



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

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

BY: BEREKET MESFIN

ADVISOR: ABRARAW CHANE (PHD).

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**Assessment of Employee Performance Management System At Addis
International Bank S.c**

**By: Bereket Mesfin
Id No: SGS/0048/2010A**

Approved by Board of Examiners:

----- Dean, Graduate studies	----- Signature
----- Advisor	----- Signature
----- External Examiner	----- Signature
----- Internal Examiner	----- Signature

Letter of Certification

This research project has been submitted to St. Mary's University, School of Graduate studies
Department of General MBA for examination with my approval as a University advisor.

Advisor

Signature

St. Mary's University

June, 2019

DECLARATION

I, Bereket Mesfin, declare that this thesis entitled “Assessment of Employee Performance Management System at Addis International Bank S.c” is my original work. I further confirm that this paper has never been submitted to any other university for any degree, diploma or fellowship. Finally, I declare that all source materials used in this research has been dully recognized and acknowledged.

St. Mary’s University

June, 2019

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ACRONYMS

PM= Performance Management

PMS= Performance Management System

ADIB= Addis International Bank

HR= Human Resource

SPSS= Statistical Package for Social Sciences

PIP= Performance Improvement Plan

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ABSTRACT

Employees play a pivotal role in determining the fate and success of a company. They are the main and unique resource organizations deploy in realizations of their objectives and goals. In today's highly competitive and rapidly changing working environment, organizations need to acquire and retain the right number of competent employees to gain competitive advantage. In order to acquire and retain qualified personnel, organizations must unfold an HR system and HR management practices that are capable enough to win the heart and mind of employees over competitors. The objective of the study is to assess the performance management system of the bank. Descriptive research design was used. Both qualitative and quantitative data collection methods were employed for the study. The main sources of data were both primary and secondary sources. The study used stratified random sampling techniques. The target populations were divided in to two strata as head office and branches and then from each strata number of sample was selected randomly. Both questionnaires and interview was used to collect primary data. IBM SPSS was used to process the primary data which is collected through questionnaire. The result of the research conveys employees of the bank have no clear understanding of performance management system. Supervisors were not doing enough to make PM practices easy for employees and provide assistance when needed. And there is no participative environment created for employees equally at all levels. Employees are not initiated and satisfied with PM system of the bank. The PM practices do not provided personal development and promotion for employees. The study revealed that there is no openness and transparency in the bank. Lack of smooth flow of information between supervisor and subordinates and inability to conduct frequent meeting or discussions are factors that affect the performance management system of Addis International Bank S.c. Based on this the conclusions reached are the employees of the bank doesn't have clear understanding about the performance goal and objective. Finally the researcher recommends in order to bring the required result the company should communicate employees about why the system is needed, what purpose does it serve and the potential benefits that can be derived from the system and an effective two way communication should get a priority.

Key words: Performance planning, performance management system

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Performance management is a broad term intended to manage both result and behavior. Armstrong M. (2009), defined performance management system as a set of interrelated activities and process which is an integrated component of organization approach to manage performance through people and develop the skill and ability of human resources thus enhancing organizational competitiveness and achievement.

Performance management is a concept in the field of human resource management according to Aguinis H. (2009), it is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goal of an organization.

According to Armstrong M and Baron A. (1998), Performance management is both a strategic and an integrated approach to deliver successful reports in organization by improving the performance and developing the capabilities of teams and individuals.

Performance management system includes the following actions

- Developing clear job description and employee performance plans which includes the key result areas and performance indicators.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmark, providing continuous coaching and feedback, identifying training and development needs by measuring the outcome achieved against the standard setted.

Performance management is important for one of the important issues in the organizational setup as it helps organizations ensuring employees are working hard to contribute to achieving the organization's mission and objectives. Performance management setting expectations for employee performance and motivates them to work hard in ways that is expected by the

organization. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees. Employee performance could be expected, assessed and encouraged. As Macky and Johnson (2000) stressed that the importance of performance management system is on continuously improving organizational performance, and this is achieved by improved individual employee performance. Therefore, improving employee performance by using performance management system is away to improve organizational performance.

Performance management gained popularity in early 1980's from that time onward Performance management system is globally providing a basic framework of policies and procedures for management and employees to use in setting goal and objective in the organization. The most important principle is that Performance management is owned by both employer and employee. It is in place to benefit both parties and therefore will be a positive approach to staff management.

Many banks implement Performance management system in African countries since competitiveness can't be achieved without managing performance and at the same time

Developing the skills and competence of employees. As Performance management system potentially makes the most significant contribution to individual and organizational learning and helps to raise organizational efficiency and promote growth.

Receiving feedback and recognition for good performance increases the employee's motivation for future accomplishment which is the main advantage of Performance management system. On the contrary if Performance management system doesn't work as expected employees become dissatisfied and may leave the organization. Therefore, an effective Performance management system within different economic heritage is one of the valuable factors to compete in today's dynamic business environment.

Addis International Bank as one of the youngest private bank in the highly competitive banking industry need an effective Performance management system that ensures proper aligning or

linking of organizational objectives with employees objective by facilitating effective communication throughout the organization.

Therefore, the researcher has conducted a study to assess the Performance management system in Addis international bank with the aim of producing accurate information on the current performance management system.

1.2. Background of the Company

Addis International Bank s.c (ADIB) was founded by visionary Ethiopians in February, 2010G.cthat includes cooperatives, unions and individual business people it is owned by more than 8550 shareholders. The word “Addis” as the name of the bank carries double meaning the first, new ideas or innovation and the second, first word of the capital of Ethiopia Currently the bank’s paid up capital reached 710.4 million and employed more than550 permanent employees as of September30, 2018. It has 61 branches throughout the country. With its head quarter located in the capital Addis the bank aims to become the leading inclusive bank in Africa that addresses the financial needs of different income groups.

Adib (Addis international bank) has currently implemented a performance management system to improve the organization’s performance by improving the performance of employees.

Aguinis H. (2009), stated that when performance management system is serving poorly negative consequences will come like if the process is not seen as fair, employees may become upset and leave the organization. They can leave physically (i.e., quit) or withdraw psychologically (i.e., minimize their effort until they are able to find a job elsewhere).If a standardized system is not in place, there are multiple opportunities for fabricating information about an employee’s performance. Self-esteem may be lowered if feedback is provided in an inappropriate and inaccurate way. This, in turn, can create employee resentment. Performance management systems cost capital and quite a bit of time. These resources are wasted when systems are poorly designed and implemented. As a consequence of a deficient system, the relationships among the individuals involvedmay be damaged, often permanently. Motivation may be lowered for many reasons, including the feeling that superior performance is not translated into meaningful tangible rewards (e.g., pay increase) or intangible rewards (e.g., personal recognition).When the

performance assessment instrument is not seen as valid, and the system is not perceived as fair, employees are likely to feel increased levels of job burnout and job dissatisfaction. As a consequence, employees are likely to become increasingly irritated. A weak performance management system do not provide the benefits. Such systems will be resisted because of competing obligations and allocation of resources (e.g., time). Worse, managers may simply choose to avoid the system altogether, both standards and individual ratings may vary across and within units, and may also be unfair, Personal values, biases and relationships are likely to replace organizational standards and because of poor communication, employees may not know how their ratings are generated or how the ratings are translated into rewards.

1.3. Statement of the Problem

Performance management is one of the important and broader functions of human resource management. It aims at building high performance for both individuals and teams so that they will jointly improve the business process on continuous basis. The main objective of performance management system is to achieve the full potential of employees that will favor both the individual and the organization.

A properly implemented performance management system will result in employees who are capable of doing their job effectively and efficiently. It generally boosts the productivity and output of a company. A good performance management system is the one characterized by specific performance standards established and communicated, performance is reviewed on the basis of result and communication and feedback is provided on continuous basis.

Good performance management system (PMS) works towards the improvement of the overall organization performance by managing the performance of teams and individuals for ensuring the achievement of the overall organizational goal. However, in reality most organizations underutilize this tool.

Addis international bank (ADIB) which is one of the youngest private bank operating in Ethiopia deserve a good performance management system (PMS) in order to achieve its goal and to stay competitive in the industry.

Currently, Addis international bank (ADIB) implemented a performance management system to ensure that the employees understand the importance of their contribution to the organizational goal and objective. However, in real business world the bank used the Performance management system merely for performance appraisal purpose.

In addition, the employees who are the most valuable resources and the major stakeholders of the company claim that they are not happy with the current performance management system and furthermore, on the annual management meeting performance appraisal which is one of the component of the Performance management system was mentioned as the major source of conflict between supervisors and supervisees.

The performance management system is not properly managed, employees are dissatisfied by it and it is not meeting its intended purpose so that the entire system needs to be reassessed.

1.4. Research Questions

On the basis of the research problem discussed above, the research answers the following research questions.

1. To what extent do employees participate in performance management system of ADIB?
2. Do supervisors provide the necessary feedback on employees' performance?
3. What components of performance management system are carried out by the Bank?
4. To what extent do the Performance management system achieved its intended purpose?

1.5. Objectives of the Study

1.5.1. General Objective

The general objective of the study is to assess the performance management system at Addis international bank S.c

1.5.2. Specific objectives

The specific objectives of the study are.

- To identify components of the Performance management system that are carried out by the bank.
- To assess the extent of employee participation in the performance management system.
- To determine whether the employees receive the necessary feedback from their supervisors.
- To identify whether the performance management system achieved its intended purpose.

1.6. Operational Definition of Terms

Performance Management: is a set of interrelated activities and process which is an integrated component of organization approach to manage performance through people.

Performance Management System: is a tool which is used to communicate the organizational goal to the employee individually.

Employee: an individual who works fulltime or par time under a contract of employment, whether oral or written expressed or implied and has recognized right and duties.

Performance: the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Performance Appraisal: is a method by which the job performance of an employee is documented and reviewed.

1.7. Significance of the Study

The study tries to site best practices in performance management by going through review of some related literature. It will also help to identify key improvement areas and recommend ways to improve the current system. And also can serve as a source of reference for other researchers who pursuit to make further study on Performance management system.

1.8. Scope and limitations of the Study

Even though Adib has many Human Resources Management practices the study was confined to look at the performance Management System because it always has been an issue and sensitive component to the organization. Although performance management is a broad concept the study has focused only on the major components of the performance Management System. For that purpose employees who serve the bank for at least one performance quarter has participated in the study. Obviously there are many banks in Ethiopia however; the study has been conducted only at Addis international bank. Due to time limitation the research was conducted only once or it was cross sectional and geographically it was confined only in Addis Ababa.

The study would have been more comprehensive if other human resource functions that have impact on employee performance management system were addressed. Moreover, while other factors could be taken into consideration to determine the effectiveness of a performance management system, this research is only limited to evaluating it under four components, which are: performance planning, performance appraisal, ongoing feedback on performance and performance improvement plan.

In addition, the study would have given a holistic view if it covered the whole banking industry in Ethiopia. However, the study is focused only on a specific bank: Addis International Bank S.Co. This study was also limited to those permanent employees only.

There are some limitations faced while conducting this research as limited time frame was a great limitation. Secondly sample size was small and only permanent employees were considered. To assess the true performance management system pre and post behaviors of employee reactions towards performance management should be studied and for this longitudinal type of research study was necessary however, due to shortage of time this research was conducted cross section ally.

1.9. Organization of the Study

The research paper included five chapters. The first chapter consists the introductory part and it includes background of the study, statement of the problem, research question, objective of the study, significance of the study and organization of the study.

The second chapter focused on review of related literature in which previous studies are consulted. In this chapter meaning, characteristics, founding theories, purpose, components and phases of performance management system including the challenges in implementing performance management system are discussed. In addition an empirical literature review is discussed in detail.

Under the third chapter research design, research approach, sample size and sampling technique, source of data and data collection procedure and the research ethics are covered.

The fourth chapter is devoted for data presentation, analysis and interpretation in which the collected data was analyzed and organized in meaningful manner to meet the objective of the study.

The last chapter is mainly concerned about summary, conclusion and recommendation. Here the findings of the study are summarized, conclusions are presented and recommendations are pointed out for the findings of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

2.1.1. Performance Management Defined

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better result by understanding and managing performance with in an agreed framework of planned goals, standards and competency requirement.

According to FletcherC. (2001), performance management is an approach for creating a shared vision of the purpose and aims of the organization. Helping each individual employee understand and recognize their part in contributing to the organization and in so doing, manage and enhance the performance of both the individual and the organization.

Performance management is a management processes for ensuring employees are focusing on their work effort in ways that contribute to achieving the organization's mission.

According to Armstrong M and Baron A. (2004), Performance management is a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.

Performance management is a process of designing and executing motivational strategies, interventions and drivers with an objective to transform the raw potential of human resource into performance. All human beings possess potential within themselves in a few or more functional areas. However, utilization and conversion of this potential into deliverable performance 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 R, 2006).

According to Bacal R. (1999), performance management is an ongoing communication process undertaken in partnership between an employee and his immediate supervisor. It involves establishing clear expectations and understanding about the essential job functions of an employee. It is expected to show how the employees and supervisors will work together to sustain, improve or build on existing employee performance. And how performance management will measure and identifies barriers to performance and removes them.

According to Kandula R. (2006), performance management involves managing employee effort based on measured performance accounts.

Performance management is determining what constitutes good performance and how the different aspects of performance can be measured it is critical to the design of an effective performance management process.

Performance management effectiveness increases when there is an ongoing feedback, behavior based measures are used and preset goals and trained raters are employed (Lawler E and John B.2003).

According to Armstrong M and Baron A. (2004), performance management is a strategic and an integrated approach for delivering sustained success to organizations by improving the performance of the people who work in them by developing the capabilities of teams and individual contributors.

According to Lockett. J (2002), performance management is the involvement of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement.

Performance management is a broad term; it doesn't solely cover one type of discipline. It covers a range of areas that relate to the measuring of individuals and group performance and aspects of how individuals could be developed in today's working environment especially on corporate conglomerate. The majority of companies implemented a Performance management system to ensure that the staffs they employee delivers as per the targets that were set for them (Armstrong M, 2009).

Performance Management is concerned with the following

- Aligning individual objectives to organizational objectives and encouraging individuals uphold to corporate core values.
- Enabling expectations to be defined and agreed in terms of role, responsibilities and accountabilities.
- Providing opportunities for individuals to identify their own goals and develop their skills.

2.1.2. Characteristics of Performance Management

According to Armstrong M. (2009), Performance management focuses on future performance planning and improvement it enhances teams and individual capacities. PM is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. PM basis on the agreement of role requirements, objectives and performance improvement and personal development plans it provides the setting for an ongoing dialogues about performance and continuing review of achievements against objectives, requirements and plans it is also concerned with inputs and values. The inputs are the knowledge, skills and behaviors required to produce the expected results. Developmental needs are identified by defining these requirements and assessing the extent to which the expected levels of performance have been achieved through the effective use of knowledge and skills and through appropriate behavior that upholds core values.

Performance management is a continuous and flexible process that involves managers and those whom they manage acting as partners within a certain framework that sets out how they can best work together to achieve the required results. It basis on the principle of management by agreement rather than management by command. It relies on consensus and co-operation rather than control or coercion. Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process in which performance improves over time. It provides the basis for regular

and frequent dialogues between managers and employees about performance and development needs.

2.2. Founding Theories of Performance Management

Central, goal and social cognitive theories are the three underpinning theories for performance management (Armstrong. M, 2009)

2.2.1. Goal Theory

This theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed. Moreover, this theory supports the agreement on objectives, feedback and review aspects of performance management.

According to Armstrong M. (2009), goals inform individuals to achieve particular levels of performance, in order for them to direct and evaluate their actions, while performance Feedback allows the individual to track how well he or she has been doing in relation to the goal so that if necessary, adjustments in effort, direction or possibly task strategies can be made.

Moreover, the prime focus of goal setting theory is that specific difficult goals lead to higher performance than when people strive to simply do their best.

2.2.2. Control Theory

Control theory focuses attention on feedback as a means of shaping behavior. As people receive feedback on their behavior they recognize the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome the discrepancy. Feedback is recognized as a crucial part of performance management process.

2.2.3. Social Cognitive Theory

Social cognitive theory was developed by Bandura as cited by Armstrong M. (2009), it is based on its central concept of self-efficacy(i.e. Self-motivation will be directly linked to the self-belief of individuals that they will be able to accomplish certain task, achieve certain goals or learn

certain things). This suggests that what they believe, they can or cannot do powerfully impacts on their performance. Developing and strengthening positive self believe in employees is therefore an important performance management objective. while discussing social cognitive theory, there are three important aspects and these includes developing competencies, strengthening employee's beliefs in their capabilities and enhancing self-motivation through goal system.

2.3. Performance Management System

According to Armstrong M. (2009), performance management system is the best available mechanism for efficient and productive management. It aims to create high performance culture in which all members, managers or employees take responsibility for continuous improvement of business process and also their own skill.

Performance management system is increasingly seen as a means of integrating Human resource management with the business objective of the organization where management and Human resource activities are working together to influence individual and collective behavior to support the organization's strategy. (RudmanR., 2003).

Performance management system is a kind of completed and integrated cycle for performance management. The emphasis of PMS is on continuously improving organizational performance and this is achieved through improved individual employee performance.

According to Lawler E and John B. (2015), the objective of Performance management system includes motivating employees, helping individuals develop their skill, building a high performance culture and determining who should be promoted.

A typical performance management system will enable the organization to communicate its mission and strategy to its employees, enables the setting of performance targets to be met by the employees, teams and ultimately by the organization. And the regular appraisal of these employees would be against the agreed set targets. Use of result for identification of development and administrative decisions and the continual review of the Performance management system to

ensure it continues to contribute to the organizational productivity ideally through consultation with employees.

According to Fletcher C. (2001), the main blocks of Performance management system includes development of the organization's mission and objective, enhancing communication within the organization so that employees are not only aware of the objectives and the business plan but also can contribute to its formulation, clarifying individual responsibilities and accountabilities defining and measuring individual performance, implementing appropriate reward strategy and developing staff to improve performance and their career progression further in the future.

Armstrong M and Baron A.(2004), pointed that at its best performance management is a tool to ensure that managers manage effectively therefore Performance management system should ensure managers of employees or teams know and understand what is expected of them and have the skills and ability to deliver on these expectation and they must be supported by the organization to develop their capacity to meet expectation, to ensure employees are given feedback on their performance and have the opportunity to discuss and contribute to individual and team aims and objectives.

Moreover, according to Armstrong M and Baron A. (2004), performance management system is used to ensure that managers themselves are aware of the impact of their own behavior on the people they manage and to encourage them to identify and exhibit positive behavior.

In performance management system the actual performance is compared to the desired performance so the outcome is evaluated and a development plan is set according to the weakness. The outcome also provides a feedback mechanism to employees. In order to improve, update and discuss the initial objectives the organization should focus on improving communication between employees and managers.

2.4. Performance Appraisal and Performance Management

Sometimes it is assumed that performance management is the same thing as performance appraisal but there is a significant difference performance management is a set of activities and evaluations that ensures the company is being effective and efficient in the process of meeting its

goals. It analyzes and concentrates on various elements. It is a wider concept that clarifies mutual expectation and emphasizes the support role of managers. Whereas, Performance appraisal is the formal assessment and rating of employees. Performance appraisal tended to be backward looking; concentrating on what had gone wrong rather than looking forward to future development needs. It focuses on quantified objective but performance management focuses on values and behaviors as well as objectives (Armstrong M and Baron A., 2004). Performance appraisal can be considered one step in the greater effort of performance management- a step that focuses on the employee's past performance- while performance management is an ongoing process that evaluates day today performance.

2.5. Challenges in Implementing Performance Management System and factors for successful performance management system implementation

There are a number of problems that affect the successful implementation of a performance management system. HR professionals identified thirty one problems associated with the implementation of PMS. One of the major problems indicated is that management put low priority on the implementation because of work pressures and time constraint especially when there is a change of management, where old management is replaced by new one who doesn't support the system, the PMS hardly gets priority and many times it is abandoned.

The other problem experienced in implementing the PMS is that it might require more time and effort than the organization planned and expected this makes the organization members discouraged by lack of short term results. Thus they spend less time and energy in implementing the performance management system. There might also be insufficient resource and capacity for the implementation this implies if an organization want to succeed in implementing the PMS it should allocate sufficient resource and capacity.

The other key reasons for failure to implement PMS is lack of clear goals for the implementation and this is further complicated by lack of clear and understandable strategy, mission and objective for the organization this finally leads to the development of PMS which is not relevant. Another problem in implementing a PMS happens when the organization doesn't see the benefit of the system. If managers and employees don't see positive result of the system in which they

can trace back they give up on the system this contributes to the failure of an organization to implement the PMS.

Ohemeng F. (2009), also indicates other problems for effective implementation of performance management system this includes institutional fragmentation whereby decision making is fragmented among different departments in a way that creates problem of accountability and responsibility. Lack of knowledge and skills in performance management are some of the constraints on successful implementation of performance management system.

Different authors stated the use of and the satisfaction with performance management system remains challenging. When organizational goals are linked to individual employee objectives and goals, the performance review reinforce the behaviors that are consistent within the organizational culture and attainment of its goals. However, in spite of this, performance management system is not always successful.

Dewaal A. (2003), identified 18 individual behavior factors that are important in the successful implementation of performance management system. These can further be divided into 3 as, the managers understanding about the nature of performance management, manager's attitude and the alignment of the system to the organizational culture.

Organizations cannot introduce Performance management system successfully without the involvement of employees and a strategy to develop human resource which will makes everyone to be clearly able to understand the benefits of change initiatives to the employees and the organization. Implementing such system requires change and the success of these changes depends on the readiness of the organization. Some of the factors for successful PMS implementation are.

2.5.1. Alignment of Strategic Plan with Management System

According to Armstrong M. (2009), one of the fundamental purposes of management is to align individual and organization objectives.

Alignment of strategic plan can be attained by a cascading process so that objectives flow down from the top and at each team or individual level objectives are defined. And it also should be a bottom up process.

2.5.2. Training and Creating Learning Organization

Training is vital to introduce the new performance management system to employees as performance management aims to enhance learning from experience.

According to Armstrong M. (2009), managers with their team and individual members should consciously agree on the lesson to be learnt from and how this experience could be put to good use in the future.

2.5.3. Rewarding Good Performance and Behavior

Employee's behavior will be influenced by how the organization evaluates performance and what behaviors are rewarded. Reward also helps to attract and retain high quality people to the organization needs.

2.5.4. Participation of All Employees and Communication

The performance management system should involve all staffs to ensure ownership of the system. According to Armstrong M and Baron. A (2004), commitment of staff will enhance organizational capacity by minimizing inefficient and ineffective process.

2.5.5. Meaningfulness

The system must be meaningful and the evaluation and the standards set must be considered to be important and relevant.

2.5.6. Standardization

The system should allow performance to be evaluated consistently.

2.5.7. Ethicality

Performance management system should comply with ethical standards in which the privacy of the individual employee is respected.

2.6. Phases of Performance Management System

According to Schneier, Beatty and Baird. (1987), a performance management system consists three phases ‘development and planning performance phase, managing and reviewing performance phase and the final rewarding performance phase.

Developing and Planning Performance Phase

Planning is the first stage in Performance management system process and offers the foundation for the next processes. Planning is a continuous process and should be executed with great care it helps to encourage commitment and understanding by linking the employees work with the organizations goal and objective (Schneier et al., 1987).

Planning usually includes identifying key value drivers of stakeholders. According to Armstrong M and Baron A. (2004), objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time. It can be expressed as targets to be met they further state that objectives need to be defined and agreed on the objective relates to the overall purpose of the job and defines performance areas all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area.

Rodgers R and Hunter J. (1991), stated that performance goal setting is a fundamental aspect of Performance management system. They further indicated that productivity gains will correlate with the extent of employee’s participation in the process of setting objectives. As it is a motivational process which gives employees the feeling of being involved and creates a sense of ownership for employees. The planning phase should include employee’s agreement on a formal development plan of employees this plan should be based on requisite skill, behavior and knowledge and key competencies that will be required to achieve the objectives and targets set.

The development plan must include long term development initiatives which are based on potential and good performance (Nyembezi V., 2009)

In the planning phase the supervisors and subordinates are involved in a joint participative process as objectives create the environment in which an individual will be measured according to his own performance and output with set standards for evaluation. (Nyembezi V., 2009)

Managing and Reviewing Performance Phase

Managing performance is the second element of the Performance management system cycle this step distinguishes performance management as a process from performance appraisal as an activity (schneier et al., 1987). At this phase every employee is responsible for managing his work this involves maintaining a positive approach to work, updating and revising initial objective performance standards and job competency areas as conditions change. Requesting and providing feedback for and from a supervisor and employees, and supervisors working together for managing the performance management process.

The second phase includes the performance review which can be regarded as learning events. According to Ashford S and Cummings L. (1983), feedback has strong positive effect on the performance of both individuals and groups specifically through role clarification and improved self-efficacy.

According to Armstrong M and Baron A. (2004), at this phase actual performance should be compared to the desired performance so that the outcome is evaluated and a development plan is set. Additionally, in this phase coaching and training is an important tool. Coaching is developing a person's skill and knowledge so that the employee's job performance improves and helps them to achieve organizational objective. Managers should identify and implement training and other actions necessary to improve individual performance. A Good training and coaching will improve the quantity and quality of organizations output, increases the chance of organizational success and decreases the organizational cost and expense.

Rewarding Performance Phase

According to Schneier, Beatty and Baird (1987), the rewarding performance phase includes three activities personnel development, linking performance to pay and identifying the reason for good performance.

The function of personnel development is that the growth of people can be accelerated over and above that which would take place naturally and normally and then maximizes the employee's contribution to personal and group goals. Personnel development has some principles. The First one is personal involvement, second one mutual objective on the premise of any development activity in an organization. In which there should be a clear understanding and acceptance of mutual objectives. Personnel development plan should be tailored to fit the individual and the situation. As any attempt to squeeze every one into the same model may even prove a waste of effort. Moreover, development should be designed to improve performance on the current job first and then prepare the employee for promotion.

2.7. Components of Performance Management System

Components of Performance management system includes

2.7.1. Performance Planning

In order to improve the overall effectiveness of performance management program, key performance expectations should be clearly defined in employee's job description and should be expressed in the methods used to measure Performance.

Performance planning is the first crucial component of any Performance management system it forms the basis for performance appraisal. Performance planning is jointly done by the supervisor and the supervisee, during this period employees should participate upon the targets and the key Performance areas that can be performed over a specific time. Performance planning is finalized after a mutual agreement is reached between a supervisor and an employee.

Performance plan in an effective performance management system will be able to maintain a current view about the expectations and accountabilities of an employee or team. This involves

Defining job responsibilities and setting performance expectations at the initiation of the review period.

Dick G. (2002), describes Performance planning as the bedrock of an effective performance management system. The performance-planning discussion gives the manager the chance to talk about his expectations and what he sees as genuinely important in the individual's job. It gives the individual a clear operating charter so that he can go about doing his job with the full certainty that he's working on the highest priority responsibilities and operating in a way that the organization expects.

A clear understanding of what is expected of employee is essential. If there is no such understanding; the manager is likely to assess performance on the basis of what he expects of the employee, which may be very different from what the employee understood to be the job duties and responsibilities. To avoid this problem, there are two requirements that must be met. The employee must understand both what is expected of him and how well the job is expected to be performed. These two requirements are called Significant Job Segments and Standards of Performance. Significant job segments are obtained from job descriptions that cover the duties and responsibilities of jobs. Standards of performance are an important and often neglected element in performance appraisal. While significant job segments describe what needs to be done, standards of performance describe how well it must be done. Two of them together clarify what's expected of the employee.

According to Dick G (2002), the responsibilities of the manager and the employee in performance planning are

1. Responsibilities of the supervisor in performance planning

- He reviews the organization's vision and values.
- Read the employees' job description and decides about the goals and objectives the person needs to achieve in the upcoming appraisal period.
- Identifies the most important competencies that he expects from the individual employee to demonstrate in performing the job.
- Determine what he considers to be fully successful performance in each area.

- Discuss and come to agreement with the employees on the most important competencies, key position responsibilities, and goals.
- Discuss and come to agreement on the employee's development plan.

2. Responsibilities of the employees in performance planning

- Review the organization's mission statement and their department's goals.
- Review their job description and determine their critical responsibilities.
- Think about their job and identify the most important goals they should accomplish in the upcoming appraisal period.
- Think about what they consider to be fully successful performance in each area.
- Discuss and come to agreement with their appraiser on the most important competencies for their job, key position responsibilities, and goals.
- Discuss and come to agreement on their personal development plans.

According to Dick G. (2002), Getting employees' involvement in the performance planning process will help employees to understand the goals and objectives of the Organization, what needs to be done, why it needs to be done, and how well it should be done.

According to W. Smither and M. London (2009), performance planning includes a consideration of results, behaviors and development plan. Results refer to what needs to be done or the outcomes an employee must produce. A consideration of results needs to include the key accountabilities, specific objectives that the employee will achieve as part of each accountability and performance standards (yardstick) used to evaluate how well employees have achieved each objectives. A consideration of behaviors includes discussing competencies, which are measurable clusters of knowledge, skills, and attitudes (KSAs) that are critical in determining how results will be achieved. Development plan should include identifying areas that need improvement and setting goals to be achieved in each area. Usually development plans include both results and behaviors.

In general according to Armstrong M. (2009), performance planning among others include: agreement on goals/objectives, performance standards, performance measures, key result areas, and agreement on personal development needs.

1. Goals/objectives

Armstrong M (2009), pointed out that Setting goals /objectives is the most important activity during the performance planning and agreement stages of performance management.

According to Dick Grote (2002), goal setting is one of the key elements of performance planning. In addition to identifying the key responsibilities of the individual's job and the competencies or behaviors that the organization expects everyone to display, another critical element is setting appropriate goals for the upcoming year. Setting goals produces several important results: It forces the identification of critical success factors in the job. It mobilizes individual and organizational energy. It forces concentration on highest priority activities. It increases probability of success. It generates increases in productivity.

2. Performance standards

Performance standards are approved expressions of the performance requirements that employees must meet to be appraised at particular levels of performance. Standards of performance are different from objectives..

Characteristics of effective Standards

It is based on the job and not the person in the job- Standards of performance should be established for the job itself regardless of who occupies the job.

- It is achievable it means that practically all employees on the job should be able to reach the standard.
- It is understandable- The standard should be clear to manager and employee alike.
- It is agreed on- Both manager and employee should agree that the standard is fair.
- It is specific- it insist that they must be stated in numbers or percentages,
- It is time oriented- It should be clear whether the standard is to be accomplished by a specific date or whether it is ongoing.
- It is written- Both manager and employee should have a written copy of the standards that are agreed on.

- It is subject to change- Because standards should be achievable and agreed on, it should be periodically evaluated and changed if necessary.

3. Performance measures

In addition to identifying what the key responsibilities of a position are; the manager and the individual need to discuss how the person's performance will be measured and evaluated.

According to Dick G. (2002), there are four general measures of output: Quality, Quantity, Cost and Timeliness. (Armstrong M., 2009). Suggested that measures of outcome include: changes in behavior; completion of work/project; acquisition and effective use of additional knowledge and skills etc.

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

Employee participation is a very important element for successful performance evaluation systems. Employees must play a key role by participating in everything from writing job descriptions, to identifying their own goals and standards, to assessing how well they have performed. When employees are involved in goal setting, the goals they set are higher and more demanding than goals that managers set alone. Employee participation promotes teamwork. It gives the employee and the manager a sense of working together rather than being on opposite sides of the fence. Participation in goal setting improves performance, not because participation by itself is inherently motivating, but because it provides the employee with an increased understanding of expectations and strategies for goal accomplishment (Armstrong M., 2009)

2.7.2. Performance Appraisal

Performance appraisal is a method by which the job performance of an employee is documented and evaluated. It consists regular review of an employee within an organization. It is a systematic and general process that assess an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objective other aspects of individual employee are also considered as well.

Performance appraisal is that part of the performance assessment and management process in which an employee's contribution to the organization during a specified period of time is assessed. Performance feedback lets employee know how well they have performed in comparison with the standards of the organization (Fisher et al., 2006).

Fisher et al., (2006), stated 'performance assessment and management is an important and critical part of any HR system. Organizations strive to do the following at all levels:

- Design jobs and work systems to accomplish organizational goals.
- Hire individuals with the abilities and desire to perform effectively.
- Train, motivate, and reward employees for performance and productivity.

Hence organizations use this sequence to make sure that the strategic goals are imprinted in the mind of their employees.

The evaluation of performance also serves as the control mechanism that provides not only feedback to individuals but also an organizational assessment of how things are progressing.

Without performance information, managers and employees can only guess as to whether they are working toward the right goals, in the correct way, and to the desired standard. Performance assessment plays an important role in organizational strategy, that of ensuring strategy consistent behavior, reinforcing the values and culture of the organization and provides the alignment of the assessment with the organizational culture.

2.7.3. Feedback on Performance

Performance management system cannot be effective without effective feedback. As a basic human tendency people prefer to make judgments about the people who work with them. In the absence of a structured and an objective system people will judge the performance of other employees informally. Feedback on performance is given a lot of importance in the performance management process as it is a stage in which employees acquire awareness and information from the appraiser about areas of improvement and whether the employee is contributing the expected

level of performance or not. At this stage the employee should receive an open and very transparent feedback.

Timely feedback about performance helps to motivate employees to become more innovative in approach. Through proper feedback employees will be able to adjust their performance according to the need of the organization and thereby creating high performance. Employees require feedback about their performance because if provided properly they will be able to analyze their strength and weakness and will be able to take actions accordingly, immediate feedback is very important to each employee at every level of the organization as everyone wants to learn about one's progress so that they can excel their performance.

According to Farr J. (1993), the impact of everyday or informal feedback on the work performance and attitude or behavior of employees is more than that of feedback given during semi-annual or annual appraisal session.

Feedback and goal setting are considered as the integral management tools because they serve both informational and motivational functions that help in enhancing an employee's work performance. Feedback increases an employee's knowledge about what is expected of them and thereby reduces the occurrence of unnecessary and irrelevant behavior that is not expected during work performance. Moreover feedback serves as a function that gives clarity about setting goals and gives an idea about how to achieve them.

2.7.4. Rewarding Good Performance

Is the very vital component of Performance management system as it determines the work motivation of an employee at this stage an employee should be publicly recognized and rewarded for good performance. It is a very sensitive stage for an employee as it may have a direct influence on the self-esteem and achievement orientation. However, most reward mechanisms are obtained from traditional reward program and such reward system can have series limitation that could inhibit its application to the employee. Therefore, a comprehensive reward mechanism should be maintained which possess. Fixed payment, variable pay, short term and long term incentives, profit sharing, bonus, benefits, allowances, quality of work environment, work-life

balance and non-financial rewards including training and development and participation of employees in decision making.

Effective reward system for all employees, as a performance management program could help an organization to improve performance and productivity in the work place. By linking reward strategies to business goals and objectives one can encourage the performance necessary to meet short and long term business objectives. However, a PMS highly linked to reward has its own demerits as it can spoil the development intention of the system. Where instead of being development centered and objective it become reward centric.

So it is important that rewards are perceived as fair and just in the eyes of the beholder of the individual who is receiving it. Fairness and equity in pay and rewards will provide an environment that motivates people to believe in their organization's action and policies.

2.7.5. Performance Improvement Plan

Performance improvement plan (PIP) is a tool to give an employee with performance deficiency the opportunity to succeed. When putting performance improvement plan into action it must ensure the ultimate goal is to improve performance rather than to justify a termination.

Performance improvement plan is designed to facilitate a healthy and open discussion between an employee and his supervisor so that the supervisor can suggest the ways on how to improve the work performance of an employee. It is recommended that the Human Resource department should review the entire performance improvement plan to ensure fair and equitable treatment for all the employees of the organization during performance improvement plans is maintained. Performance improvement can be attained by managing performance in such a way that the link between each of the connection is optimized.

Since the stability of an organization is directly linked to the continuous improvement of its performance. Many organizations have identified a way to improve organizational performance by implementing a well-defined performance management system. It is through such systems that the business and its employees achieve mutually accepted objectives.

The importance of PMS is on continuously improving organizational performance which can be achieved by improving employee's performance. Therefore, improving employee's performance through PMS is a way to improve organizational performance.

2.8. Purpose of Performance Management System

Performance management is a means of getting better results from the organization, teams and individuals by understanding and managing performance within agreed framework of planned goals, standards and competence requirements. It is a process for establishing shared understanding about what is to be achieved. And it is an approach to manage and develop people in a way that increases the probability of a goal being achievable in the short and long term (Armstrong M and Baron A, 2004).

Performance management is an important tool to prevent problems from occurring. It enables Goal setting and open communication about performance all year long and it helps to identify barriers to performance before they impact on performance. And the end result is better productivity, and creating less "fire-fighting" condition that minimize dealing with performance problems after the fact.

The other basic purpose of performance management system is to provide everyone the direction and support they need to enhance and improve their productivity and standards on regular basis and serving as an important input to the organization's development effort. It also provides information for effective workforce planning and compensation projections it allows managers to gain relevant and timely insights into their employee's goal, desire and ability thereby enables them to execute better motivational strategies and fair evaluation methods.

Aguinis H.(2009) explained the following six purposes of performance management system.

2.8.1. Strategic

It is a method of aligning organization's goal with individual goal so that the organization can successfully attain its goals and help employees realizes the contribution they are making to the organization's success.

2.8.2. Administrative

It helps management as a source of information for making sound decisions about employees including promotion, retention, termination, recognition etc.

2.8.3. Communication

It provides full information for employees on how well they are doing and it enables them to receive information on specific area that may need improvement and to learn about the organization's and the supervisor's expectation. It promotes openness, transparency and smooth flow of information in an organization.

2.8.4. Developmental

It provides feedback for organizations to train employees and helps employees to improve their performance on a continuous basis.

2.8.5. Organizational Maintenance

Performance management system plays a great role in providing information about current employees who can serve in the future work force.

2.8.6. Documentation

Performance management system helps to maintain documents for legal issues it provides data that can be used to review the critical accuracy of selection instruments.

2.9. Empirical Literature Review

It is seen in the detailed literature review that organizations implement PMS for various reasons or purposes but the general purpose is to increase the performance of the organization by establishing a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. However, in real business world organizations encounter various challenges while implementing performance management system.

There are many empirical studies about performance management system thus; under this topic only the most related empirical studies are presented.

M. khasro and Chowdhury GolamHossan. (2012), have conducted a study on performance management system in United Kingdom retail industry. The researchers found that the implementation of the performance management system is different from what it was supposed to be and the top level management admits they don't implement the system properly due to lack of standard setted for performance appraisal and unavailability of performance committee at all. initially the purpose of the system was to motivate individuals to perform to their optimal level of competence usually on annual performance period., the collective efforts of individual performers must add up to positive organizational performance. However, employee performance goals are created and passed down to other without the employees participation and the performance criteria are determined by the management.

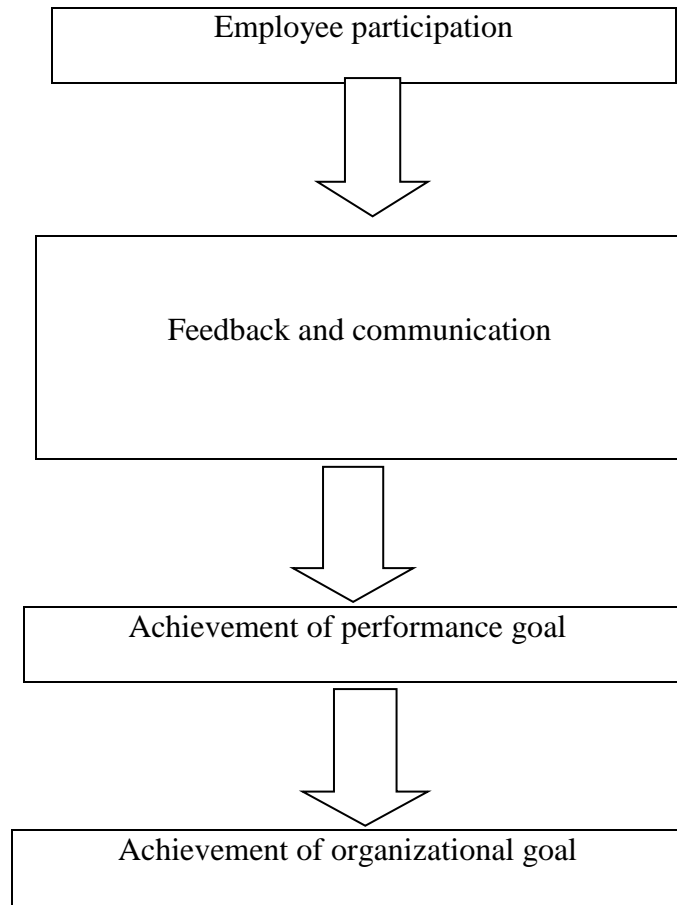
Hasan D. (2010), conducted a study on improving performance management practice at Information Technology Company. Among the different performance management tools accepted worldwide the company uses the balance score card that was developed by Kaplan and Norton. While the purpose of the performance management system being achieving a various term management objective through a diversified measurement of performance, rewarding employees in line with their individual performance and productivity and relating employees goal to that of the company's strategic goal and objective.

Though the company has a good strategy to manage performance the research finding shows that the system is not participative in its feature and it is ineffective in terms of meeting its intended purpose and the improperly implemented performance management system is lagging the company due to decline in performance.

2.10. Conceptual Framework

Armstrong M, 2009 stated Performance management is all about communication and feedback: a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing toward desired results, and finally, after effort is expended to accomplish the work, whether the performance has achieved the agreed-upon plan.

According to Aguinis H (2005), implementing performance management system effectively has many advantages. From the perspective of employees, a good system increases motivation and self-esteem, helps improve performance, clarifies job tasks and duties, provides development opportunities, and clarifies supervisors' expectations. From the perspective of managers, good systems allow them to gain insight about employees, allow for more fair and appropriate personnel actions, help them to communicate organizational goals more clearly, let them differentiate good and poor performers, and help drive organizational change. Finally, from the perspective of the HR function, a good system provides protection from litigation



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

Research design refers to the overall strategy that one may choose to integrate the different components of the study in a coherent and logical way to ensure to effectively address the research problem.

According to Kothari, C.R. (2004), research design is a plan, roadmap, and a blue print strategy of investigation conceived so as to obtain answers to research questions.

Though there are explanatory, predictive and exploratory types of research designs descriptive research design was used in order to achieve the objective of the study, as the main objective of descriptive research is to analyze the state of affair as it prevails at the time of the study. In this view, descriptive research design is the perfect fit to describe the behavior of the system without influencing it and for description of the state of nature as it exists presently.

3.2. Research Approach

Research approach is a plan and procedure which consists of the step of broad assumption to detailed method of data collection, analysis and interpretation.

The approach of data collection for the study was mixed method research approach. because it helps the researcher to gain breadth and depth understanding while offsetting the weakness of qualitative and quantitative approach and it also helps to provide a more complete and comprehensive understanding of the research problem.

3.3. Sampling Design

3.3.1. Population, Sample size and Sampling Technique

The populations of the study are permanent staffs of Addis international bank. The bank has more than 510 permanent employees who served the organization for at least one performance quarter. From these total 510 employees 134 of them works out of Addis Ababa which makes the target population size about 376 employees.

Department managers, division managers, senior officers, officers and junior officers from the 9 departments at head office, and branch managers, assistant branch managers, accountants, customer service officers and customer clerks who served the bank for at least one performance quarter were the target population from city branches.

According to Field A. (2005), the bigger the sample size of the research study the likely it reflect the whole population. The sample size of the research study was determined by using a formula.

To increase the accuracy of the sample size Yamane T. (1967), formula was used.

Sample Size Determination

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

Accordingly, $n = \frac{376}{1 + 376(0.05)^2}$

Then the sample size = **194 employees**

Where n= the sample size

N= Population size

E= Level of precision=0.05

Therefore, based on the above formula, the sample size was 194 permanent employees who work in city branches and served the bank for at least one performance quarter.

Disproportionate stratified random sampling technique was used to select the sample size. As stratification leads to reduced sampling error because it can ensure all relevant portion of the population are included in the sample. Head office and branches were the two strata. And since

this type of sampling allows sampling units to be drawn from each stratum based on analytical considerations the researcher used disproportionate stratified sampling technique.

3.4. Source of Data

The sources of the research data were both primary and secondary sources. The primary data was obtained from employees through questionnaire and through interview from the top and middle level management and HR employees. The secondary data sources were different journals, the bank's publications regarding capital and financial related issues, performance appraisal reports and information collected by other researchers on relevant topic were used as secondary sources.

3.5. Data Collection Method

The research data was collected by using various data collection tools, as questionnaires were distributed to be filled up by voluntary ADIBstaffs whereas, semi structured interview was conducted with human resource personnels and top and middle level managers of the bank.

3.6. Procedure of Data Collection

Secondary data was collected from the bank's website, publications and different articles. Journals pertaining to the subject matter were also reviewed. The questionnaire was arranged in standardized likert scale.

Semi structured interview was also used to collect primary information; as interview is flexible, it would enable misunderstandings to be cleared easily through personal conversation.

3.7. Reliability and Validity

In this study, the reliability of the primary data was very important because the study mainly depend upon the respondent's opinion. Research instruments were designed using a simple and clear language to ensure respondents have a clear understanding of what each questions are meant to ask. Standard questionnaire which has slightly been customized to suit the research has been selected with a strong base from the literature in order to be relevant to the subject matter. Before the actual administration of the questionnaire, it was pre-tested to obtain information on

the reliability and validity. Reliability assessment for the variables was done using Cronbach alpha coefficient and the results shown for each unit is as per the table below.

Reliability Statistics

Variable	Cronbach alpha	No of items
Overview of PMS	0.862	7
Participation of employees in PMS	0.847	4
Uses of PMS	0.709	4
Feedback on performance	0.885	5
Components of Performance management system	0.87	3

Source: own survey

Validity of data collecting instruments was considered to ensure the ability of instrument to obtain information that it intends to obtain and the ability of the data analysis method to measure what it intends to measure.

Several measures were employed to ensure that the results are free from material errors from the design of the questionnaire to interpretation of the results. Such measures includes clarity of instructions, clarity of the questions and the layout of the questionnaire.

3.8. Ethical Consideration

Questionnaires were distributed for voluntary ADIB staffs. The purpose and objective of the study was clearly indicated on the questionnaire to help them to decide whether or not to participate in the study. The name of the respondents kept confidential and the conclusions reached and the recommendations suggested were based on the data collected and analyzed.

3.9. Method of Data Analysis

The data was organized, analyzed and expressed using Descriptive data analysis so as to assess the performance management system. An explanatory design is one which not only describes but also explains the phenomenon of substantive interest. Frequency, means and percentages was used to compute different variables. Statistical techniques were used to analyze the data from the

sample employees and management. Statistical package for social scientists (SPSS) version 21 was used in data processing. Statistics including mean has been used to analyze the data among the different groups (management and non-management). The percentage has been used to describe the data obtained from the questionnaire.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with the analysis and discussion of the information obtained from the questionnaire and interview questions. Response for the measure on the questionnaire are summarized and presented using tables to facilitate easy understanding and the findings were reviewed by considering the different topic areas covered in the literature review part of this study in addition to the questions included in the questionnaire and interview.

Out of the total 194 questionnaires distributed to the two sampled strata 189 was returned. From the returned 189 questionnaires 4 were incomplete. Thus, discarded this gives a response rate of 95.3%.

4.2. Demographic Characteristics of Respondents

The first part of the questionnaire consists of the demographic information of the respondents. This part of the questionnaire requested a limited amount of information related to personal characteristics of the respondents. Accordingly, the following variables about the respondents were summarized and described. These variables include age, gender, educational qualification and work experience in ADIB.

Table 4.1. Demographic Characteristics of Respondents

No	Item	Variables	Frequency	Percentage
1	Sex	Male	124	67%
		Female	61	33%
2	Age	Under 25	42	22.7%
		25-34	108	58.4%
		35-50	30	16.2%
		Above 50	5	2.7%
3	Number of years you have worked in Adib	Under a year	35	18.9%
		2-5 years	125	67.6%
		Above 5 years	25	13.5%
4	Educational qualification	College diploma	21	11.4%
		BA/Bsc	142	76.8%
		Masters	19	10.3%
		Any other	3	1.6%

Source: own survey

As shown in the table above Out of the total 185 respondents 124 (67%) of the respondents were males, while 61 (33%) were females. This implies most of the respondents were males.

With regard to the age of the respondents 42 (22.7%) were under the age of 25, while 108 (58.4%) were between the age of 25-34, the rest 30 (16.2%) and 5(2.7%) percent were between the age of 35-50 and above 50 years respectively. Therefore, it is possible to generalize that more than $\frac{3}{4}$ of the respondents are under the age of 35 years which means the bank has relatively young human power.

Concerning the work experience of respondents in ADIB, 35 (18.9%) of the respondents worked for less than a year, while the remaining 125(67.6%) and 25 (13.5%) percent worked in the bank for 2-5 and above 5 years respectively.

With regard to education level, 21 (11.4%) of the respondents were diploma holders while 142 (76.8%) were graduates of BA, 19(10.3%) were holders of masters degree and the remaining 3 (1.6%) have any other kind of educational qualification mentioned from the questionnaire. Depending on the above response, one can conclude that more than $\frac{2}{3}$ of the employees of the bank were qualified at first degree level followed by MA and college diploma holders

simultaneously. This implies that the bank has relatively educationally qualified human resource that can contribute for the development of the bank.

4.3. Overview of Performance Management System

Performance management system is the systematic approach to develop the performance of employees. It is a process through which an organization aligns its mission, goals and objectives with available resource (e.g. man power, material etc.), and set the priority.

Under this section, the researcher assessed whether the bank has clear performance goal and objectives, as the main performance management prerequisite. Besides respondents were asked about their understanding of the performance level that is expected of them. And whether the performance management practice is carried out continuously, questions were also raised about the objective nature of the performance evaluation criteria and whether the performance is measured against previously setted objective. The general view of respondents on performance management system was also assessed through seven questions. Accordingly the following findings were concluded based on the sample survey.

Table 4.2. Overview of Performance Management System

No	Item	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
		Count	%	Count	%	Count	%	Count	%	Count	%	
1	ADIB has clear Performance goal and objective	39	21.1%	58	31.4%	27	14.6%	39	21.1%	22	11.9%	2.71
2	I understand my performance contributes to the overall organizational goal	21	11.4%	26	14.1%	10	5.4%	68	36.8%	60	32.4%	3.64
3	I am fully aware of the level of performance that is expected of me	39	21.1%	46	24.9%	41	22.2%	32	17.3%	27	14.6%	2.79
4	I am well communicated about the objective and benefits of performance management system	48	25.9%	55	29.7%	45	24.3%	22	11.9%	15	8.1%	2.46
5	Performance management is carried out on a continuous basis	39	21.1%	57	30.8%	40	21.6%	33	17.8%	16	8.6%	2.62
6	My performance is measured against previously setted objective	45	24.3%	54	29.2%	38	20.5%	34	18.4%	14	7.6%	2.55
7	The performance evaluation criterion is objective	51	27.6%	67	36.2%	36	19.5%	20	10.8%	11	5.9%	2.31

Source: own survey

Concerning employees perception about whether ADIB has clear performance goal and objectives 39 (21.1%) replied “strongly disagree” and 58 (31.4%) replied “disagree”, while 27 (14.6%) were in differentiate the remaining 39 (21.1%) and 22 (11.9%) replied “agree” and “strongly agree” respectively. From this it can be summarized that more than half of the respondents believe the bank has no clear performance goal and objective.

As shown in the same table above, 21 (11.4%) and 26(14.1%) percent strongly disagreed and disagreed respectively for the survey statement “I understand my performance contributes to the overall organizational goal” where the rest 10 (5.4%), 68 (36.8%) and 60 (32.4%) percent of the respondents replied “neutral”, “agree” and “strongly agree” respectively. From this it can be concluded that the employees knows about the contribution of their performance to the achievement of organizational goal.

Concerning the survey statement “I am fully aware of the level of performance that is expected of me” the employees replied 39 (21.1%) “strongly disagree”, 46 (24.9%) “disagree” While 41 (22.2%) “neutral” and the rest 32 (17.3%) and 27 (14.6%) percent replied “agree” and “strongly agree” respectively. This indicates majority of the employees are not fully aware of the Performance level that is expected of them. Even though it is the responsibility of all employees to be aware of the expected performance level, it is obvious the management is more responsible to aware and to communicate employees to have depth understanding about their performance level.

With regard to the survey statement” I am well communicated about the objective and benefits of PMS”.48 (25.9 %) 55 (29.7%) strongly disagreed and disagreed respectively whereas 45 (24.3%) were in differentiate and the remaining 22 (11.9%) agreed and 15 (8.1%) strongly agreed. Therefore it is possible to conclude that there is a gap between management and employees in communicating the benefits that the employees and the bank in large would get from the performance management system.

Concerning the employees opinion on the statement whether the “performance management system is carried out on a continuous basis” 39 (21.1%) replied “strongly disagree”, 57 (30.8%) replied “disagree”, 40 (21.6%) were in differentiate and 33 (17.8 %) replied “agree” and 16

(8.6%) replied “strongly agree”. From this it can be inferred that the PMS is not carried out continuously which in turn replies, performance is not planned continuously, feedback isn’t given periodically and in general, the Performance management process are not done regularly.

Regarding the statement about whether performance is measured against previously setted objective the respondents replied 45 (24.3%) “strongly disagree”, 54 (29.2%) “disagree” and 38 (20.5%) “neutral” while the remaining 34 (18.4%) ” agree” and 14 (7.6%) “strongly agree”. This indicates that majority of the employees disagreed in the statement. Therefore, performance is not measured on previously setted standards

Regarding to employees perception to the survey statement “the performance evaluation criteria is objective” 51 (27.6%) strongly disagreed, 67(36.2%) disagreed, 36 (19.5%) were in differentiate, and the rest 20 (10.8%) agreed and 11 (5.9%) strongly agreed. Therefore, based on the obtained data, one can conclude that the performance evaluation is done subjectively.

4.4. Participation of Employees in Performance Management System

This section has four questions that can best explain if there is employee involvement in the performance management system. The first question asks whether employees engage in an open discussion with their supervisor, the second one whether the system has provision for solving conflict with supervisors, the third question look for the participation of employees in performance planning. And the last question whether the performance management system created participative environment or not.

Table 4.3. Participation of Employees in Performance Management System

No	Item	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean
		Count	%	Count	%	Count	%	Count	%	Count	%	
1	I engage in an open discussion with my supervisor regarding performance related issues	47	25.4%	68	36.8%	29	15.7%	34	18.4%	7	3.8%	2.38
2	The performance management system has provision for solving conflict with supervisors	45	24.3%	63	34.1%	38	20.5%	30	16.2%	9	4.9%	2.43
3	I take part in performance planning	44	23.8%	79	42.7%	34	18.4%	18	9.7%	10	5.4%	2.30
4	The performance management system of the bank creates participative environment	39	21.1%	72	38.9%	51	27.6%	14	7.6%	9	4.9%	2.36

Source: own survey

Concerning respondents level of agreement and disagreement on the survey statement “I engage in an open discussion with my supervisor regarding performance related issues” 47 (25.4%) strongly disagreed, 68(36.8%) disagreed whereas 29 (15.7%) were in differentiate and 34 (18.4%) and 7 (3.8%) agreed and strongly agreed respectively. This indicates the employees don’t give suggestion and reflect their opinion with supervisors.

During an interview made with HR personnel and management of the bank, one of the weaknesses of the Performance management system they mentioned is that, the Performance management system isn’t designed with input from the employees. Ranging from setting key

performance indicator to making development decision is made solely by HR department. This is further intensified by, as the HR department doesn't have a staff development unit until recent times. All these indicate the employees are strange to the Performance management system.

In relation to employees response on whether "the Performance management system has provision for solving conflict with supervisors" 45 (24.3%) of the respondents replied "strongly disagree", 63 (34.1%) replied "disagree", 38 (20.5%) replied "neutral" and 30 (16.2%) replied "agree" and 9 (4.9%) replied "strongly agree". This indicates the system is not designed in a way that enables to resolve conflict among employees and supervisor.

Concerning to measuring employees involvement in performance planning by the survey statement "I take part in performance planning" 44 (23.8%) strongly disagreed, 79 (42.7%) disagreed and 34 (18.4%) were in differentiate and 18 (9.7%) agreed and 10 (5.4%) strongly agreed, this indicates that performance planning is cascaded from top to down without employees participation and say.

Regarding to employees response on the statement "the performance management system of the bank creates a participative environment" 39 (21.1%) strongly disagreed, 72 (38.9%) disagreed and 51 (27.6%) were in differentiate while the remaining 14 (7.6%) agreed and 9 (4.9%) strongly agreed. Based on this it can be summarized that the performance management system doesn't create a participative environment.

4.5. Uses of the Performance Management System

Performance management can serve different purposes according to an organization's need. In these regard, respondents were asked to give their views towards for what purpose the performance management system is being used in Addis International Bank. Accordingly, respondents were asked to confirm their observation in the effort of the organization linking the bank's goal to individual goal, and the significance of the performance management system in improving organizational performance were assessed through the following questions.

Table 4.4. Uses of the Performance Management System

No	Item	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
		Count	%	Count	%	Count	%	Count	%	Count	%	
1	I can say that the Performance management system of ADIB aligned individual goals to that of the bank's objective	35	18.9%	69	37.3%	53	28.6%	19	10.3%	9	4.9%	2.44
2	I believe that the performance management system is helping in improving organizational performance	41	22.2%	57	30.8%	43	23.2%	26	14.1%	18	9.7%	2.58
3	The performance management system provides valuable information for decision	42	22.7%	60	32.4%	42	22.7%	34	18.4%	7	3.8%	2.48
4	I can say the performance management system of the bank is used as a matter of formality	12	6.5%	26	14.1%	32	17.3%	68	36.8%	47	25.4%	3.6

Source: own survey

When respondents asked to what extent they agree or disagree on the survey statement “I can say that the Performance management system aligned individual goals to that of the bank’s objective” 35 (18.9 %) replied “strongly disagree”, 69 (37.3%) replied “disagree” and 53 (28.6%) replied “neutral” and 19 (10.3%) replied “agree” and 9 (4.9%) replied “strongly agree”. This indicates more than half of the respondents are not in agreement level with the statement concerned about whether the PMS aligned individual goal to that of the banks objective.

Concerned to the statement, “I believe that the Performance management system is helping in improving organizational performance.” 41 (22.2%) strongly disagreed, 57 (30.8%) percent disagreed and 43 (23.2%) were in differentiate. While the remaining 26 (14.1%) and 18 (9.7%) agreed and strongly agreed respectively. This indicates that the performance management system has limitation on helping improving organizational performance.

According to response obtained from management during an interview session the Performance management system was designed with the aim of building and empowering skilled work force that the company needs more than an audit employee achievement. And it aims to build a system that makes selection of employees for promotion, transfer or other actions in a consistent manner with the intention of matching the right person with the right job. And to create a platform that enables to identify training needs. And in total to improve the performance level of the bank by improving employee’s performance. The HR personnels describe the report of employee performance result as the major benefit derived from the PMS.

With regard to the survey statement “The Performance management system provides valuable information for decision” 42 (22.7%) of the respondents replied “strongly disagree” 60 (32.4%) replied “disagree” and 42 (22.7%) replied “neutral” and the remaining 34 (18.4%) and 7(3.8%) percent replied “agree” and “strongly agree” respectively. This indicates the Performance management system is not providing valuable information for decision making.

With regard to the statement, “PMS of the bank is used simply as a matter of formality” 12 (6.5%) replied “strongly disagree.” whereas 26 (14.1%) replied “disagree” and 32 (17.3%) replied “neutral.” And 68 (36.8%) replied “agree” and 47(25.4%) replied “strongly agree.”

therefore, based on the data obtained, one can conclude that more than half of the respondents are in agreement. This shows the performance management system is not achieving its intended purpose.

4.6. Feedback on Performance

Feedback to individuals on how well they are doing is one of the key performance management processes. During this stage managers should discuss with employees about their strength and weakness. The researcher summarized in the next table 4.5, whether employees of the bank were provided with clear and timely feedback on performance.

Table 4.5. Feedback on Performance

No	Item	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean
		Count	%	Count	%	Count	%	Count	%	Count	%	
1	My manager provides clear and timely feedback on my performance	48	25.9%	61	33%	37	20%	30	16.2%	9	4.9%	2.41
2	The feedback I received from my supervisor helps me to improve my performance	46	24.9%	67	36.2%	32	17.3%	27	14.6%	13	7%	2.42
3	The bank is open and transparent to facilitate communication for feedback	52	28.1%	68	36.8%	40	21.6%	16	8.6%	9	4.9%	2.25
4	The feedback I received helped me to identify my weakness	47	25.4%	69	37.3%	27	14.6%	35	18.9%	7	3.8%	2.38
5	My supervisor provides me feedback on my on the job behavior	46	24.9%	64	34.6%	33	17.8%	32	17.3%	10	5.4%	2.43

Source: own survey

As shown in the table above with regard to provision of clear and timely feedback on their performance 48 (25.9%) of respondents answered “strongly disagree”, 61 (33%) of respondents answered “disagree” while 37 (20%) were neutral and 30 (16.2%) of respondents answered “agree” and the insignificant 9 (4.9%) of the respondents replied “strongly agree”. This indicates that large number of employees disagreed in the statement i.e. the supervisors don’t provide clear and timely feedback on their performance. Again according to data obtained during the interview session; carelessness of line managers in accomplishing their mission; like providing an ongoing feedback, coaching and training to the employees is observed and they said it seems that the issue needs further investigation to decide the factors that brought supervisors “carelessness”, and generally there is a gap in the support role of line management this indicates there is a serious support and feedback deficiency.

Concerning to the statement “the feedback I received from my supervisor helps me to improve my performance” 46 (24.9%) strongly disagreed 67 (36.2)% disagreed and 32 (17.3%) were in differentiate, 27 (14.6%) agreed and 13 (7%) strongly agreed. This indicates that nearly 2/3 of the employees are not in agreement.

With regard to whether the bank is open and transparent to facilitate communication for feedback 52 (28.1%) replied “strongly disagree”, 68 (36.8%) replied “disagree”, 40 (21.6%) replied “neutral”, whereas 16 (8.6%) replied “agree” and 9 (4.9%) replied “Strongly agree.” This indicates that the bank is not open and transparent to facilitate communication for feedback.

Concerning respondents level of agreement or disagreement on whether the feedback they received helped them to identify their weakness 47 (25.4%) , 69 (37.3%) strongly disagreed and disagreed respectively, while 27 (14.6%) were in differentiate and the remaining 35 (18.9%) and 7 (3.8%) agreed and strongly agreed respectively. Therefore based on the data obtained from the survey more than half of the respondents don’t believe the feedback they received helped them to identify their weakness.

When respondents asked to what extent they agree or disagree on the survey statement “my supervisors provides me feedback on my on the job behavior” 46 (24.9%) of the respondents replied “strongly disagree”, 64 (34.6%) replied “disagree” while 33 (17.8%) were in differentiate

and 32 (17.3%) replied “agree” and 10 (5.4%) replied “strongly agree”. Accordingly based on this data it is possible to conclude that the employees don’t get feedback on their on the job behavior.

4.7. Components of Performance Management System

Employee’s observation on components of performance management system that is carried out by the bank was reviewed through the following questions.

Table 4.6. Components of Performance Management System

No	Item	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Mean
		Count	%	Count	%	Count	%	Count	%	Count	%	
1	Good performance is rewarded publicly	51	27.6%	66	35.7%	27	14.6%	23	12.4%	18	9.7%	2.41
2	Factors for good performance are identified timely	55	29.7%	61	33%	33	17.8%	26	14.1%	10	5.4%	2.32
3	Performance improvement plan is implemented to correct poor performance	53	28.6%	62	33.5%	37	20%	23	12.4%	10	5.4%	2.32

Source: own survey

Concerning to employees response on the statement “good performance is rewarded publicly” 51 (27.6%) and 66 (35.7%) replied “strongly disagree” and “disagree” respectively, 27(14.6%) were in differentiate while 23 (12.4%) and 18 (9.7%) agreed and strongly agreed respectively. This indicates good performance is not rewarded publicly.

When respondents asked to what extent they agree or disagree on the survey statement “factors for good performance are identified timely” 55 (29.7%) of respondents strongly disagreed, 61

(33%) of respondents disagreed and 33 (17.8%) were in differentiate and the remaining 26 (14.1%) and 10 (5.4%) agreed and strongly agreed respectively. Therefore based on this data it is possible to conclude that factors that contributed for good performance are not identified timely.

Concerning to respondents level of agreement or disagreement on the statement “performance improvement plan is implemented to correct poor performance” 53 (28.6%) , 62 (33.5%) and 37 (20%) responded “strongly disagree”, “disagree” and “neutral” respectively while 23 (12.4%) replied “agree” and 10 (5.4%) “strongly agree”. This indicates the performance improvement plan is not used to correct poor performance.

According to data obtained from semi structured interview, performance planning done by (HR),feedback on performance (done by immediate supervisors) and rewarding good performance are the main performance management components that takes place in the bank. This indicates though performance improvement plan is a major component of Performance management system is not considered as the main activity.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1. Introduction

This chapter deals with the summary of the findings, Conclusions and recommendations of the study based on the analysis and discussion of the results.

5.2 Major Findings

This part is devoted to the discussion of the research major findings Based on the data analysis presented in chapter four, findings of different results are presented here. Analysis of the data resulted in both positive and negative findings. The positive finding (i.e. employees understand their performance contributes to the organizational goal) showsthatthe employees can play a significant role in the accomplishment of organizational goal.

While, the negative findings indicate the weak areas that need to be improved. Thus, more emphasis was given to summarize the weak areas as they deserve some possible recommendations. The findings are discussed here under

Overview of PMS

- The data collected shows that Adib has no clear performance goal and objective with a mean of 2.71.
- Majority of the respondents understand their performance contributes contributes to the overall organizational goal with a mean of 3.64.
- The data collected shows that the respondents are n't aware of the performance level that is expected of them 2.79.
- The employees aren't communicated about the objective and benefit of the PMS with a mean of 2.46.
- Performance management is n't carried on a continous basis with a mean of 2.62.

- The data analyzed shows that performance is n't being measured against previously setted objective with a mean of 2.55.
- A mean of 2.31 shows the performance evaluation criteria is subjective.

Participation of employees in PMS

- The study indicates employees don't engage in an open discussion with their supervisors regarding performance related issues with a mean of 2.38
- A mean of 2.43 indicates employees the PMS has no clear no provision for solving conflict with supervisors.
- The study indicates the employees don't take part in performance planning with a mean of 2.3.
- A mean of 2.36 indicates the environment of the PMS is n't participative.

Uses of PMS

- The study shows the PMS of the bank doesn't aligned individual goal to that of the bank's objective with a mean of 2.44.
- The study indicates the PMS isn't helping in improving organizational performance with a mean of 2.58.
- The study shows the PMS doesn't provide valuable information for management decision with a mean of 2.48.
- The study revealed most respondents disagree the PMS of the bank is used simply as a matter of formality with a mean of 2.48.

Feedback on performance

- The study shows that most of the respondents disagree that the management doesn't provide clear and timely feedback with a mean of 2.41.
- The study indicates majority of the respondents don't agree on the feedback they received from their supervisor helped them improve their performance with a mean of 2.42.
- Majority of the respondents disagree the bank is open and transparent to facilitate communication for feedback with a mean of 2.25.

- The study revealed majority of the respondents don't agree the feedback they received helped them to identify their weakness with a mean of 2.38.
- Majority of the respondents don't agree their supervisor provides them feedback on their on the job behavior with a mean of 2.43.

Components of PMS

- The study revealed most of the respondents disagree Good performance is rewarded publicly with a mean of 2.41.
- The study indicates majority of the respondents disagree that factors for good performance aren't identified timely with a mean of 2.32.
- The study revealed majority of the respondents disagree that the performance improvement plan is implemented to correct poor performance

5.3. Conclusion

After having gone through the analysis and interpretation of the information obtained from the questionnaires and interviews the researcher come up with the following conclusions.

- Employees of ADIB have no clear understanding about the performance goal and objective.
- Employees of the bank understand their performance contributes to the overall organizational goal.
- Employees aren't fully aware of the performance level that is expected of them.
- Employees are'nt communicated about the objective and benefits of the PMS.
- The study revealed performance management isn't carried out on a continuous basis.
- The performance of employees isn't measured against previously setted objective.
- The performance evaluation criteria is subjective.
- Employees don't engage in an open discussion with supervisors about performance related issues.
- The performance management system has no provision for solving conflict with supervisors.
- The employees don't take part in performance planning.

- The PMS of the bank doesn't create a participative environment.
- The PMS of the bank doesn't aligned individual goal to that the bank's objective.
- The PMS is not improving organizational performance.
- The PMS is not providing information for decision.
- The PMS is serving as a matter of formality.
- The manager doesn't provide clear feedback on employees performance.
- The bank is n't open to facilitate communication.
- The feedback received from supervisors doesn't help to indentify weakness.
- On the job behavior isn't included on supervisor's feedback.
- Good performance is n't rewarded publicly.
- Factors for good performance aren't identified timely.
- Performance improvement plan is not implemented to correct poor performance.

And in general the employees have no participation in designing and implementing the performance management system and there is no room for employee's say.

Finally the Performance management system has missed its basic purpose of empowering skilled work force.

5.4. Recommendation

The overall aim of performance management is to develop the capacity of individuals to meet the expectations of the organization. Mainly it is concerned with the support and guidance for the people who need to develop. Based on the findings and conclusion, the researcher recommends the following points which will be helpful for the organization

- It is recommended that awareness programme about the performance goal and objective of the bank must be arranged periodically.
- There should be a clear communication to explain for employees how their performance is linked with organizational goal.
- It is recommended that the management makes frequent meeting to make sure employees are aware of the performance level that is expected of them.

- The bank should make discussions to make employees understand the objective and benefits of the performance management system.
- The performance management practice should be conducted continuously.
- It is recommended that performance is measured on previously setted objective.
- Employees of the bank should participate in performance management practice.
- The performance management system should set clear mechanism to solve conflict.
- There should be a room for employees participation in performance planning and other performance related issues.
- It is recommended that the performance management system to align individual goal to that of the bank's objective.
- It is recommended that the PMS should be used in transfer, promotion, demotion and other valuable decisions.
- Feedback, management's support and guide through frequent discussions should be conducted.
- There should be an open and transparent communication.
- The feedback from supervisors should focus on indicating employees weakness.
- It is recommended that the feedback given should include employees on the job behavior.
- The factors for good performance and good performance its self should be identified and rewarded timely.

And in general it is recommended that to help employees understand the objectives and benefits of the performance management system the company in general and the managers in particular should communicate with employees about why the System is needed, what purpose does it serve and the potential benefits that can be derived from it and maintaining effective two way communication must be a basic part of the performance management system prior to any actions to set standard by which employees performance will be measured.

Since employees participation is a very important element for successful performance management system. Thus, the organization should create a platform through which employees will participate in performance management process and they should be encouraged to share their own in puts with the management. The organization should appreciate and value individual and team participation as they play a critical role in performance management process and as the

employees are the subject of the performance, any system cannot be expected to be effective without involving all the parties that have stake in it. Thus, the bank should make every effort in involving all employees in setting goal and objectives to create a sense of ownership and to enhance employee's motivation for the success of the performance management system.

The bank should implement the Performance management system by participating employees so that it enables the organization to empower its human resource by undertaking all the performance management components seriously and continuously.

The company's top and middle level management should be able to review the feedback given by line managers and should challenge the feedback, to cascade the message that this process needs a thorough understanding and knowledge about the job and commitment that line managers needs to gather all the evidence before giving feedback. Appropriate and practical training that aims at increasing line manager's knowledge of the subject matter of performance management system should be among the top priorities in human resource department training schedule. And all the line managers should ensure that they had given timely and adequate feedback for their subordinates that shows the employees achievement, strength, weakness and on the job behavior.

The organization should include and undertake new components of performance management system, which enables to easily identify, recognize and reward good performance and to improve poor performance by creating the ground to open discussion between employees and their supervisor.

5.5. Suggestion for Future Researchers

The study was intended to assess the performance management system at Addis international bank s.c.in this view, the researcher obtained useful results. However, since the research was conducted cross sectionally it has weak link in indicating past, present and future practices. It is recommended for other researcher to conduct a longitudinal research approach.

Moreover, since the research is conducted using a five point likert scale for employees and an interview for HR staffs and management; respondents might have answered questions for the

sake of giving a socially desirable answer. Thus, the research needs to be further strengthened by using critical combination of various data collection tools.

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Appendix I
St. Mary's University
School of Graduate Studies
Department of General MBA

Questionnaire

Objective

Dear respondent, thank you very much for being a volunteer and for taking your time in filling up this questionnaire.

The questionnaire is to be filled up by ADIB staffs to get your highly valuable input. It is designed to assess the performance management system at ADIB. The research is being conducted as partial fulfillment of the requirement for the degree of Master of Business Administration.

General Instruction

The questionnaires are designed in a five point likert scale. Please indicate your opinion by circling on the appropriate number. Please do not write your name

Confidentiality

The researcher ensures you that the research is only for academic purpose. Therefore your honest and timely response is very crucial for the successful completion of the research.

Note

PMS= Performance management system

Contact Address: Telephone +251913053706, Email: bereketdigafe@gmail.com

Section A

Personal and Biographical Information.

1. Sex Male Female

2. Age Under 25 25-34 35-50 Above 50

3. Number of years you have worked in Adib?

Under a year 2-5 Years 5-8 Years

4. Educational Qualification

College Diploma BA/Bsc Masters Anyothe
Any other

No	Description					
Overview of PMS		Strongly disagree	disagree	Neutral	Agree	Strongly Agree
1	ADIB has clear performance goal and objective					
2	I understand the extent to which my performance contributes to the overall organizational goal					
3	I am fully aware of the level of performance that is expected of me					
4	I am well communicated about the objective and benefit of PMS					
5	Performance management is carried out on a continuous basis					
6	My performance is measured against previously setted objective					
7	The performance evaluation criterion is Objective					
Participation of employees in PMS						
1	I engage in an open discussion with my supervisor regarding performance related issues					
2	The PMS has provision for solving conflict with supervisors					
3	I take part in performance planning					
4	The PMS of the bank creates a participative environment					

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Uses of PMS					
1	I can say that the PMS of ADIB aligned individual goals to that of the bank's objective					
2	I believe that the PMS is helping in improving organizational performance					
3	The PMS provides valuable information for management decision					
4	I can say that PMS of the bank is used simply as a matter of formality					
	Feedback on Performance					
1	My manager provides clear and timely feedback on my performance.					
2	The feedback I received from my supervisor helps me to improve my performance					
3	The bank is open and transparent to facilitate communication for feedback					
4	The feedback I received helped me to identify my weakness					
5	My supervisor provides me feedback on my on the job behavior					
	Components of PMS					
1	Good performance is rewarded publicly					
2	Factors for good performance will be identified timely					
3	Performance improvement plan will be implemented to correct poor performance					

Appendix II
St. Mary's University
School of Graduate Studies
Department of General MBA

Semi Structured Interview

Dear respondent,

Thank you for devoting your valued time in answering the questions. This semi structured interview question is designed to collect information about the Performance management system at Adibyour input is required for academic purpose.

Therefore, your honest and genuine response is a valuable input for the successful completion of the study. Moreover; the entire process will take only a few minutes

List of Questions

1. Is the Performance management system designed with input from employees?
2. What are the major performance management activities undertaken by the bank?
3. What was the motive behind designing the Performance management system?
4. What major benefits are derived from the performance management system?
5. How employees are given feedback on their performance?