns with individuals' performance objectives.
- To investigate whether the organization performance management system properly implemented or not.
- To identify the benefits gained from performance management system is implementation in CBE.
- To explore the challenges encountered while implementing employee performance management system;
- To find out employees' perception toward employee performance management system of the bank.

1.5 Definition of terms

Performance: is an outcome or accomplishment achieved by a person or a team (Armstrong, 2009).

Performance management: “an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization” (Fletcher, 2001).

Performance management system: is “an integrated set of planning and review procedures which cascade down through the organization to provide a link between each individual and the overall strategy of the organization” (Smith & Goddard, 2002).

1.6 Significance of the study

Since CBE has recently designed its Employees’ Management (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 HRD 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. Furthermore, it helps as a source document and as a stepping stone for those researchers who want to make further study on the area afterwards.

1.7 Scope of the study

The focus of this research is to assess performance management system in the case of Commercial Bank of Ethiopia particularly in Addis Ababa area and the researcher interest is mainly delimited on benefit, perception, implementation and challenge of performance management system from 2016. And also this study is delimited to the four districts and head office found in Addis Ababa area. However, for the sake of effectiveness and efficiency, and to manage the limited project time and budget other operation of the CBE is not the subject matter of this research. This study would be more important, if all private and government commercial banks included. However, it would be practically unattainable to conduct due to time and cost constraints.

1.8 Limitation of the study

The study focuses on commercial bank of Ethiopia (Addis Ababa area), and this presents a limitation in that the findings may not be generalized to other organizations, government and private sector industries in Ethiopia.

1.9 Organization of the study

The organization of the study is following the guideline developed by the SMU. Accordingly, the first chapter deals with the introduction part that includes background of the study and organizations, statement of the problem, research question, objective of the study, definition of terms, significance of the study, scope of the study, Limitation of the study and organization of the study. The second chapter includes review literatures related to this particular research. The third chapter has concentrate on the research design and the methodology. In the fourth chapter data presentation, analysis and interpretation have been discussed. The last chapter covered the summary of major findings and conclusions drawn from the findings and also the possible recommendations has been forwarded by the researcher.

CHAPTER TWO

RELATED LITRATURE REVIEW

In this part of the study, the researcher review related literatures. This chapter includes the theoretical review, empirical review from previous related works and finally conceptual framework has formulated.

2.1 Theoretical literature

In this part of the study, the researcher has reviewed related literatures. This chapter includes the theoretical review, empirical review from previous related works and finally conceptual framework has formulated.

2.1.1 Definition of performance

Performance can be regarded as a record of an outcome or accomplishment achieved by a person or a team (Armstrong 2009). Performance can also be defined as “the act or process of performing a task or an action that involve a lot of effort” (Oxford Advanced Learner“ Dictionary 2006, p 1080). Performance is a major—although not the only—prerequisite for future career development and success in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (VanScotter, Motowidlo, & Cross, 2000).

2.1.2 Definition of performance management

Performance Management is defined by Armstrong (2009: 1) as a 'systematic process' to improve the performance of a company by developing the individual's and team's performance. For these outcomes to be reached Performance Management should be Understood and applied utilizing an 'agreed framework of planned goals, standards and competency requirements'. Therefore, performance management is a tool which enables to improve organizational performance by clearly aligning the general objectives and mission of the organizations with each individual/team goals. In most cases performance management system and performance appraisal are interlinked with each other.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the

performance and developing the capabilities of teams and individuals. According to Otley (1999), a general performance management considers such problems: “What are the key objectives that are central to the organization’s overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience?”(Otley, 1999:365-366). And also performance management is the broader one which identifies measure, manage and develop performance of the human resource in an organization whereas performance appraisal is the sub set of performance management in which we use it for evaluating the competence of employee’s (Robert and John, 2013).

According to Armstrong, today's Performance Management is implemented into organizations through the progression of 'management by objective and performance appraisal that were developed some time ago' (Armstrong, 2009:2). The overall technique of Performance Management is employed by line managers on a daily basis rather than as a yearly human resource exercise, hence becoming a 'natural process of management'. Armstrong's overall sense of Performance Management is that it should be an on-going process in organizations having a systematic set of agreed targets and goals that will advance the organization.

Performance management is an integrated and systematic process of sustaining the success of organization by improving the performance of the people who work in them and also it is developing the capacity of individuals and team who contribute to the organization. It is also a strategic process in a sense that it deals with the broader issue of the organization efficiency to meet the market demands and long term goal. (Armstrong 2000). When we say performance management is an integrated process, first it is linking of the organization objective with the teams and individual core competences as well as integration of different aspects of human resource management including, organizational development, human resource development, reward and recognition to ensure excellence in the management and development of people.

Performance management is based on the agreement of objectives, knowledge, skill and capability (competence) requirements, performance improvement, and personal development plans. It involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and further development plans. (Armstrong 2000).

Armstrong(2004) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements. "Performance management is a process of designing and executing motivational strategies, interventions and drivers with on objective to transform the raw potential of human resource into performance. All human beings possess potential within themselves in a few or more functional areas. However, utilization and conversion of this potential into deliverable performances is often sub optimal due to a variety of reasons. Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource". (Kandula, 2006:5).

According to Fletcher (2001), who gave a completed and comprehensive HR related performance management definition which is "an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization". Similarly, performance management is a management process for ensuring employees is focusing on their work efforts in ways that contribute to achieving the organization's mission. It consists of three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c) measuring actual performance relative to performance expectations.

2.1.2.1 Objectives of Performance Management

According to Lockett (1992), performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework. The main goal of performance management is to ensure that the organization as a system and its subsystems work together in an integrated fashion for accomplishing optimum results or outcomes.

The major **objectives of performance management** are discussed below:

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

2.1.3 Performance management system (PMS)

A performance management system, according to Rudman (2003), is increasingly seen as a means of integrating HRM activities with the business objectives of the organization, where management and HR activities are working together to influence individual and collective behavior to support the organization's strategy. Besides, he also stressed that the performance management system must fit with the organization's culture. Performance management system is a kind of completed and integrated cycle for performance management. The emphasis of performance management systems is on continuously improving organizational performance, and this is achieved through improved individual employee performance (Macky& Johnson, 2000).

Simons (1991), the Performance Management System (PMS) is defined as ‘the formal, information based-routines and procedures managers use to maintain or alter patterns in organizational activities’. De Walle (2007) has proposed PMS definition as the financial and

non-financial information to the management that has led to the managerial action and decision making. PMS has been defined as “an integrated set of planning and review procedures which cascade down through the organization to provide a link between each individual and the overall Strategy of the organization” (Smith & Goddard 2002, p. 248).

Developing a performance management system is essential for an organization. Developing a performance management system, according to Schneier, Beatty and Baird (1987), is classified into a development, planning, managing, reviewing and rewarding phase. In 2000, Macky and Johnson suggested that a typical performance management system would include: the organization communicates its mission/strategies to its employees; the setting of individual performance targets to meet the employees' individual team and ultimately the organization's mission/strategies; the regular appraisal of these individuals against the agreed set targets; use of the results for identification of development and/or for administrative decisions; and the continual review of the performance management system to ensure it continues to contribute to the organizational performance, ideally through consultation with employees.

Fletcher (1996) suggested that the main building blocks of a performance management system approach include: development of the organization's mission and objectives ;enhancing communication within the organization so that employees are not only aware of the objectives and the business plan, but can contribute to their formulation; clarifying individual responsibilities and accountabilities; defining and measuring individual performance; implementing appropriate reward strategies, and developing staff to improve performance, and their career progression further in the future.

2.1.4 Purposes of performance management system

For Grote(2002), performance management system has so many purposes like, providing feedback to employees about their performance, determining who gets promoted, facilitating layoff or downsizing decisions, encouraging performance improvement, motivating superior performance, setting and measuring goals, counseling poor performers, determining compensation changes, encouraging coaching and mentoring, supporting manpower planning or succession planning, determining individual training and development needs, determining organizational training and development needs, confirming that good hiring decisions are being made, providing legal defensibility for personnel decisions and improving overall organizational performance. From the suggestion of Lawler (2003), the objectives of performance management system include motivating performance, helping individuals develop their skills, building a

performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies. Performance management system has many purposes but the major ones are discussed below (Smither and London 2009).

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

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

Communication: It allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.

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

Organizational maintenance: It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions (for example, whether employees perform at higher levels after participating in a training program).

Documentation: It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be especially useful in the case of litigation.

2.1.5 Processes of performance management system

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 work 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.

2.1.5.1 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 (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 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.

2.1.5.2 Developing and planning performance (Performance planning)

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).

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 out comes 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 vise-a-vice each job's responsibility .

As summarized by Leanne H. (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.

2.1.5.3 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).

2.1.5.4 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).

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).

2.1.5.5 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 (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.

2.1.5.6 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).

2.1.6 The importance of performance management system

There are many advantages associated with the implementation of a performance management system in the organizations.

According to Aguinis, 2009, a performance management system can make the following important contributions:Motivation to perform is increased byreceiving feedback about one's

performance increases the motivation for future performance. Knowledge about how one is doing and recognition of one's past successes provide the fuel for future accomplishments, Self-esteem is increased by Receiving feedback about one's performance fulfills a basic need to be appreciated and valued at work. This, in turn, is likely to increase employees' self-esteem, Managers gain insight about subordinates, the job definition and criteria are clarified because job of the person being appraised may be clarified and defined more clearly in other words, employees gain a better understanding of the behaviors and results required of their specific position. Employees also gain a better understanding of what it takes to be a successful performer (i.e., which criteria define job success),Self-insight and development are enhanced because participants in the system are likely to develop a better understanding of themselves 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 because Performance management systems provide valid information about performance, which can be used for personnel actions such as merit increases, promotions and transfers, as well as terminations. In general, a performance management system helps ensure that rewards are distributed on a fair and credible basis. In turn, such decisions based on a sound performance management system lead to improved interpersonal relationships and enhanced supervisor-subordinate trust; Organizational goals are made clear,Employees become more competent, there is better protection from lawsuitsbecause data collected through performance management systems can help document compliance with regulations. When performance management systems are not in place, arbitrary performance evaluations are more likely, resulting in an increased exposure to litigation, there is better and timelier differentiation between good and poor performers. And alsosupervisors' views of performance are communicated more clearly because Performance management systems allow managers to communicate to their subordinates their judgments regarding performance. Thus there is greater accountability in how managers discuss performance expectations and provide feedback. And organizational change is facilitated because performance management systems can be a useful tool to drive organizational change. Employees are provided with training in the necessary skills, and are also rewarded for improved performance so that they have both the knowledge and the motivation to improve product quality and customer service.

2.1.7 Challenges of Performance Management System

- First, in the case of public sector, the challenges on the management style of entrepreneurship, market orientation, learning orientation and organizational flexibility have existed (Barrett, Balloun & Weinstein 2005).
- Second, almost all the literature reviewed support the fact that top management commitment or leadership has been one of the challenges that has been found to be critical for successful implementation of performance metrics. Top management involvement would help to promote the restructuring of the business organization and to expedite the management of change that would also occur in the organization (Chakrabarty & Tan 2007).
- Third, another element of challenges in performance metrics implementation has been training and awareness, because not all employees accept the changes that have occurred in their workplace. Thus, communication between managers and subordinates must be good in order to enable the organization to materialize the desired mission. Hence, training and awareness have been found to play a vital role in ensuring the success in the PMS implementation (Johnson & Swisher 2003).
- Fourth, the cultural change aspect has also been another major element that has required attention from the management of the organizations. Most literature reviews have stated that cultural changes could have major impact on any implementation of performance metrics (Coronado & Anthony 2002).
- Fifth, according to Coronado and Anthony (2002), one of the critical success factors in the performance metrics implementation has to be the satisfaction of the customers and the quality characteristics have been found to be emphasized upon.
- Sixth, Smith (2002) stated that, 'Performance management is not static. It will change as performance issues vary, as marketing strategy changes, technologies and the means to measure and record performance change over time.'

According to Sparrow and Hiltrop (1994), there are a number of reasons for the failure of performance management systems, including the following:

- The system is not used and supported by top management
- Line managers view the system as an administrative burden and do not see the benefits of energy invested in making the system work.
- Performance objectives are written so subjectively that measurement is not possible.

- Performance objectives set at the beginning of the year seem less important by end of the year if linked to certain projects that were not deemed critical success factors.
- Managers are unable to give feedback and deal effectively and constructively with the conflict generated by the assessment of employees' performance.

2.2 Empirical Review

In this section empirical evidence supporting the performance management system has been presented. However, only few studies are undertaken.

Waka (2010) carried out a study on the survey on the extent to which Kenya commercial bank implemented performance management system and how system improved productivity among employees in the bank. He found out that performance management system that has been set in place served to improve the organization performance.

A study by Gichimu (2010) on factor hindering success of performance management system conclude that design and implementation context use of an EPMS influence the success and effectiveness of system.

Srinivasa (2007) studied that effectiveness of PMS in selected Indian companies. It was found that managers having a good academic background with high profile are effective implementers of the system .Further it was found that personality characteristics/consequences such as essentially required for effective implementation of the system.

Dewaal(2004) who undertook research focusing on the technicality of designing and implementing an EPMS identified Eighteen behavioral factors that are important for implementation and use of PMS. He grouped them in to five areas namely manager understanding, manager attitude, PMS alignment, PMS focus and organization culture.

2.3 Conceptual framework

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 framework also fits with these major steps, hence, this research will use as a conceptual frame work to achieve the research objective. In line with this, CBE after articulating its framework on how to institute and execute the employee performance management system

has also defined the critical issue under each step of the framework as: the job design incorporates the job analysis and job evaluation part (job evaluation 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 1 Employee Performance Management Frame work



CHAPTER THREE

RESEARCH DESIGN AND 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 Research design and approach

In terms of the purpose it entails to achieve a business research can be classified into three as exploratory, descriptive or causal study. Descriptive design is mainly used when the study try to demonstrate relationships and describe the world as it exists. Descriptive study describes accurately the characteristics of individual, group or situation (Creswell, 2003). Accordingly, this study used a descriptive type of research through surveys to assess employee performance management system in Commercial Bank of Ethiopia Addis Ababa area. The descriptive survey research design is an appropriate choice, because the study is aimed at assessing the implementation of the employee performance management system of the bank (Creswell, 2003).

Furthermore, in terms of the nature of data to be used in the study research can be divided into three as: Qualitative, quantitative, and mixed methods research approach. Mixed research method design usually features, which includes an implicit purpose statement, research questions, and rationale for using quantitative and qualitative methods and data in the study (Creswell, 2003). In this study, mixed methods research approach, which consists of elements of both quantitative and qualitative data in a single study, was used.

3.2 Types of data to be collected

There are two types of data that were used in this study, namely primary and secondary data. The primary data are those which are gathered for the first time and afresh and thus collected for the case at hand. Primary data were collected by using questionnaires and interviews from the employees of the Commercial Bank of Ethiopia. The questionnaires and interviews were based on the mentioned research questions. Secondary data is a data collected by someone else and there is a great deal available to researchers from books, libraries and on the web (Adams,

Raeside & White2007). 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.

3.3 Procedure of data collection

The study was use questionnaires adapted from (Mulu, 2016) by making a modification to fit for the variables of this study. The questionnaires were developed by 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, 2000). The 5-point Likert Scale were 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).

First the reliability and validity of research instrument were checked, then after questionnaires were distributed to the participants of the study. After the questionnaires are carefully filled, the researcher collects and arranges the completed questionnaires and compiled for data discussion and analysis. Finally, the collected data were inserted into data set and make ready for data analysis and discussion by using statistical package for social sciences (SPSS). Semi structured interview were also scheduled to gather information on the subject from the district human resource and business managers and the human resource development officer/expert of the Bank.

3.4 Reliability and validity of the instrument

3.4.1 Validity

The questionnaire was pre-tested with 15 employees to test the content validity of the instrument by reviewing the questionnaire in the light of previous literature in the field and also check the clarity, length, word ambiguity and structure and their suggestion were incorporated before the final distribution of the questionnaire. Therefore, each question in the questionnaire is matched with a topic of this research.

3.4.2 Reliability

Cronbach's Alpha was used to measure the reliability; Cronbach's alpha is a coefficient of reliability. Cronbach's alpha is a measure of internal consistency, that is, how closely related a

set of items are as a group. Ideally, the Cronbach's alpha coefficient of a scale should be above 0.70. Pallant, (2005).

Accordingly, the next tables show the Cronbach's alpha result of the adapted questionnaires and the current research questionnaire.

Table 3.1 Reliability Analysis of adapted questionnaires and this research questionnaire.

Item	Cronbach's Alpha	N of Items
Reliability Analysis of adapted questionnaires	0.863	32
Reliability Analysis of the current questionnaires	0.991	38

3.5 Population and sampling techniques

This section deals with the target population and sample size to be used in the study.

3.5.1 Target population

As discussed above, this research is aimed at assessing employee performance management system practiced in the CBE. So the total population of the study was employees of the bank found in Addis Ababa city which is 12,622. Though incorporating all employees' idea on the analysis would have been better for conclusion and generalization, economically and operationally it is very difficult to contact all employees in the research. Therefore, taking a representative sample of the population of the employees' is feasible.

3.5.2 Sampling Method

To select portion of respondent employees from the specified population, the researcher used stratified random sampling technique. Stratified sampling result in more reliable and detailed information and enable to get more representative samples (Kothari, 2004). The head office and four districts were the five strata that have been used to collect data. Simple random sampling technique was employed once the five different strata are identified by registering all members

for each stratum using excel and random table case. This is because all the 5 divisions in a given stratum are homogenous (have same level of educational background and level of job categories) and all employees who are within the same divisions have an equal access and information about employee performance management implementation of the organization. A purposive sampling technique was also used to select interviewees (four district HR and business managers and Human Resource Development officer in the organization). This is because these five participants are the main actors of the system and their role and closeness to the subject they believed to be having a better knowledge on the subject.

3.5.3 Sample Size

The sample size determination were done by using Yamane Taro provides a simplified formula to calculate sample sizes (Israel, 1992).

$$n = \frac{N}{1 + (e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision.

With the level of precision e= 5% and N= 12,622;

$$n = \frac{12,622}{1 + 12,622(0.05)^2} = 399.96$$

Therefore, the total sample for this study is 400 employees.

Table 3.2 Sample size distribution

Divisions	Sampling Frame	Sample size	Contingency (10 %)
Head office	3045	97	10
North A.A district	2590	82	8
South A.A district	2379	75	8
West A.A district	2245	71	7
East A.A district	2363	75	7
Total	12,622	400	40

3.6 Methods of Data Analysis

Once the required data are collected from the primary and secondary sources, it was analyzed through quantitative and qualitative data analysis methods. And, descriptive statistic helps to describe the general level of agreement of respondents. It reveals the conformity of respondents' response about employee performance management system in CBE. In addition, frequency, percentage, means and standard deviation was used to present the data. And table has also used to ensure easily understanding of the analysis. Finally, the result of statistics analysis have be summarized, tabulated and interpreted appropriately. Responses found from the interview have reported in line with the questions forward to the interviewees. And then these findings have combined and summarized together with the quantitative data findings to triangulate the results accordingly.

3.7 Ethical Considerations

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

DATA ANALYSIS AND INTERPRETATION

This chapter presents the data collected from primary sources. Primary sources are data that have been collected by undertaking survey from employees of the bank. Moreover; interviews were made with the human resource development officer of the bank and human resource and business managers of four districts. Including contingency a total of 440copies of the questionnaire was distributed out of which 400 have been collected. This makes the response rate to be 100 %. Therefore the analysis is made based on the 400 respondents' data only. The data collected through questionnaire and interview is analyzed using descriptive analysis method.

4.1 Respondents' Background Information

Table 4.1 Background Information of Respondents

	Item	frequency	percentage	Valid percent
Gender	MALE	269	67.2	67.2
	FEMALE	131	32.8	32.8
	TOTAL	400	100	
Educational Background	Diploma	21	5.2	5.2
	Degree	347	86.8	86.8
	Masters	32	8.0	8.0
	Total	400	100	
Years of experience in CBE	Less than 1 year	21	5.2	5.2
	1 year-5 years	326	81.5	81.5
	6 years-10 years	30	7.5	7.5
	More than 10 years	23	5.8	5.8
	Total	400	100.0	
Respondents' district/ division office	HO	97	24.2	24.2
	NAAD	82	20.5	20.5
	SAAD	75	18.8	18.8
	WAAD	71	17.8	17.8
	EAAD	75	18.8	18.8
	Total	400	100	
Respondents current position in the bank	Manager	16	4.0	4.0
	CSM	33	8.2	8.2
	SCSO	41	10.2	10.2
	CSO	289	72.2	72.2
	Junior Officer	21	5.2	5.2
	Total	400	100.0	

Source: survey and SPSS frequency out put

As indicated in table 4.1 above, 32.75 % of the total respondents are females working in the bank. The percentage of male respondents constitutes the largest part (67.25%) of the total sample. This shows that the number of female staff is less by half from the number of male staff which means there is gender imbalance in the organization. As indicated in Table 4.1, 86.8 % are first degree holders followed by Master's Degree holders (8%), and Diploma (5.2%). This implies that all employees in CBE are well educated and professional. Therefore for all of the respondents being educated in different levels it is believed that they can easily understand the questionnaire as desired by the researcher.

Regarding respondents service year in the organization, as indicated in Table 4.1 above 81.5 % of the total respondents have served the bank between one and five years, 7.5 % of them were between 6 and 10 years, 5.8 % were served the bank for more than ten years and the rest 5.2 % serve the organization for about Less than 1 year. Therefore almost all participants will have a better understanding regarding employees' performance management system in the Bank.

As shown in the table 4.1 above, respondents were participated in the study based on the population size for their respective divisions' or strata. That is 24.2 %, 20.5%, 18.8 %, 17.8 % and 18.8 from head office, north Addis Ababa district, south Addis Ababa district, west Addis Ababa district, and east Addis Ababa district respectively. All respondents participated were based on the proportion of their sample frame that listed in the methodology.

As indicated in table 4.1 above; 72.2 % of the total respondents were under customer service officer followed by 10.2% senior customer service officer, 8.2 % were customer service managers, 4 % were Managers and the rest 5.2 % were junior officer. Therefore almost all participants will have a better understanding regarding employees' performance management system in the bank.

In general the above table which is characteristics of the respondents shows that the study is represented by those who are qualified in understanding the questionnaire as well as the subject matter, most of them are serve the bank more than one year which helps them to respond their true feeling without fear of losing their job and they understand the practice of performance management system which were implemented in CBE. As a result it is the researcher belief that the study is well represented by the respondents which helps to get the opinion of all which assures the accurate data have been secured from the respondents of the sample size.

4.2 Data Analysis

4.2.1 Alignment of the strategic mission of CBE with individuals' performance objectives

Table 4.2 Alignment of the strategic mission of CBE with individuals' performance objectives

Items		SD	D	N	A	SA	Total	Mean	St. Dev
I know the strategic objective of CBE.	F	17	35	72	192	84	400	3.73	1.03
	%	4.2	8.8	18	48	21	100		
The overall corporate plan is properly cascaded to units and individuals.	F	62	201	108	26	3	400	2.27	0.83
	%	15.5	50.2	27	6.5	0.8	100		
I am well clear about my business process/work unit strategic objective	F	17	35	51	178	119	400	3.87	1.07
	%	4.2	8.8	12.8	44.5	29.8	100		
My business process/work unit's goal is aligned with the strategic mission of the organization	F	126	198	58	18	-	400	1.92	0.80
	%	31.5	49.5	14.5	4.5		100		
My individual goal is aligned with the strategic objective of my business process/work unit as well as the organization	F	108	183	88	21	-	400	2.06	0.84
	%	27	45.8	22	5.2		100		
My business process/work unit objective is realistic and attainable	F	60	123	208	9	-	400	2.42	0.77
	%	15	30.8	52	2.2		100		
The goals settled for me supports to achieve the strategic objective of the business process/work unit as well as the CBE.	F	98	138	117	32	15	400	2.32	1.05
	%	24.5	34.5	29.20	8	3.8	100		
Total aggregate mean		2.65							

SD=strongly disagree; D=Disagree; N=Neutral; A=Agree; and SA=Strongly Agree

Source: survey and SPSS frequency out put

Concerning the question on the awareness of the strategic objective of CBE, 48 % agree and 21 % strongly agree on their clear knowledge of strategic objective CBE. On the other hand 8.8 %

disagree and 4.2% strongly disagree and 18 % respondents are neutral, which means they did not have any information about the strategic objective of CBE. Based on the sample participants' response, major employees of CBE know the strategic objective of the bank very well.

Regarding the cascading of the corporate plan, from the total respondents 6.5% have agreed and 0.8 % are strongly agreed that the overall corporate plan is properly cascaded to units and individuals. However 50.2% of the total respondents disagreed, 15.5 % are strongly disagreed that the overall corporate plan is properly cascaded to units and individuals and 27 % of the total respondents have no comment on it. This implies that the way the overall corporate plan is cascaded to units and individuals is not perceived to be proper.

Among the respondents 44.5 % have agreed and 29.8 % have strongly agreed that they are clear about their business process/work unit strategic objective. To this contrary 8.8 % have disagreed and 4.2% are strongly disagreed that they are clear about their business process/work unit strategic objective; and the rest 12.8 % are neutral. Since performance management is a process that enables employees to perform their roles to the best of their ability which are directly derived from the strategic objective of the organization, they should be well informed about where the organization would like to go. From this we can say that even though majority of the respondents know the mission, vision, values and the desired goal of CBE but it is not still quite enough for the effective realization of its objective because when it comes to knowing where the institute would like to go everybody should talk on the same language.

Concerning the alignment, respondents were asked about their level of agreement on the alignment of their department goal with that of organizational goal. Accordingly, 49.5% of the respondents disagreed and 31.5 % strongly disagreed on the fact that their departmental goal is aligned with the organizational goal; whereas 14.5 % of them have no clue about the issue and 4.5 % of the respondents agree on that the goal of their department and the organization is aligned together. From this response the researcher can understand that there is no clear line of sight between department goals and organizational goal and it did not support the strategic objective of the organization.

Among the total respondents, 45.8 % of the respondents disagreed and 27 % strongly disagreed on the fact that their individual goal is aligned with the organizational goal whereas 22 % of them have no clue about the issue and 5.2 % of the respondents agree on that their individual goal and the organization is aligned together. This shows that the majority of the respondent

disagreed on although there are some who believe it is aligned. From this anyone can understand that there is no equal understanding regarding the alignment of individual goal to that of department or organizational goal and also it can be understood that CBE did not work too much in cascading its goal to the level of departmental and individual.

On the subject of believing the objective of their work unit is realistic and attainable, even though 2.2 % respondents agree on the fact that their work unit objective can be attained if they work hard, but quite a large number of respondents i.e.52 % have no idea whether it can be achieved or not and yet 30.8 % are totally disagree and 15 % strongly disagreed and believes that it is not easy to make it realistic as it seems on the paper. This implies that even if majority of the respondents are clear about the goal of their work unit, it will be a disaster for CBE to have an employee who thinks their work unit objective is not realistic and attainable.

Regarding the question about the goals settled for employees supports to achieve the strategic objective of the business process/work unit as well as the organization as whole 59 % respondents disagreed and strongly disagreed whereas 29.20 % of them have no clue about the issue and 11.8 % of the respondents agree and strongly agreed on this statement. From the respondents response majority employees believe that the goal that was settled for employees do not support to achieve the strategic objective of the business process/work unit as well as the organization as whole .This lead to poor performance because if the employees believes that their goal do not support to achieve the strategic objective of the organization they became poor performer.

Furthermore, the total mean scores of table 4.2 above is 2.65 this score indicate that alignment of the strategic mission of CBE with individuals' performance objectives is not perceived to proper.

Interviews were also conducted with the four district human resource and business managers and the human resource development officer/expert of the bank. The interview questions forwarded to them were to explain that to what extent do all employees informed about the mission, vision and overall strategy of CBE. Almost all the selected respondents answered that since performance management is a process that enables employees to perform their roles to the best of their ability which are directly derived from the strategic objective of the organization, they should be well informed about where the organization would like to go. So From the beginning

the bank tries to express its mission, vision and strategic objective of the bank before the employees began their work by induction session.

But we cannot say all employees are informed about the mission, vision and strategic objective of CBE. But we can say that even though majority of the respondents know the mission, vision, values and the desired goal of CBE but it is not still quite enough for the effective realization of its objective because when it comes to knowing where the CBE would like to go everybody should talk on the same language. This lack of awareness about the strategic objective might be due to communication gap in the institute as a whole or due to the gap at departmental level. The next interview question asked to selected respondents were to what extent the specific job performed by an individual is linked with the strategic objective of the organization .In this regard, the four district human resource and business managers and the human resource development officer/expert of the bank replied that the departmental and individual goals were not fully aligned with organizational goal. CBE did not work too much in cascading its goal to the level of departmental and individual.

Response found from the interviewees confirmed that, the majority of employees are informed about the mission and vision of the CBE. And also clear with the overall strategy of the bank and their performance targets. Even if they are clear with the mission, vision and strategic objective of the bank the job performed by an individual is not fully linked with the strategic objective of the organization.

4.2.2 Implementation of employee performance management system in CBE

Table 4.3 Implementation of employee performance management system in CBE

Items		SD	D	N	A	SA	Total	Mean	St. Dev
I am clear about what is expected from me and my job responsibilities.	F	4	19	39	226	112	400	4.05	0.80
	%	1	4.8	9.8	56.4	28	100		
I know the standards that used to evaluate my work.	F	17	132	178	62	11	400	2.79	0.85
	%	4.2	33	44.5	15.5	8	100		
My performance is regularly assessed based on the plan cascaded to me.	F	63	114	201	21	1	400	2.45	0.82
	%	15.8	28.5	50.2	5.2	2	100		
I have received feedback regularly for my performance from my manager.	F	31	50	70	186	63	400	3.5	1.13
	%	7.8	12.5	17.5	46.5	15.8	100		
The result of the evaluation matches with my actual performance.	F	230	104	52	14	-	400	1.62	0.84
	%	57.7	26	13	3.5	-	100		
There is a meeting with my supervisor after evaluation is made to review results.	F	33	44	186	99	38	400	3.16	1.2
	%	8.2	11	46.5	24.8	9.5	100		
My supervisor evaluates my work based on recorded evidence only.	F	92	218	66	19	5	400	2.06	0.83
	%	23	54.5	16.5	4.8	12	100		
The feedbacks are properly communicated to our office and me.	F	29	43	208	89	31	400	3.12	0.95
	%	7.2	10.8	52	22.2	7.8	100		
Performance evaluation is attached with reward and recognition schemes.	F	232	107	61	-	-	400	1.57	0.74
	%	58	26.8	15.2	-	-	100		
All performance management processes in CBE is trustworthy and right	F	178	97	83	40	2	400	1.97	1.04
	%	44.5	24.2	20.8	10	0.5	100		
Total aggregate mean		2.62							

SD=strongly disagree; D=Disagree; N=Neutral; A=Agree; and SA=strongly agree

Source: survey and SPSS frequency out put

Among the respondents 56.4 % have agreed, 28 % have strongly agreed that they are clear about what is expected from them and their job responsibilities, 9.8% of the respondent have no clue about it and the rest 4.8 % and 1 % have respectively disagree and strongly disagreed that they are they are not clear with what is expected from them and their job responsibilities. Therefore based on their response, many of respondents in the bank are clear with what should they do and their responsibilities .So the employees are responsible in their day to day activity.

Regarding the performance standards of the bank, 15.5% of them have agreed and 8 % of them have strongly agreed that they know the standards that used to evaluate their work, on the reverse side 33 % respondents disagreed and 4.2 % have strongly disagreed with knowing performance standards of the bank and the rest 44.5 % respondents have no clue about the performance standards of the bank. This indicates even if 23.5 % respondents agree on the reverse 37.2 % respondents agreed on the statement and the rest have no comment on it this shows there is no clear standards concerning performance standards even many respondents do not know whether they are evaluated by standard or not.

As indicated from table 4.3 above, 5.2 % of the respondents have agreed and 2 % have strongly agreed that their performance is regularly assessed based on the plan/target cascaded for them. However, 28.5 % of the total respondents have disagreed and 15.8 % of the respondent have strongly disagreed that their performances have been assessed regularly based on their given plan and the rest 50.2 % have no comment on it. From this we can say that their supervisors are not continuously assessing their performance even if some respondents do feel so.

From table 4.3 above, we can see that, 46.5 % of the total respondents agreed and 15.8 % have strongly agreed that they received regular feedback for their performance from their supervisor or manager. However, 12.5 % of the respondents disagreed and 7.8 % have strongly disagreed that they have received regular feedback from their supervisor or manager for their performance. This result shows that majority of the respondent perceive that employees do not receive regular feedback for their performance from their supervisors or managers. So in CBE Performance Execution phase of PMS which allow to observing, providing continuous assessment, follow-ups and feedbacks to performers by supervisors/managers is not fully implemented.

As indicated in table above ; 57.5 % of respondents have strongly disagreed and 26 % disagreed that the result of their performance evaluation does not matches with their actual performance,13

% of the respondent have no comment on it and the rest 3.5% agreed that the result of their performance evaluation matches with their actual performance. This shows that employees in the bank believe that they are not appraised based on their actual effort.

As indicated in table above among the total respondents 24.8 % agreed and 9.5 % have strongly agreed that there is a meeting with their supervisor after evaluation made to review results. Of the respondents 19.2 % have responded that there is no a meeting with their supervisor after evaluation is made and the rest 46.5 are not sure whether there is a meeting or not. From this we can infer that we cannot say fully there is a meeting between managers and employees to review their results after they made performance evaluation. So to some extent there is a meeting between managers and employees to review their results after they made performance evaluation.

According to table above, among the total respondents 54.5 % have disagreed and 23 % have strongly disagreed that their supervisor does not evaluate their work based on recorded evidence only. However,4.8 % of the total respondents agreed and 1.2 % strongly agreed that their supervisor evaluates their work based on recorded evidence only and the rest 16.5 % don't know whether they are evaluated by recorded evidence or not. From this we can infer that, employees are not evaluated their work based on recorded evidence only in the Bank.

From the total respondents 30 % have said feedbacks are properly communicated to our office and me, 18 % of the respondents said feedbacks are not properly communicated to our office and me but the rest 52 % respondents have no comment on this statement. From this we can infer that, feedbacks from their supervisor and upper level units are not fully communicated to the respective individuals and branches.

According to table above, among the total respondents 26.8 % have disagreed and 58 % have strongly disagreed with statement; performance evaluation is attached with reward and recognition schemes and 15.2 % respondents have no clue on this statement. From these we can say that even if employee performance management system has been implemented in the organization still not attached with the employees' reward and recognition programs.

As indicated in the table above, from the total respondents 24.2 % have disagreed and 44.5 % strongly disagreed with the statement says all performance management processes in CBE is trustworthy and right and 10 % of the total respondents have agreed and 0.5 % strongly agreed

with this statement. This shows employees in the bank believe that it is impossible to say that all performance management system processes are trustworthy and right in the bank.

Furthermore, the total mean scores of table 4.3 above is 2.62 this score indicate that implementation of employee performance management system in CBE is not perceived to proper and not fully implemented.

Interviews were also conducted with the four district human resource and business managers and the human resource development officer/expert of the bank. The interview questions forwarded to them were to explain how the CBE successfully handles the processes of Performance Management System and about manual or rule being used to standardize the employee performance management system in the bank. The selected respondents says that the bank tries to implement PMS by 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.

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 HRM 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. Even if the bank tries to implement PMS there are some difficulties with in the organization regarding to job designing, ensuring employee's readiness and rewarding and developing stage. Regarding the manual or rule being used to standardize the EPMS in the bank, the bank have a guideline to support the cascading of goals and targets that was disseminated to line managers and also they have a monitoring and evaluation checklist to see if all branches and processes are acting by complying with this guideline. There is EPM team which goes through each and every contract and appraisal document in order to see the extent of performance of each and every branch.

4.2.3 The benefits gained from the implementation of employee performance management system in CBE

Table 4.4 benefits gained from the implementation of employee performance management system in CBE

Items		SD	D	N	A	SA	Total	Mean	St. Dev
Employees Performance management system has created role clarity among the employees in our branch/office.	F	19	43	70	188	80	400	3.66	1.06
	%	4.8	10.8	17.5	47	20	100		
There is better differentiation between good and poor performers.	F	15	48	73	169	95	400	3.70	1.07
	%	3.8	12	18.2	42.2	23.8	100		
Personnel actions are more fair and appropriate.	F	25	99	73	162	41	400	3.23	1.12
	%	6.2	24.8	18.2	40.2	10.2	100		
Employees become more competent.	F	30	46	30	218	76	400	3.66	1.13
	%	7.5	11.5	7.5	54.5	19	100		
Employees Performance management system contributed to improve individual and the bank's performance at large.	F	7	-	56	234	103	400	4.06	0.74
	%	1.8	-	14	58.5	25.8	100		
Employees Performance management system helps to motivate employees and encourage development.	F	63	40	12	175	110	400	3.57	1.39
	%	15.8	10	3	43.8	27.5	100		
Employees Performance management system is important for employee success and the bank, thus it is good to have	F	-	55	83	229	33	400	3.6	0.82
	%	-	13.8	20.8	57.2	8.2	100		
Total Aggregate Mean		3.64							

SD=strongly disagree; D=Disagree; N=Neutral; A=Agree; and SA=strongly agree

Source: survey and SPSS frequency out put

From the total respondents 47 % agreed and 20 % have strongly agreed that employee performance management system has created role clarity among the employees in the bank. However, 10.8 % of the respondents disagreed and 4.8 % strongly disagreed with the statement that employee performance management has created role clarity among employees in the bank

and the rest 17.5 % are neutral. Therefore, the point we can infer majority of the respondents perceive that PMS has created clear mechanism to inform employees what is expected of them for each employees.

Again from the respondents, 42.2 % agreed and 23.8 % strongly agreed on employee performance management system has made a better differentiation between good and poor performers. However, 12 % of the respondents disagreed and 3.8 % have disagreed on the importance of performance management system to differentiate good and poor performers and the rest 18.2 % are neutral. Here we can infer from this result that, the employee performance managements system implemented in CBE enable to differentiate those best performers and poor performers so that personnel actions can be made.

As shown in table 4.4 above, 40.5 % of the respondents agreed and 10.2 % have strongly agreed that, as a result of employee performance management system of the bank personnel actions become fair and appropriate. However, 24.8 % of the total respondents disagreed and 6.2 % have strongly disagreed that personnel actions are not became fair and appropriate as a result of employee performance management system and the remaining 18.2% are neutral. From this we can say that, many respondents perceive that PMS can be used for personnel actions by providing valid information about performance.

From table above we can see that, 54.5 % of the total respondents agreed and 19 % have strongly agreed that after employee performance managements system has implemented in the bank employees became competent. However, 11.5 % of the total respondents disagreed and 7.5 % have strongly disagreed that after employee performance managements system has implemented in the bank employees became competent and the rest 7.5% are neutral. This shows that, employee performance management system enable employees to improve their performance. Due to the plan given for them and to become front runners competition among employees will enhanced and obviously performance can be improved and employees become more competent.

As indicated in table 4.4 above, from the total respondents 58.5 % agreed and 25.8 % have strongly agreed that employee performance management system contributed to improve individual and the bank's performance at large. However, from the total respondents 14 % neutral and 1.8 % of the respondents are strongly disagreed. Here, we can infer that when performance management system gets implemented in the organization employees become more

competent and their performance gets improved so that organizational performance also improved.

From the total respondents 43.8 % agreed and 27.5 % have strongly agreed that, employee performance management system have helps to motivate employees and encourage development. However, 15.8 % of the respondents strongly disagreed and 10 % disagreed with the statement says, employee performance management system helps to motivate employees and encourage development and 3 % are neutral. From this we can infer that employee performance management system can make employees target oriented and motivated to achieve their performance at a favorable level and hence encourage development.

As indicated in the table above, from the total respondents 57.2 % have agreed and 8.2 % have strongly agreed that employee performance management system is important for employees success and the bank, thus it is good to have. However 13.8 % of the respondents have disagreed with the statement and 20.8% of the respondents are neutral. Therefore, we can say that employee's performance management system is important for employees' success; since it can create role clarity, makes them goal oriented and encourage development and for the bank too; by improving each individual performance so that the bank's success will enhanced.

The total aggregate mean score for the above table 4.4 were 3.64 from this result the researcher perceive that major employees agreed on benefit of PMS.

Interviews were also conducted with the four district human resource and business managers and the human resource development officer/expert of the bank. The interview questions forwarded to them were to explain the major benefit gained from PMS and achievements have been observed since the introduction of EPMS. The respondents try to explain benefit of PMS for Employees and for the organization. For employees, PMS help to every employee knows what expected of him or her, creates role clarity, create competition, increase self-esteem, Personnel actions become more fair and appropriate and Provide promotional/career development opportunities. Benefit of PMS for organization is Managers gain insight about subordinates, organizational goals are made clear, and there will be better and timelier differentiation between good and poor performers , Supervisors' views of performance are communicated more clearly and Organizational change is facilitated .Regarding achievements observed since introduction of EPMS respondents observe that some improvement has been noticed in the quality of service in

customer service and volume of transaction Also managers have found a good way to track the performance of the employees under their domain.

4.2.4 Challenges that affect employees' performance management system

Table 4.5 Challenges that affect employees' performance management system

Items		SD	D	N	A	SA	Total	Mean	St. Dev	
There is a tendency of giving unbalanced targets for similar positions.	F	14	33	78	203	72	400	3.7	0.97	
	%	3.5	8.2	19.5	50.8	18	100	1		
There is no fair job rotation among employees in our branch/office.	F	-	12	25	279	84	400	4.0	0.62	
	%	-	3	6.2	69.8	21	100	8		
The bank doesn't provide employees sufficient resources to execute the job.	F	14	145	23	15	59	400	3.2	1.19	
	%	3.5	36.2	5.8	39.8	14.8	100	6		
There is no clear mechanism to address underperformance.	F	-	72	2	232	94	400	3.8	0.97	
	%	-	18	1	58	23	100	7		
Performance management processes are done free of bias & objectively	F	43	133	197	23	4	400	2.5	0.8	
	%	10.8	33.2	49.2	5.8	1	100	3		
Pay raises depend on how well employees perform their jobs.	F	249	118	12	21	-	400	1.5	0.79	
	%	62.2	29.5	3	5.2	-	100	1		
Performance ratters are competent enough to undertake their assignment	F	191	93	37	51	28	400	2.0	1.30	
	%	47.8	23.2	9.2	12.8	7	100	8		
Total Aggregate Mean		3								

SD=strongly disagree; D=Disagree; N=Neutral; A=Agree; and SA=strongly agree

Source: survey and SPSS frequency out put

From the table 4.5 above, 50.8 % of the total sample respondents agreed, 18 % have strongly agreed that there is a tendency of giving unbalanced targets for similar positions. And 8.2 % of the respondents have disagreed and 3.5 % have strongly disagreed. Many respondents also explained in the open ended question part of the questionnaire that, even for equal job grades there is a tendency of giving different goals in terms of difficulty.

The 69.8 % of respondents have agreed and 21 % strongly agreed that there is no fair job rotation in the bank. And 3 % of the respondent disagreed that there is no fair job rotation. As participants responded, there is no fair job rotation in the bank. When there is fair job rotation, it is possible to reduce challenges of giving unbalanced goals for employees under the same job grade levels since all the performers are circulating at all assignments for a given job grade position.

From the same table above, from the total respondents 39.8 % have agreed and 14.8 % strongly agreed that the bank doesn't provide employees sufficient resources to execute the job. However, 36.2 % of the respondents disagreed and 3.5 % have strongly disagreed that the bank doesn't provide employees sufficient resources to execute the job. Without sufficient resource it is difficult for employees to achieve the planned objective. Thus supervisors have a responsibility of ensuring the availability of the necessary supplies and funding to perform the job properly. This will affect their level of performance.

And, among the total respondents, 58 % agreed and 23 % strongly agreed that there is no clear mechanism to address under performance. And 18 % of the respondents disagreed that here is no clear mechanism to address under performance. This implies there is no clear mechanism in the bank to address the issue of underperformance and no action has been taken for both poor as well as good performer.

Among the total respondents 33.2 % have disagreed and 10.8 % of the respondents strongly disagreed with the statement saying performance management processes are done free of biases and objectively. However, 49.2 % of the total respondents have no comment with the statement saying processes are done free of bias and objectively. From this we can understand that, employee performance management processes in CBE are not implemented without biases and objectively in the organization.

Among the total respondents 62.2 % have strongly disagreed and 29.5 % have disagreed with the statement saying Pay raises depend on how well employees perform their jobs. This shows that the payment in CBE is not depend on how well employees perform their jobs.

As indicated in the table 4.5 above, among the participants 12.8 % of the total respondents have agreed and 7 % have strongly agreed that Performance raters are competent enough to undertake their assignment. However, 23.2 % of the respondents have disagreed and 47.8 % have strongly disagreed with the statements saying Performance raters are competent enough to undertake their

assignment. From this we can infer that, the major respondents have disagreed with the statement. And employees give value for their rater because they plays a major role to come up with better results and employees should have to rely on their raters' competency. Otherwise, it is difficult to get favorable advantage from employee performance management system.

The total aggregate mean score of table 4.5 above indicates that 3 this result indicates that the respondents are not sure that weather there is a challenge or not. This implies that there is no a common understanding regarding challenge of PMS in organization

Interviews were also conducted with the four district human resource and business managers and the human resource development officer/expert of the bank. The interview questions forwarded to them were to explain Challenges that affect employees' performance management system. The selected respondents says that the respondents have faced similar challenges which are: - cascading the objective of the organization to department and individual level, planning list of activities which should be performed over the period, performing the planned assignments while executing performance due to unplanned activities, preparing reports which takes much of employee's time about the works that have been done, being confused about the whole system, lack of higher officials and supervisors commitment to support employees to perform better, some of the standard used for measuring performance are unrealistic, bias due to different circumstances, limited participation of employees in the process, poor development opportunities for employees, lack of accurate data while measuring employee's performance, difficulty on measuring routine works, lack of training and sharing of experience for better result, lack of fair workload assignment, difficulty in observing and documenting employees daily performance, lack of timely feedback about the strength and weakness of an employee, spending much of time with meetings which leads to failure of doing the planned activities and filling the observed knowledge gap so as to capacitate employees with the desired knowledge, skill and attitude were the major challenges faced by respondents.

From the open ended question the majority of the respondents have faced similar challenges with the interview respondents.

4.2.5 The perceptions of employees towards employee performance management system in the bank

Table 4.6 perceptions of employees towards employee performance management system in the bank

Items		SD	D	N	A	SA	Total	Mean	Dev
Performance management helps me to do my job better.	F	9	21	52	207	111	400	3.97	0.90
	%	2.2	5.2	13	51.8	27.8	100		
Performance management helps me to develop my skill and potential.	F	26	72	15	198	89	400	3.63	1.19
	%	6.5	18	3.8	49.5	22.2	100		
I feel fairly treated in every process of performance management system.	F	119	176	31	62	12	400	2.18	1.11
	%	29.8	44	7.8	15.5	3	100		
The system of performance management used here works well and does not need to change.	F	109	177	72	38	4	400	2.12	0.95
	%	27.2	44.2	18	9.5	1	100		
I have received adequate training in performance management.	F	159	220	1	20	-	400	1.70	0.71
	%	39.8	55	2	5	-	100		
In my opinion, Employee Performance Management System is clearly defined in the organization	F	62	159	-	132	47	400	2.85	1.34
	%	15.5	39.8	-	33	11.8	100		
Total Aggregate Mean	2.74								

SD=strongly disagree; D=Disagree; N=Neutral; A=Agree; and SA=strongly agree

Source: survey and SPSS frequency out put

As indicated in the table above, among the participants 51.8 % of the total respondents have agreed and 27.8 % have strongly agreed that Performance management helps them to do their job better. And, 5.2 % of the respondents have disagreed and 2.2% have strongly disagreed with the statements saying Performance management helps them to do their job better. The mean score for this question is 3.97 this implies that majority respondents agreed that PMS help them to do their job better. This implies that major respondents perceive that employee performance

management system help employees to do their job by making employees target oriented and motivated to achieve their performance at a favorable level and hence encourage development.

From the total respondents shown in above table 49.5 % have agreed and 22.2 % have strongly agreed that employee that Performance management helps them to develop their skill and potential. However 18 % of the respondents have disagreed and 6.5 % have strongly disagreed with the statement and 3.8% of the respondents are neutral. The mean result for this variable is 3.63 this result shows that major employees agreed that Performance Management System helps them to develop their skill and potential.

The 44 % of respondents have disagreed that the statement; I feel fairly treated in every process of performance management system and also 29.8 % have strongly disagreed with that. The mean result for this statement is 2.18 this implies majority employees believe that they are not fairly treated in every process of performance management system.

From the same table above, from the total respondents 44.2 % have disagreed and 27.2 % have strongly disagreed that the system of performance management used in CBE works well and does not need to change. And 9.5 % of the respondents have agreed that the system of performance management used in CBE works well and does not need to change. The mean result of this question is 2.12. From this the researcher understand even if CBE implement performance management system it is not works well so it need some changes.

As indicated in the table above, from the total respondents 55 % have disagreed and 39.8 % have strongly disagreed that they have received adequate training in performance management. The mean result shows 1.70 this implies that almost all employees do not have received adequate training in performance management.

From the above table 39.8 % of the total respondents disagreed and 15.5 % of the respondents have strongly disagreed that, Employee Performance Management System is clearly defined in the organization. However, 33 % of the total respondents agreed and 11.8 % have strongly agreed with the statement. The mean result for this question is 2.85 .This shows that, in the employees view even if the 44.8 % have agreed on that there are employees who did not believe that employee performance management is clearly defined in the organization. As a result CBE must clearly define PMS to its employees.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter focuses on the summary of the major findings of the research questions, conclusions and recommendations forwarded in light of the relevant literature developed by scholars and responses of research participants.

5.1 Summary major findings

The main objective of this study was to assess performance management system implementation and challenges in Commercial Bank of Ethiopia by having the following basic questions to be addressed.

- Does the strategic mission of CBE align with individuals' performance objectives?
- To what extent the organization performance management system is being properly implemented?
- What are the benefits gained from the implementation of employee performance management system in CBE?
- What are major challenges that affect employee's performance management system?
- What are the perceptions of employees towards employee performance management system in the bank?

In order to address the above basic questions, descriptive survey research design was employed by using mixed research approach which comprises both quantitative and qualitative methods of data gathering. Data was gathered through questionnaire, interviews, and also document reviews were made to triangulate and increase the validity of the data obtained. To collect representative data, 440 questionnaire copies were distributed by using simple random sampling technique. Out of which, 400 of the questionnaires were collected. Furthermore, interview was also made with district human resource and business managers and the human resource development officer/expert of the bank. The data collected from target respondents through questionnaire was compiled and summarized by using SPSS statistical software. The variables were analyzed by using frequency counts, percentages, mean values, and standard deviation. Finally, information obtained through open ended questionnaire and interview, were thematically analyzed and interpreted.

Based on the sample participants' response, major employees of CBE believe that they know the strategic objective of the bank very well and are clear about their business process/work unit strategic objective but they believe that way the overall corporate plan cascaded to units and individuals is not perceived to be proper, there is no clear line of sight between department goals and organizational goal and it did not support the strategic objective of the organization. And also alignment of individual goal to that of department or organizational goal is not properly done. As a result employee thinks his/her department will not have a significant contribution for the overall development of the organization, majority employees believe that the goal that was settled for employees do not support to achieve the strategic objective of the business process/work unit as well as the organization as whole. From this it can be understood that CBE did not work too much in cascading its goal to the level of departmental and individual.

Based on the sample participants' response , many of respondents in the bank are clear with what should they do and their responsibilities however, they believe that there is no clear standards concerning performance standards even many respondents do not know whether they are evaluated by standard or not, their supervisors are not continuously assessing their performance even if some respondents do feel so, majority of the respondent perceive that employees do not receive regular feedback for their performance from their supervisors or managers , employees in the bank believe that they are not appraised based on their actual effort, employees are not evaluated based on recorded evidence only in the bank, feedbacks from their supervisor and upper level units are not fully communicated to the respective individuals and branches, employee performance management system has been implemented in the organization still not attached with the employees' reward and recognition programs This shows employees in the bank believe that it is impossible to say that all performance management system processes are trustworthy and right in the bank.

Majority of the respondents on the benefit of PMS like; PMS has create clear mechanism to inform employees what is expected of them for each employee, enable to differentiate those best performers and poor performers, personnel actions become fair and appropriate, enable employees to improve their performance, employees become more competent, helps to motivate employees and encourage development and finally employee performance management system is important for employees success and the bank as a whole.

Keeping the benefits of employee performance management system in mind, the system has encountered some challenges like; Even for equal job grades there is a tendency of giving different goals, there is fair job rotation, the bank doesn't provide employees sufficient resources to execute the job, there is no clear mechanism in the bank to address the issue of underperformance and no action has been taken for both poor as well as good performer, employee performance management processes in CBE are not implemented without biases and objectively in the organization, payment in CBE is not depend on how well employees perform their jobs and Performance raters are not competent enough to undertake their assignment.

That major respondents perceive that employee performance management system help employees to do their job by making employees target oriented and motivated to achieve their performance at a favorable level and hence encourage development, Performance Management System helps them to develop their skill and potential however ,employees believe that they are not fairly treated in every process of performance management system, almost all employees do not have received adequate training in performance management, did not believe that employee performance management is clearly defined in the organization as a result CBE implement performance management system it is not works well so it need some changes.

Generally this study has reached findings that;

- The overall corporate plan is not properly cascaded to units and individuals as a result business process/work unit goal and individual goal are not aligned with strategic objective and mission of the organization.
- There is a tendency of giving unbalanced targets for similar positions
- Supervisor evaluates employees work not based on recorded evidence only.
- No fair job rotation among employees
- No sufficient resource allocation to execute their job properly
- Performance management processes are not done free of bias & objectively
- Pay raises are not depend on how well employees perform their jobs
- Performance ratters are not competent enough to undertake their assignment
- Employees feel they are not fairly treated in every process of performance management system.
- Employees do not have received adequate training in performance management
- Performance Management System is not clearly defined in the organization.

5.2. Conclusions

Alignment of the strategic mission of CBE with individuals' performance objectives

This study has concluded that, major employees of CBE know the strategic objective of the bank very well and clear about their business process/work unit strategic objective but believe that the overall corporate plan is not properly cascaded to units and individuals as a result business process/work unit goal and individual goal is not aligned with strategic objective and mission of the organization.

Implementation of employee performance management system in CBE

Based on the sample participants' response, the researcher concludes that employees of commercial bank of Ethiopia clear with what should they do and their responsibilities and they do not know the standards that used to evaluate their work, their performance is not regularly assessed based on the plan/target cascaded for them but they received regular feedback for their performance from their supervisor or manager. The result of their performance evaluation does not matches with their actual performance and employees are not evaluated their work based on recorded evidence only but there is a meeting between managers and employees to review their results after they made performance evaluation and the feedbacks are not properly communicated to their office and them and Performance evaluation is totally not attached with reward and recognition schemes so it is impossible to say that implementation of performance management system processes are trustworthy and right. Even if EPMS has been implemented in the organization by formulating 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 HRM process's structure and formulate EPM team under the HRD .Even still not fully implemented because there are some difficulties with in the organization regarding to job designing, ensuring employee's readiness and rewarding and developing stage .

Benefits gained from the implementation of employee performance management system in CBE.

This study concludes on that employees agreed on the major benefits of employee performance management system implemented in commercial bank of Ethiopia like; it has created role clarity

among employees in the bank, enables to differentiate good and poor performers so that personnel actions are become more fair and appropriate. Furthermore, it has created a constructive competition among staffs to achieve their targets. The system has also helps to motivate employees and encourage development through creating communications between the employees and their supervisor or managers. After its implementation, it has contributed to improve both individual and the bank's overall performance at large hence it is good to have.

Challenges that affect employees' performance management system

Based on the responses given by sampled employees, the researcher concludes that there are different types of challenges encountered during employee performance management system implementation. For instance, there is a tendency giving unbalanced goals for similar positions, there is no fair job rotation in the bank. When there is fair job rotation, it is possible to reduce challenges of giving unbalanced goals for employees under the same job grade levels since all the performers are circulating at all assignments for a given job grade position. The employees are also challenged by sufficient resource allocation to execute their job properly. And also they responded performance management processes are not done free of biases ,there is no clear rating mechanism among branches and employees and the employee performance management system lacks uniformity because raters are not believed to be competent enough.

Perceptions of employees towards employee performance management system in the bank

This study has also tried to assess and conclude the employees' perception towards the performance management system in the bank. The sampled participants responded that they are Performance management helps them to do their job better, develop their skill and potential. However, they feel they are not fairly treated in every process of performance management system even they do not have received adequate training in performance management this shows Employee Performance Management System is not clearly defined in the organization. As a result the system of performance management used in CBE do not works well and need to change.

5.3. Recommendations

In considering the major findings of the study and the conclusions drawn, efforts were made to forward possible recommendations by the researcher for the attainment of a better result out of

the employee performance management system in CBE. Accordingly, the research recommends the following points of action.

- In order to have a successful performance management system and also in order to achieve the desired goal of the organization CBE must work on in aligning the bank's corporate objectives with team's and individual goals and targets.
- To make fairness among employees give proportional targets for equal grades by making equal job assigned for equal position.
- To respond questions or claims raised from employees, Supervisor evaluates employees work must be based on recorded evidence only by having proper data tracking.
- Implement fair job rotation, since all the performers are circulating at all assignments for a given job grade position it reduce challenges of giving unbalanced goals for employees under the same job grade levels.
- In order to create similar rating mechanism among branches and employees CBE must provide sufficient resources for all employees and units.
- To motivate high performers and to take correction, match the result of the employee's evaluation with employee's actual performance by evaluating employees by their actual result.
- To implement Performance management processes free of bias & objectively Supervisor must evaluates employees work based on recorded evidence only and Performance ratters must be competent enough to undertake their assignment.
- To come up with better results CBE must provide competent performance ratters by selecting most committed employees and give adequate training because they plays a major role to get favorable advantage from employee performance management system.
- To increase employees' motivation and to prevailing performance accountability in the bank Performance result should attach with reward and recognition system.
- To Employees feel that they are fairly treated in every process of performance management system CBE should create opportunity for the practice of setting goals and standards of performance measures on the basis of mutual agreement between employees and supervisor and let employees to agree on the goals they are expected to achieve and the standards which they will be evaluated. The act of jointly setting goals and standards will provide a clear direction in the every process of performance management system.

- To change the attitude of employees about the implementation and process of performance management system, CBE have to organize a training for employees to know about the benefits of performance management system, why evaluation is needed, for what purpose does it serve and the evaluation procedures and components and instruments of the process of performance management.
- Before implementing Performance management CBE must clearly define the concept of performance management system by setting up a shared understanding of what is to be achieved at an organization level.
- In general, bank can realize its vision to become a world class commercial bank by the year 2025 if it sustains all its current strengths, and improve its limitations mentioned above to manage its resources within a strategic framework and achieve better performance.

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APPENDIX A
ST. MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Questionnaire to be filled by employees of Commercial Bank of Ethiopia (CBE)

Dear Respondent,

The purpose of this questionnaire is to collect primary data to conduct a study entitled, “**An Assessment of Employees’ Performance Management system- The Case of Commercial Bank of Ethiopia.**” The study is required as partial fulfillment to the completion of the Masters of Business Administration (MBA) at St. Mary’s University. In this regard I kindly request you to provide me with reliable information 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 to the implementation of employees’ performance management system. Please note that your responses will be used for my research purpose only. Consequently, rest assure about the confidential treatment of your answers. I would like to extend my deep-heart thanks in advance for your willingness to fill-in this form.

General Direction:

Please do not write your name on the questionnaire. Put ‘√’ sign on the box provided based on your level of agreement for each statement for close-ended questions and write your response in brief on the space provided for open-ended questions. In case you have ambiguities on any of the questions, please do not hesitate to contact me through my mobile number 0910 00 36 43.

I. Background Information

1. Gender

Male Female

2. Educational Qualification

Diploma Masters

Degree Other (please specify)

3. Years of experience in CBE

Less than 1 year 6 years-10 years

1year- 5 years More than 10 years

4. In which district office / division of the bank you are currently working? _____

5. What is your current position in the bank? _____

II. Questions in relation to Employees’ Performance Management system

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).

Note: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

S.NO	Alignment of the strategic mission of CBE with individuals’ performance objectives	1	2	3	4	5
1	I know the strategic objective of CBE.					
2	The overall corporate plan is properly cascaded to units and individuals.					
3	I am well clear about my business process/work unit strategic objective					
4	My business process/work unit’s goal is aligned with the strategic mission of the organization					
5	My individual goal is aligned with the strategic objective of my business process/work unit as well as the organization					
6	My business process/work unit objective is realistic and attainable					

7	The goals settled for me supports to achieve the strategic objective of the business process/work unit as well as the CBE.					
	Implementation of employee performance management system in CBE					
8	I am clear about what is expected from me and my job responsibilities.					
9	I know the standards that used to evaluate my work.					
10	My performance is regularly assessed based on the plan cascaded to me.					
11	I have received feedback regularly for my performance from my manager.					
12	The result of the evaluation matches with my actual performance.					
13	There is a meeting with my supervisor after evaluation is made to review results.					
14	My supervisor evaluates my work based on recorded evidence only.					
15	The feedbacks are properly communicated to our office and me.					
16	Performance evaluation is attached with reward and recognition schemes.					
17	All performance management processes in CBE is trustworthy and right.					
	The benefits gained from the implementation of employee performance management system in CBE.	1	2	3	4	5
18	Employees Performance management system has created role clarity among the employees in our branch/office.					
19	There is better differentiation between good and poor performers.					
20	Personnel actions are more fair and appropriate.					

21	Employees become more competent.					
22	Employees Performance management system contributed to improve individual and the bank's performance at large.					
23	Employees Performance management system helps to motivate employees and encourage development.					
24	Employees Performance management system is important for employee success and the bank, thus it is good to have.					
	Challenges that affect employees' performance management system	1	2	3	4	5
25	There is a tendency of giving unbalanced targets for similar positions.					
26	There is no fair job rotation among employees in our branch/office.					
27	The bank doesn't provide employees sufficient resources to execute the job.					
28	There is no clear mechanism to address underperformance.					
29	Performance management processes are done free of bias & objectively					
30	Pay raises depend on how well employees perform their jobs.					
31	Performance raters are competent enough to undertake their assignment					
	The perceptions of employees towards employee performance management system in the bank	1	2	3	4	5
32	Performance management helps me to do my job better					
33	Performance management helps me to develop my skill and potential					
34	I feel motivated after a performance review					

35	I feel fairly treated in every process of performance management system.					
36	The system of performance management used here works well and does not need to change					
37	I have received adequate training in performance management					
38	In my opinion, Employee Performance Management System is clearly defined in the organization.					

39. What are the major benefits gained for the bank and yourself from employee performance management system implementation?

40. What are the major challenges you faced as a result of Employee Performance Management System implementation in the bank?

THANK YOU!

APPENDIX B
ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Interview to be answered by employees of CBE

Researcher/student Name: ElenyRorissa

QUESTIONS FOR SELECTED INTERVIEWEES

The researcher is currently conducting research thesis for the purpose of fulfilling requirements of Masters of Business Administration (MBA) Program at Saint Mary's University. The following questions will ask about *Employee Performance Management System implementation in commercial bank of Ethiopia (Addis Ababa)* and you are selected because of your role and closeness to the subject. Your responses will be kept confidential and used for academic purpose only.

Thank you for participating in this interview!

Part I. Questions in relation to alignment of the strategic mission of CBE with individuals' performance objectives

1. To what extent do all employees informed about the mission and vision of the CBE?
2. How do branches/offices and individual employees are clear with the overall strategy of the bank and their performance targets?
3. To what extent the specific job performed by an individual is linked with the strategic objective of the organization?

Part II. Questions in relation to implementation of employee performance management system in CBE

1. How Does the CBE successfully handle the processes of Performance Management System?

2. Is there any manual or rule being used to standardize the employee performance management system in the bank?

Part III. Questions in relation to the benefits gained from the implementation of employee performance management system in CBE.

1. What is the major benefit gained from Performance Management System?

2. What achievements have been observed since the introduction of employee performance management system?

Part IV. Questions in relation to challenges that affect employees' performance management system

1. What challenges have been you faced in the employee performance management system?

1. Do you have any other comments or suggestions regarding Performance Management System at CBE?