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Committed to Excellence

Department Of Business Administration

The Effects Of Performance Management Practices In Motivating
Employees: In The Case Of Hibret Bank S.C

By

Mersha Menberu ID No. SGS/0202/2012A

Section 2012B_B

A Thesis Submitted To The School Of Graduate Studies Of St.Marry
University In Partial Fulfillment Of The Requirement For The Degree Of
Masters Of Business Administration

Advisor

Abraraw Chane (Ph.D)

June, 2022

Addis Ababa, Ethiopia

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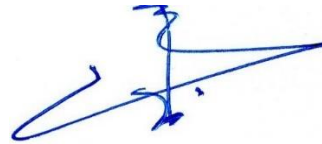
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Statement of Declaration

I, Mersha Menberu have carried out independently a research work on The Effects of Performance Management Practices on its motivating employees (In the Case of Hibret Bank S.C Addis Ababa) in partial fulfillment of the requirement of the MBA program for the degree of MA in business administration. This study is my own work that has not been submitted for any degree or diploma program in this or any other institution.



Mersha Menberu

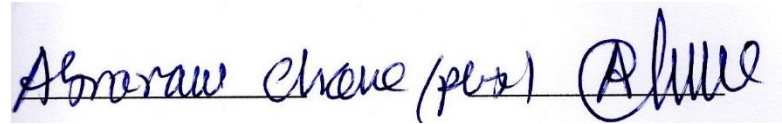
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Certification

This is to certify that Ato Mersha Menberu has properly completed his thesis work entitled “The Effects of Performance Management Practices in Motivating Employees: The case of Hibret Bank S.C.” under my supervision. In my opinion, his project work is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Business Administration

Abraraw Chane (PhD)

Advisor



Abraraw Chane (PhD) @Alme

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Table of Contents

| | |
|---|-------------------------------------|
| Statement of Declaration | iii |
| Certification..... | iv |
| <i>Acknowledgements</i> | v |
| <i>Abstract</i> | vii |
| List Of Tables | ix |
| List of figures..... | x |
| Chapter One | 1 |
| 1. Introduction | 1 |
| 1.1 Background of the Study | 1 |
| 1.2 Background of the Organization | 3 |
| 1.3 Statement of the Problem | 3 |
| 1.4. Research Questions | 4 |
| 1.5 Objective of the Study | 5 |
| 1.5.1 General Objective | 5 |
| 1.5.2 Specific Objectives | 5 |
| 1.6. Significance of the Study | 5 |
| 1.7. Scope and Limitation of the Study | 5 |
| 1.8. Organization of the Study | 6 |
| Chapter Two..... | 8 |
| 2.1 Literature Review | 8 |
| 2.1.1 Definition of Terms | 6 |
| 2.1.2 Employee Performance | 6 |
| 2.1.3 Employee Productivity | 7 |
| 2.1.4 Feedback | Error! Bookmark not defined. |
| 2.1.5 Performance Appraisal | 7 |
| 2.1.6 Performance Management | 7 |
| 2.1.7 Performance Management Practice | 6 |
| 2.2 Influence of Performance Appraisals on Employee Motivation | 8 |
| 2.2.1 Performance Appraisals | 8 |
| 2.2.2 Appraisal as a Source of Management Information | 9 |
| 2.3 Purpose of Performance Management | 10 |

| | |
|--|-------------------------------------|
| 2.4 The performance Management Process..... | 10 |
| 2.5 Performance Management System..... | 12 |
| 2.6 Purposes of Performance Management System..... | 12 |
| 2.7 Motivation..... | 14 |
| 2.8 Two-Factor Theory..... | 15 |
| 2.9 Goal-setting Theory..... | 16 |
| 2.10 Influence of Performance Feedback on Employee Productivity..... | 17 |
| 2.10.1 Performance Feedback..... | 17 |
| 2.11 Feedback and Effectiveness..... | 18 |
| 2.12 Feedback as a Source of Appraising Performance..... | 19 |
| 2.13 Feedback and Productivity..... | 20 |
| 2.14. Conceptual Framework..... | 22 |
| Chapter Three..... | 24 |
| 3. Methodology..... | 24 |
| 3.1 Introduction..... | 24 |
| 3.1.1 Research Design..... | 24 |
| 3.1.2 Research Approaches..... | 24 |
| 3.2. Population..... | 25 |
| 3.3. Sampling Size and Sampling Procedure..... | 25 |
| 3.4. Sampling Size..... | 25 |
| 3.5. Data sources and Data Collection Instruments..... | 27 |
| 3.6. Sampling Techniques..... | 27 |
| 3.7. Data collection Instruments..... | Error! Bookmark not defined. |
| 3.8. Data Collection Procedure..... | Error! Bookmark not defined. |
| 3.9. Data Analysis Methods..... | Error! Bookmark not defined. |
| 3.10. Ethical Considerations..... | 30 |
| 3.11. Reliability and Validity..... | 28 |
| Chapter Four..... | 31 |
| 4.1 Data Presentation, Analysis and Interpretation..... | 31 |
| 4.1.1 Introduction..... | 31 |
| 4.1.3 General Information of Respondents..... | 32 |
| 4.2.4 Employees' Motivation..... | 38 |

| | |
|--|-------------------------------------|
| 4.2.5 Multi Collinearity..... | Error! Bookmark not defined. |
| 4.2.6 Kurtosis and Skewness | 39 |
| 4.3 Inferential analysis..... | 40 |
| 4.3.1 Correlation Analysis | 40 |
| 4.3.2. Multiple Regressions..... | 42 |
| 4.3.2.1 Purpose of performance Management..... | 44 |
| 4.3.2.2 Review of performance management | 44 |
| 4.3.2.3 Employees Performance Evaluation | 44 |
| 4.3.2.4 ANOVA..... | 45 |
| Chapter Five..... | 47 |
| 5. Findings, Conclusions and Recommendations | 47 |
| 5.1 Introduction..... | 47 |
| 5.2 Summary of Key Findings..... | 47 |
| 5.3 Conclusion | 48 |
| 5.4 Recommendations | 49 |
| References..... | 51 |

Abstract

This study give due attention on the effects of performance management practice in employees motivation in one of leading private bank in the country. The research is designed to apply explanatory and descriptive statistics by using questionnaires and document review. The study was guided by the following research objectives: to assess the of performance management practices on employee motivation, to examine the performance management practice review, to assess the practices of performance evaluation and to analyze the purposes of performance management practice on employee motivation. The target population comprised of 546 hibret bank s.c employees working at head office. Stratified sampling method was used to divide the population into 12 strata. The demographic profiles of the respondents were analyzed using percentages and frequencies. Inferential statistics such as correlation and regression analysis established the relationship between dependent and independent variables. The findings suggested that the leads to enhanced employee performance in organization. In regards to the influence of performance evaluation systems on employee motivation the findings suggested that employees can be evaluated to meet target. An effective performance review between employees and supervisors is the key to successful empowerment and performance. The study concluded that effective performance management practices gives employees opportunity to express their ideas and expectations for meeting the strategic goals of the company. Performance evaluation enables the employees to be made aware of what exactly is expected from them. The study extended its recommendation on that the bank should conduct continuous assessment, review and evaluates its employees in a cyclic fashion by implementing performance management system. the bank should exert more effort to improve employees' motivation by linking its evaluation system with the performance management process.

Key words: Performance management, motivation, Bank

Acronyms

| | |
|--------------|--|
| ANOVA..... | Analysis of Variance |
| HB..... | Hibret Bank |
| HR..... | Human Resource |
| HRM..... | Human Resource Management |
| PM | Performance Management |
| PMS..... | Performance Management System |
| SC..... | Share Company |
| SPSS..... | Statistical Programming for Social Science |
| St. Dev..... | Standard Deviation |

| List Of Tables | Page |
|--|-------------|
| Table 3.1: Total Population Distribution----- | 23 |
| Table 3.2 The Population And Sample Distribution----- | 24-25 |
| Table 3.3 Reliability Statistics For Performance Management And Employee’s Motivation.- | 29 |
| Table 4.1 Response Rate ----- | 31 |
| Table 4.2 Demographic Variable Of Respondents----- | 31-32 |
| Table 4.3 Performance Assessment- ----- | 33-34 |
| Table 4.4 Performance Review----- | 35-36 |
| Table 4.5 Performance Evaluation----- | 37-38 |
| Table 4.6 Purpose of Performance----- | 39-40 |
| Table 4.7 Motivation----- | 41-42 |
| Table 4.8 Multi Collinearity----- | 44 |
| Table 4.9 Kurtosis And Skewness----- | 45 |
| Table 4.10 Correlation Matrix Of Relationship Between Employees’ Performance And Motivation ----- | 46-47 |
| Table 4.11 Regression Result----- | 48 |
| Table 4.12 Model summary----- | 50 |
| Table4.13ANOVA----- | 51 |

List of Figures

| | |
|--|-----------|
| Figure 2.1 Performance Management Cycle | 12 |
| Figure 2.2 The researcher's conceptual framework..... | 23 |

Chapter One

1. Introduction

1.1 Background of the Study

Currently in the world different organizations are initiating various approaches to achieve their goals and success by achieving competitive advantage. Several organizations desires to gain constant progress, productivity is one of the most critical variables affecting general achievement is motivation.

Today, organizations changing gear from considering and focusing on the financial aspect of their organization instead start to give due attention for the performance of employees and its management in order to attain the desired result. Performance management, nowadays, plays a vital role for the successful achievement of organizations' objectives and goals. The term performance management was derived from the human resource management approach as a strategic and integrated approach to the management and development of people (Foot and Hook, 2002). It is a broad term which basically intended to assist organizations to manage both results and behavior which are the two vital aspects of performance (Homayounizadpanah and Baqerkord, 2012).

Employee performance refers to their output at a minimal cost from the use of their technical skills, raw materials in carrying out work responsibilities. In this case, employee performance is directly linked with appraisal, rewards and feedback (Mwanje, 2010). Performance management practice is a systematic way of communicating to employees on what they are expected to do and what the performance and productivity parameters (Marsor, 2011).

Performance management comprises all activities that guarantee that organizational objectives are constantly being attained in the efficient and effective manner. Currently business organizations bearing in mind and focusing on the financial aspect of their organization instead start to give due attention for the performance of employees and its management in order to attain the desired goal. The employee engagement, productivity, and performance are all linked together with turn in better performance. In many cases, performance management plays a key role for the successful achievement of organizations' objectives and goals.

According to Noet al. (2007, p. 248) ‘performance management is the process through which management ensure that employee’s activities and outputs contribute to the organization’s goals.’ This process requires knowing what activities and outputs are desired, observing and providing feedbacks to help employees meet expectations. In such process, as stated by Dessler (2005), evaluating of employees’ performance is crucial to the organizations because it combines goal setting, performance appraisal and development into a single system that aim to ensure employees’ performance supports company’s strategic aims by anchoring itself on the philosophy of continuous improvement. The relationship between performance management and motivation approaches viewed differently by different author. For example, Dessler (2005, P.311), citing in W. Edwards Deming, state that ‘employee’s performance is more a function of things like training, communication, tools, and supervision than of his or her own motivation.’ But Foot and Hook (2002) described performance management as a process i.e. it is a result of series of actions of which seeks to find ways to get the best performance from all to motivate them to achieve the organization’s objectives. Thus, based on Foot and Hook explanation, one of the major aims of performance management is motivating employees so that they are encouraged, recognized and willing to expend more effort on the achievement of their individual goals, as a result organization will achieve what they are planned and aspire for. It can be considered that motivation is regarded as a concept which embraces preferences for particular outcomes, strength of effort and persistence. These are the factors that used to motivate employees to behave in organizationally desirable ways (Huczynski and Buchanan, 2007). Therefore, it is important to assess and explore the relationship between performances management of the organization with that of motivation of employees if it is believed that employee’s inspiration is the driving force that makes employees to strive more on the successful achievement of organizational wide strategic plans. And management and employees should have understanding on the performance management and its system which will guarantee the organization’s future success because it will set goal congruence between organization and individual, provide the context for fairly and objective measurement and evaluation employee’s effort, feedback and reward employees based on the observed achievement. Hence, the performance management will build organization’s reputation in delivering it promised final output and giving the much need behavioral change of employees that is desired by the organizations.

1.2 Background of the Organization

In our country Ethiopia Banking industry is tremendous contribution the development of the economy. Hibret Bank S.C. is one of private bank that contributing its share for the development of the country's economy. Hibret Bank began its operation in 1998 in accordance with the Commercial Code of Ethiopia of 1960 and Licensing and Supervision of Banking Business Proclamation No. 84/1994. In 2019/20 the bank rebrands and changes its logo as well as amended its earlier name by left out "United Bank", and now uses Hibret Bank. The bank operates to provide more than two decades and a pioneer Bank in the country. Over the years Hibret Bank S.C built itself into an escalating and modern banking institution, growing with a strong financial structure and strong management, as well as a large and ever-increasing customer and correspondent base. Today, Hibret Bank is a full-service bank that offers its customers a wide range of commercial banking services with a networked of more than 400 branches and seven foreign currency exchange bureaus. According to the data obtained from human resource management department as of December 2021, the bank has 7,508 out of whom 4,887 are clerical and 2,621 are non-clerical. From clerical staff 2,583 of them are female which are working in Head Office and branches that are distributed throughout the country. Accordingly, the banks' employees' performance depends on its drives and motivation of the employees. For that reason, the Bank has outlined strategic intent through setting key priority focus areas and objectives. The one of the priority focus areas were mainly centered on human capital development. The Bank has been making efforts towards the focus areas and commendable progresses were registered in this regard.

1.3 Statement of the Problem

There are a number of issues facing the effective and efficient use of the performance management system in boosting employee motivation. From a number of studies conducted by Erdogan (2012); Fletcher (2011); Broady-Preston and Steel (2012), they have established that linking with performance management leads to commitment employees in the evaluation system. Mone and London (2010) study found that that unfair evaluation of employee performance makes them feel insecure or discouraged leading to the development of poor relationship between the employer and employee. Caruth & Humphreys (2008) recommends that performance feedback should be fair, timely and specific in highlighting the employees progress in carry out their responsibilities (Gupta & Upadhyay, 2012) and the feedback should be often (Lee, 2005). There is however, relatively

little research to support the view that performance management practices have any impact let alone having a positive impact on organizations operating within the Hibret Bank S.C

The management of the Hibret bank S.C, recently, agreed in principle to implement broader and well-structured performance management system (PMS) to improve the management of its human capital. However, the existing practices of performance management give more attention to performance management practices which was implemented to evaluate the achievements of employee's quarterly basis. This tendency creates discontent among employee who voice that their efforts are unfairly judged and voice their grievance on the criteria used to measure the accomplishment of the intended job. Employees' commitment and dedication are battered due to management's lack of support and acknowledgment of their contributions for the success of organization this is evident from the fact that some key professionals were left the bank. Employees disheartened by the existing performance management practices because of the high tendency of the subjectivity of measurements, the attitude of line managers toward them especially during evaluation periods, lack of fair, objective and continuous assessment of the employees' effort and lack of coordination in providing motivational factors (financial and non-financial). The aim of this study investigate whether continuous performance management practices review can identify poor performance or identify existing issues and corrective measures to be designed to improve employee motivation.

1.4. Research Questions

The aim of this research will give answer for the following basic question: What is the practice of performance management in Hibret bank and how well the bank uses this practice to motivate its employees to achieve organizational and individual objectives?

In addition, the research will try to provide answer to the following sub questions:

- How is the impact of performance assessment on employee's motivation in Hibret Bank S.C?
- What is the relationship of performance review on employee's motivation in Hibret Bank S.C?
- What is the influence of performance evaluation on employee's motivation in Hibret Bank S.C?
- What is the effect of purpose of performance on employee's motivation in Hibret Bank S.C?

- What is the existing performance management practice towards the employee's motivation in Hibret Bank S.C

1.5 Objective of the Study

1.5.1 General Objective

The general objective of this research is to investigate the status of existing practice of performance management of the company and assess its effectiveness in prompting motivation for achieving organizational and individual goals.

1.5.2 Specific Objectives

The specific objectives of the study are as follows:

- To determine of performance assessment on employees motivation in Hibret Bank S.C
- To investigate the relationship of performance review on employees motivation in Hibret Bank S.C
- To evaluate the influence of performance evaluation on employees motivation in Hibret Bank S.C
- To examine the effect of purpose of performance on employees motivation in Hibret Bank S.C.
- To investigate the existing performance management practice towards the employee's motivation in Hibret Bank S.C

1.6. Significance of the Study

The study was intended to provide the following contribution (significance).

- Enable the researchers to have more know how about motivation
- It will serve as a source for other researchers to deal the matter further
- To will indicate the effects of motivation on the organization goal achievements.
- Management: Administration could be interested in identifying indicators of drives of motivation to take the necessary actions to improve the employee's work motivation in the company and choose the right decisions

1.7. Scope and Limitation of the Study

1.7.1 Scope of the Study

The study is focused on the effect of performance management practices in employee's motivation and also to cover major concepts in the performance management practice and their applicability. Due to financial problems and time constraints and geographical distribution of branches not all

employees could be included in the study. The researcher therefore limited the study to Hibret bank S.C head office only.

1.7.2. Limitation of the Study

The research, conceptually, is accounted to the researcher personal shortcomings such as the lack of prior experience in conducting structured and methodical research. The other major limitation that this research encountered is that since it is conducted on a single company and does not cover the whole employees of the bank, the finding of the study would be hard to make generalizations. In addition to the above limitation, some of the officials of the bank are not willing to provide certain relevant information's by assuming that information requested is very confidential, even if it is not.

1.8. Organization of the Study

This research consisted five chapters. Chapter one provides the research general idea on the background, research objectives, research questions and statement of the problem, significance of the study, methodology of the study, scope and limitation encountered in the course of the study. Chapter two presents review of related literature of performance management practices and its effect on employee's motivation of conceptual framework the study by discussing the relevant literature from different materials written by various scholars in the field of HRM and performance management. Chapter three deals with the methodology employed in the study, the study finding and their interpretation are presented in the fourth chapter. Finally, the fifth chapter finalizes the study by giving summarization of findings, conclusions and recommendations based on the research findings.

1.9. Definition of Terms

- **Performance Management System:** is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organization, planning performance to achieve the goals, assessing, reviewing, evaluating and developing the knowledge, skills and abilities of people (Armestrong 2012).
- **Performance Management Practice:** Performance management practice as a systematic way of communicating to employees on what they are expected to do and what the performance and productivity parameters (Marsor, 2011).

- **Employee Performance:** Employee performance refers to their output at a minimal cost from the use of their technical skills, raw materials in carrying out work responsibilities. In this case, employee performance is directly linked with appraisal, rewards and feedback (Mwanje, 2010).
- **Employee Productivity:** Productivity can be defined as “quality or volume of the major product or services that an organization provides” (Moorhead & Griffin, 2012).
- **Performance Appraisal:** Performance appraisal is where a superior evaluates and judges the work performance of subordinates (Harter, Schmidt & Hayes, 2012).
- **Performance Management:** Performance management practice is a systematic way of communicating to employees on what they are expected to do and what the performance and productivity parameters (Marsor, 2011).

Chapter Two

2.1 Literature Review

This chapter contains theoretical, empirical literature and conceptual framework. Theoretical literature deals with concepts of motivation, different motivation theory, and employee's performance and derives of motivation. Conceptual Framework describes the independent and dependent variable show the figure. Finally related empirical finding and hypothesis test were presented.

2.2 Influence of Performance Appraisals on Employee Motivation

2.2.1 Performance Appraisals

Performance appraisal has been described as “the process of identifying, observing, measuring, and developing employee performance in organization” (Carrol & Scheider, 2012). This definition is very important, because it comprises all important components needed for the well-performed appraisal process. Identification criteria orientate the appraisal process to the determination of what has to be examined and the performance related criteria. The observation component means that the supervisors need to frequently observe the identified characteristics (Moulder, 2011). The measurement component indicates that the superior has to translate the observations into a judgmental rating. They have to be relevant, but also must be comparable across raters in the organization (Derven, 2010). By development component, the definition shows that the performance appraisal should not only be the evaluation of the past. The supervisor, who makes the appraisal, should focus on the future and on the improvement of the results (Dzinkowski, 2010; Mone & London, 2010). The definition also suggests that effective appraisal can improve the employee performance in the organization, which also means increased employee motivation (Jackson & Schuller, 2012). Performance appraisal can and should be linked to performance improvement process and can also be used to identify training needs and potential, agree future objectives, support a career development and solve existing problems (Brown & Benson, 2013). Researches from Schraeder, Becton and Portis, 2007; Mone and London (2010); Macey, Schneider, Barbera and Young (2009) also identified that the method of personnel appraisal also go a long way in determining he success and competitive positioning of an organization. Prowse and Prowse (2009) study indicates that a number of techniques that can be used to measure performance appraisals.

This can be measured by looking at an individual's performance in respect to another, evaluation of their performance in relation to a given set of behaviors in measuring the performance of the workers against the goals of the organization (Mansor, 2011). Some of these methods as obtained in Prowse and Prowse (2009); Macey, Schneider, Barbera and Young (2009) and Mansor (2011) and are supervisory rating, subordinate rating method, peer rating and the multi-source rating method is based on the information collected from a cross section of the stakeholders who account for the main performance appraisal.

2.2.2 Appraisal as a Source of Management Information

Performance appraisal could be an effective source of management information, given to employees. According to Malcolm and Jackson (2002) there are three main groups of purposes: performance reviews, potential reviews and reward reviews. In Performance reviews, the managers discuss with employees the progress in their current positions, their strengths and areas requiring further development. In regards to the potential reviews, the discussion is on the employees' opportunities for progression, and the type of work they will be fitted for in the future and how this can be achieved. In relation to the reward reviews, the discussion is separate but linked to the appraisal system. The manager communicates decisions on rewards such as pay, benefits or promotion and provides feedback (Blau, 2009). Performance reviews are focused on contributions to the organizational goals. Outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance via, for example increased productivity or customer service. Malcolm and Jackson (2002) outline four different benefits for the organization. These are targeted training approach based on identified needs, future employee promotion decisions, effective bases for reward decisions and improved retention of employees. The importance of performance appraisal for training and promotion needs is also discussed (Mullins, 2009).

Mullins (2009) identifies an additional benefit: performance appraisal can help to identify inefficient work practices or reveal potential problems, which are restricting the progress of the company. Derven (2010) and Mullins (2009) suggest that performance appraisal can help the organization to identify the talented employees and future leaders in the company. Derven (2010) believes that there is a straight connection between the job of an individual and the strategic goals of the organization and this can directly increase the profitability of the company. He gives an

example that advantage can be achieved when a company builds its appraisal systems on measuring customer satisfaction.

2.3 Purpose of Performance Management

The purpose of performance management (Fisher et al., 2006) is linking of organization's overall strategy to that of employee goals, their behaviors which use to achieve those goals and feedback of information about performance. And Stredwick (2005) argues that the purposes driving performance management divided into two, they are operational and cultural reasons. According to his description, the operational reason serves to lead and control, the performance management system sets out to communicate the link between an organization's mission and strategic direction and the required employee performance.

2.4 The performance Management Process

Different researchers try to describe the process of performance management using different kind of models. Fisher et al., (2006, p.421) provided explanation of the process of performance management based on a model that consists of four parts:

1. Defining performance: it is desirable to carefully define performance so that it supports the organization's strategic goals. Setting clear goals for individual employees is a critical component of performance management.
2. Appraisal process: it is important to conceptualize an appraisal process that will be steady across the organization and consistent with the culture of the organization. There are many ways of appraising employee performance, and the system adopted has to be one that will work in the context of the particular organization involved.
3. Measuring performance: measuring performance does not need to be narrowly conceived but can bring together multiple types of performance measured in various ways. The key is to measure often and use the information for midcourse corrections.
4. Feedback and coaching: to improve performance, employees need information (feedback) about their performance, along with guidance in reaching the next level of results. Without frequent feedback, employees are unlikely to know that their behavior is out of synchronization with relevant goals or that to do about it.

Stage 1: Pre-requisites - There are two important prerequisites that are needed before a performance management system is implemented:

(a) Knowledge of the organization's mission and strategic goals and

(b) Knowledge of the job in question. Stage 2: Performance Planning - The performance planning stage has the goal for employees to have a thorough knowledge of the performance management system. In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done. This performance planning discussion includes a consideration of results, behaviors, and development plan.

Stage 3: Performance Execution - Once the review cycle begins, the employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process and supervisors also have primary responsibility over the issues of observation and documentation, feedback, resources, and reinforcement.

Stage 4: Performance Assessment - In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. It is important that both the employee and the manager take ownership of the assessment process.

Stage 5: Performance Review - The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance.

Stage 6: Performance Renewal and Re-contracting- The final stage in the performance process is renewal and re-contracting. Essentially, this is identical to the performance planning component. The main difference is that the renewal and re-contracting stage uses the insights and information gained from the other phases



Figure 1 Performance Management Cycle (Fisher et al., (2006, p.421))

2.5 Performance Management System

Performance management is a process of managing performance which involves activities of planning, monitoring, analyzing and reviewing. Armstrong (2009, p.58) defined a performance management system as ‘a set of interrelated activities and processes that are treated holistically as an integrated and key component of an organization’s approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing organizational capability and the achievement of sustained competitive advantage.

2.6 Purposes of Performance Management System

Organizations install performance management system in human resource management practice to be benefited from the advantages obtained from it. Bratton and Gold (2007) categorized purposes of performance management system based on the judgments to be made as control and development purposes such that:

- The making of administrative decisions concerning pay, promotions and careers, and work responsibilities-the control purpose and
- The improvement of performance through discussing development needs, identifying training opportunities and planning action-the development purpose.

However, a more elaborated explanation of performance management system was given by Cleveland and Murphy (1989), as cited by Bratton and Gold (2007), and they describe that the purpose of performance management system is not just to manage and measure performance of employee; it has strategic significance to the organization. So performance management systems can serve six important purposes:

1. Strategic: It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.
2. Administrative: It is a source of valid and useful information for making decisions about employees, including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases.
3. Communication: It allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.
4. Developmental: It includes feedback, which allows managers to coach employees and help them improve performance on an on-going basis.
5. Organizational maintenance: It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions (for example, whether employees perform at higher levels after participating in a training program).
6. Documentation: It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be especially useful in the case of litigation.

2.7 Motivation

Various researches have been conducted to search answers for employees' behavior toward their job and the way they do and perform well or poorly in the workplace. There are a number of factors that affect employees' behavior toward their job. One of the major factors is motivation, it is one of the factor that influence employee's behavior and performance. 'Motivation is not simply about working hard, it reflects the jobholder view of his/her own ability' (Robbins and Judge, 2013, p. 202). Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior (McShane and Von Glinow, 2008: p. 35). Motivation improves performance and assists to achieve the desired outcomes within the planned period of time. And also helps to impart the needed positive attitudes on the employee to improve their performance in order to assure organizations competitiveness. And also Robbins and Judge (2013) characterized motivation as the process that account for individual's intensity, direction, and persistence of effort toward attaining an organizational goal.

Fredrick Herzberg developed a theory of motivation that highlighted the role of job satisfaction in determining worker motivation (Riggio, 2014). He proposed that the determinants of job satisfaction were different from those of job dissatisfaction. The factors giving rise to satisfaction were called motivators (e.g. recognition, responsibility and achievement), while those giving rise to dissatisfaction were called hygiene factors (e.g. salary, company policy and working conditions) (Cole and Kelly, 2011). Motivators are things that lead employees to be satisfied and motivated by their jobs and have to do with job content, they are inherent in the work itself: Their presence results in job satisfaction and motivation, but their absence results only in neutrality (Levy, 2013). Motivators include intrinsic factors such as possibility for promotion, demanding work, recognition, achievement and responsibility (Stanley, 2012). Motivator factors operate only to increase job satisfaction (Hansen, Smith and Hansen, 2012).

According to Beardwell et al., (2004), motivation is characterized as a certain level of willingness on the part of the employee to increase effort, to the extent that this exertion also satisfies some need or desire. At a basic level it can be seen that motivation is about 'motives' and 'needs'. Where 'motives are internal derives and can be physiological, social or based on self-esteem needs' (Rosenfield and Wilson, 1999, p.75).

As Beardwell, et al., (2004) suggests the common underlying assumptions about motivations:

- An individual phenomenon - people are unique, and this means that motivation theories usually allow for uniqueness to be reflected in behavior;
 - Intentional and results in behaviors that are the result of conscious choices;
 - A multifaceted concept, which involves (a) factors that arouse people to action (b) choice of behavior and (c) choices about the persistence and intensity of behavior;
 - Valid as a theory because it helps predict behavior by explaining what prompts the behavior of people, which means that it has very little concern with simply describing or categorizing behavior.
- Beardwell et al., (2004) argues that understanding of motivation is important for multitude of reasons. Firstly, it enables organizations to ‘humanize’ work for employees so that work is inherently more satisfying, the assumption being that organizations have a moral obligation to make work as satisfying and enjoyable as possible. Secondly, an appropriate understanding of motivation allows organizations to make the jobs more satisfying for employees with the company. The underlying assumption is clearly that if employees are happier at work then they will be more productive. Finally, such an understanding enables management to control the behavior of subordinated more effectively and therefore enables management to ‘pull the right strings’ in order to secure the ability to set the organizational goals and secure their achievement.

2.8 Two-Factor Theory

Fredrick Herzberg looked not at motivation directly but at the causes of job satisfaction and dissatisfaction in an attempt to more fully understand what motivates people at work. The two factors were:

1. Motivators - These were such things as ‘a sense of achievement’, ‘an opportunity for personal growth’, ‘the sense of having done a job well’, ‘having responsibility’, and ‘achieving recognition for your work’.
2. Hygiene factors - These included such things as pay, physical working conditions, job security, company policy, and quality of supervision and interpersonal relations.

Motivators and hygiene factors are qualitatively different and have different effects. If the objective is to remove dissatisfaction, then the organization will need to improve the hygiene factors. However, improving them beyond the level at which dissatisfaction disappears will not result in an increase in satisfaction. The only way satisfaction can be increased further is by giving more of the motivators. The converse also applies in that giving more of the motivators may not, by itself, remove dissatisfaction.

For Herzberg, therefore, the opposite of satisfaction is not dissatisfaction, it is merely no satisfaction, and equally, the opposite of dissatisfaction is not necessarily satisfaction, simply no dissatisfaction. As Robbins and Judge (2013, p.206) explain, ‘if we want to motivate people on their jobs, Herzberg suggested emphasizing factors associated with the work itself or with outcomes directly derived from it, such as promotional opportunities, personal growth opportunities, recognition, responsibility, and achievement. These are the characteristics people find intrinsically rewarding.’

2.9 Goal-setting Theory

This approach to motivation is based on a simple premise; performance is caused by a person’s intention to perform. Goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. It potentially improves employee performance in two ways: (1) by stretching the intensity and persistence of effort and (2) by giving employees clearer role perceptions so that their effort is channeled toward behaviors that will improve work performance (Robbins and Judge, 2013).

Goals are what a person is trying to accomplish or intends to do and, according to this theory, people will do what they are trying to do. What follows is clear, a person with higher goals will do better than a person with lower goals and if someone knows what they want to do, or is supposed to do, that person will perform better than someone whose goals or intentions are vague.

These two basic ideas underlie the propositions of goal-setting theory which begins by stating that there is a general positive relationship between goal difficulty and performance. Challenging goals which generally result in improved performance compared to easy goals. Further, the theory proposes that knowledge of results (feedback) is essential if the full performance benefits of setting more difficult goals are to be achieved. Hence feedback offered in an appropriate manner can have a motivating effect on the employee. Goal-setting theories of motivation emphasize the importance of feedback in order to:

- Increase the employee’s feeling of achievement;
- Increase the sense of personal responsibility for the work;

- Reduce uncertainty; and

- Refine performance.

2.10 Influence of Performance Feedback on Employee Productivity

2.10.1 Performance Feedback

Effective performance feedback between employees and supervisors is the key to successful organization productivity. Regular feedback helps employees focus their work activities so the employees, the department, and the organization to achieve their goals (Solmon & Podgursky, 2010). It builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation.

However, there are some organizations that fail to provide feedback (Jackson & Schuller, 2012). Although a few managers may intentionally hold back employee feedback, many are overwhelmed with other management tasks that take up their valuable time. In addition, many organizations lack formal evaluation systems or the managers do not apply the systems that are in place (Banket, 2011). Without any type of formal system and with many other demands, otherwise good managers often let feedback fall to the wayside. The lack of feedback also leaves good employees unrecognized. Even poor performance may not be given adequate feedback (Solmon and Podgursky, 2010).

Many managers often are uncomfortable giving negative feedback to employees. This leads to significant problems where the organization finds itself at a crisis point. Further exacerbating the feedback dilemma is the lack of an organized feedback system in many organizations (Salau, Oludayo & Omoniy, 2014). Becoming frustrated with traditional performance appraisal systems, many companies have abandoned them altogether and feedback has become a hit or miss proposition. In doing so, feedback has become sporadic and unpredictable (Jackson & Schuller, 2012).

But with the change of times, the desire for a more formalized feedback system is becoming essential. Managers have realized that they need to tell their workers when they have done a good job and when they have not. In this instance, silence is not golden (Banket, 2011). Hinkin and Schriesheim (2012) has revealed that there are three types of managers from those who look for good performance, those who look for poor performance, and those who do very little to reinforce either type of behavior and those managers who provide the least feedback will have the least satisfied employees.

2.11 Feedback and Effectiveness

It improves the effectiveness and helps in decision making within the organization. The feedback directs the individual to the organization missions and objectives. In the ideal situation the employee receives information about how they are performing and where they could improve. Schraeder, Becton and Portis (2009) suggest that performance feedback can serve as way of knowing the employees strength and weaknesses. Performance feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. For the sustenance of the organization performance, it is important for the top management to frequently provide employees feedback on their efforts and strengthen the progress of their jobs through unbiased feedback. In this regard, performance feedback records needs to be retained for future references (Macey, Schneider, Barbera and Young, 2009). Salau, Oludayo and Omoniy (2014) explain that the use of 360 degree feedback can also be adopted in evaluating the performance of individual.

The purpose of 360-degree 20 performance appraisal is generally the same as for normal performance appraisal, but it is assumed that the new process offers some advantages: Dalton (2006) argues that it provides people with information about the effect of their action on others in the workplace. From the viewpoint of the rate 360-degree appraisal thus provides one with a rich, textured and multifaceted opportunity to see oneself as others do. Stark et al. (2008) also believe that a notion of behavioral change might be elicited through a process of enhanced self-awareness. Individuals are forced into a cognitive process of reflection that ultimately results in greater levels of awareness of their own actions and the consequences those actions have on others across various levels in and out of the organization. One example for the usefulness of 360-degree appraisal stems (Raju & Collins, 2008).

Raju and Collins (2008) propose that teambuilding skills of managers, which are one of the most effective means of changing employees` attitudes or satisfaction, might be evaluated by relevant others. Managers may receive feedback from peers and subordinates and make comparisons how their skills are perceived by the two constituencies within a team. According to Salau, Oludayo and Omoniy (2014), this degree affords the manager the opportunity to assess the performance of an individual employee through his interaction with different co-workers or departments, external customers, and the employee himself. As a company increases its staff, a more formal system using

a written appraisal form developed internally or externally should always be used, with the results of the appraisal being tied to salary increases or bonuses. Whether the appraisal is provided verbally or in writing, organization needs to provide consistent feedback on a regular basis so that employees can improve their work performance.

2.12 Feedback as a Source of Appraising Performance

One of the most critical parts of the appraisal process is the direct communication between supervisor and individual. The information reflecting past performance and results and given by the manager to the employee is called feedback (Solmon & Podgursky, 2010). Performance feedback requires a rater who has specialized knowledge to gauge performance, the ability to observe and note any performance gaps among the employees (Berry, 2003). There are a number of appraisal sources and the first one is the ability of the supervisor to know what is expected from the employee and how to carry out the performance appraisal process (Berry 2003). The second source of performance feedback is by the work colleagues. These workmates are in a better position to observe and note their colleagues are performing at work. Workmate form an important source of employee appraisal feedback as compared to work supervisors who have little opportunities to observe the performance of the employees at work (Berry, 2003). Third, the employees themselves can become an important source of performance feedback. In other words, they can do what is called a self-evaluation. However, this kind of employee appraisal may be biased as most of the times the feedback comes out positive (Salau, Oludayo & Omoniy, 2014). The employees may fear rating themselves negative to avoid reprisal by their managers at work (Berry, 2003). The source of the feedback must be perceived by the recipient as being trustworthy, credible, reliable, objective and properly motivated. Gupta and Upadhyay (2012) points out that there are a number of issues that raters face when conducting performance feedback appraisal. One of the mistakes is the rater halo effect where the employees are only rated based on only certain characteristics. There is also the error of contrast when the rating of an employee depends on other factors such as another employee performing similar jobs. There is also another mistake known as the central tendency error. This is a situation where the manager gives all the employees ratings above the normal level. There is also leniency rating where the rater gives employee good ratings and when the rater is strict everyone gets low ratings. Recency effect error occurs when the ratings of an employee are based on the occurrence of recent events instead of previous individual

performance and the proximity error rating happens when a rater applies one rating technique to different characteristics of employee performance (Jackson & Schuller, 2012).

2.13 Feedback and Productivity

The performance appraisal feedback plays an important role in employee productivity. This gives an opportunity for feedback on the past performance against objectives set earlier as well as to identify any performance gap. For managers and supervisors this is the process that identifies the current performance level, discuss strengths and weaknesses and future opportunities (Jackson & Schuller, 2012). The performance feedback provides a discussion that helps employees to understand how they are doing, receive coaching and 22 feedback; clarify expectations about career development (Brown & Benson, 2013).

Performance feedback does a good job to make people aware of the objectives and outcomes of the performance appraisal process. Prevailing number of employees believe that their appraisal is fair and stimulates their performance. There is also a belief that managers and supervisors are handling relatively well the process of feedback (Mone & London, 2010).

One of the most important conditions for enhancing employee productivity is to provide clear, performance based feedback to employees (Caroll & Schneier, 2002). There should also be a workflow for tracking the feedback sessions. When a mistake is detected, immediately remedial steps are taken, with minimum loss to the company. This should be measured in terms of the extent to which he meets the performance criteria set by the management in fulfilling the organization objectives. Providing an employee with feedback is widely recognized as a crucial activity that may encourage self-development and employee productivity which are instrumental for the success of the whole organization (Baruch, 2006). Therefore the frequency of feedback is important and can influence future productivity of the employee (Denisi, 2006). The success of the feedback depends on the acceptance of the process. Feedback reactions are usually very different. The satisfaction with the performance appraisal is an indication of the degree to which subordinates are satisfied with the process and the feedback they have received. It serves as a report of the accuracy and fair evaluations of the performance (Mone & London, 2010). The outcome is that satisfied individuals after the performance feedback will improve further working relationships with supervisors and colleagues (Jackson & Schuller, 2012). The feedback can also bring negative reactions from employees. If perceived unfair, the feedback can cause behavioral

changes such as absenteeism, lack of cooperation, lack of focus on priorities, unhealthy competition and even can cause staff turnover (Dechev, 2010).

2.14. Empirical Literature

Joel Kipleting Matui (2017) examines the employee productivity on organization performance commercial bank in Kenya. The researcher study used stratified random sampling procedure to select a sample that represented the entire population. The sample was selected by a stratified sampling method, consisting of 77 different level of position. He concluded that this ensured that every important parameter was represented. Ensure that feedback is done periodically so that the employees may know their expectations or organization goals. His findings also showed that effective training programs enhances the knowledge, skills an attitude of the employees thus improving their productivity which contributes to superior organizational performance.

Halibeh (2013) investigated the effect of incentives on the performance of the Greater Amman Municipality staff in Jordan. The sample was selected by a random class method, consisting of 150 employees from the managers, heads of departments and administrative staff with 33% of the study population of 449 employees. The study based on a descriptive analytical method and regressions to answer research questions. The result revealed that both material and moral motivation at a low level and the acquisition of social motivation and performance at the intermediate level. But, the strong national coverage is between the levels of motivation and the employee's performance. Therefore, the study has promoted positive working relationships between employees and guided them with the goals of the trustworthiness of the work ethos as a moral motivation to reach the planned level of performance. Graffin (2002) contends that people are motivated to seek social equity in the rewards they receive for performance. People will be motivated when they see that they are treated fairly and equally. Equity is an individual's belief that the treatment he or she receives is fair relative to the treatment received by others. According to equity theory, outcomes from a job include pay, recognition, promotions, social relationships and intrinsic rewards. To get these rewards, the individual gives inputs to the job, such as time, experience, effort, education and loyalty. The theory suggests that people view their outcomes and inputs as a ratio and then compare it to the ratio of someone else. People who feel under rewarded try to reduce the inequity. Such individuals might decrease their inputs by exerting less efforts, increasing their outcomes by asking for raise, distorting the original ratios by rationalizing, trying

to get the other person to change her or his outcomes or inputs leaving the situation or changing the object of comparison. An individual may also feel over awarded relative to another person.

Another study on motivation conducted by Kindu (2001) to explore the extent to which incentive and motivation had an effect on productivity in textile industry in Ethiopia, revealed that motivation had an impact on productivity as employee who were motivated performed better than those who were not adequately motivated. Also the study noted that work condition at the textile industry, welfare facilities were also lacking he finally concluded that if workers morale was good it could result in a rise of productivity.

David B. Balkin (2002) suggested that hygiene factors are contextual or extrinsic aspects of a job, such as salary, fringe benefits, and company policies and so on, they can make people dissatisfied if they are inadequately met, but they will motivate people to do a good job. Assuming the hygiene factors are well managed, the key is to provide workers with motivation, or intrinsic rewards derived from the work itself, that provide continuous stimulation to strive for the best possible performance level. According to Herzberg, such motivators include the nature of the job, recognition, achievement. Herzberg contends that these motivators increase job satisfaction and that removing dissatisfying characteristic from a job does not necessarily make the job satisfying. Another study on effects motivation conducted by Elizabeth (2017) to examine the extent to which effect of motivation on the performance of employees using the case of Pam Golding Properties, Nairobi. Revealed that goal goal-setting to motivate their employees, as a lack of regular training and development for the employees to improve their key skills and knowledge, money was a highly motivating factor for the employees and management should look into increasing the monetary and benefits package they give. Also the study noted. The current recognition and reward programs were perceived by the employees as being inequitable and unfair. Finally concluded that if management re-evaluates and re-engineers the current recognition and reward program and therefore change the perception of the employees about it.

2.15. Conceptual Framework

The organization's performance management system can serve as a source of motivation since it comprises a number of factors that affect motivation of employees. Thus, upon the many factors that affect both performance management practices of the organization and motivation of

employees, the researcher wants to develop relations between factors that described in the figure below. Based on the discussion made by Anshul Garg (2013) about performance management system as a measure of employee motivation, the illustration depicted below to study the significant effect of the independent variables on the dependent variable i.e. performance management practice (assessment of employee performance, employee performance review, purpose of performance management, and performance evaluation on employee motivation.

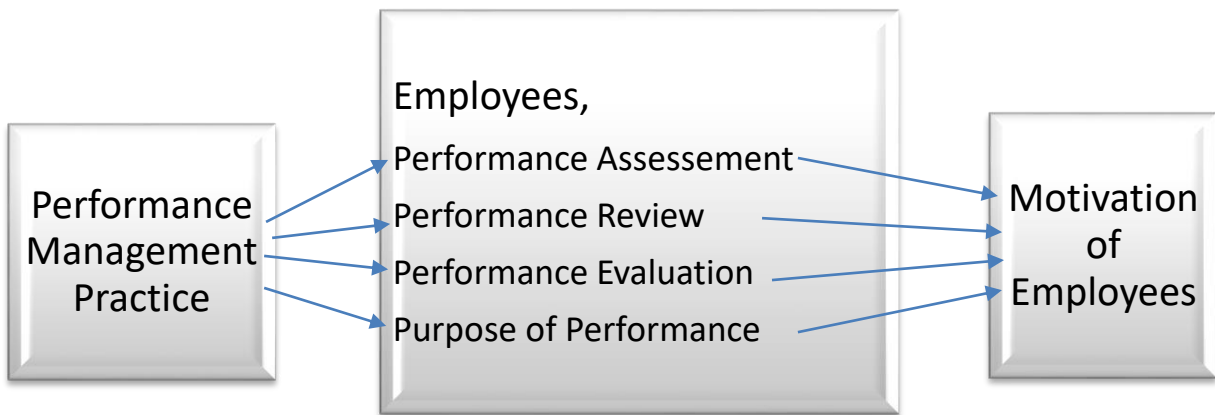


Figure 2.2 The researcher's conceptual framework (Self developed)

The above figure 2.2, the researcher illustrates to show performance management practices drives which its effect in employees performance. These effects will form the independent variables of the study was manipulated to positively significant the dependent variable, which is employee motivation. These independent variables have been covered in the literature review.

Chapter Three

3. Methodology

3.1 Introduction

This section is explaining about the research design and approaches the characteristics of the study target population, sample and sampling techniques, sources of data, data collection schedule, and data analysis method is used in the study. It explains the type of data used for the study and research model and also reliability and validity test time budget is to help to know accomplished the study in the specified.

3.1.1 Research Design

The researcher has been used explanatory research method in order to assist the decision maker in determining, evaluating and selecting the best course of action to take in a given situation. It is typically more formal and structured. For consider the existing situations that prevail in the company accurately and timely in an economic manner, the gathering of the necessary data to examine the effect of performance management practice and motivation of the employees, the researcher found out that the best way is to use explanatory research approach.

The major purpose of explanatory research is explaining the state of affairs as it exists at present and concerned with describing the characteristics of a particular individual, or a group.' Hence, to gather the benefit from this type of research, this study is conducted using explanatory research design and use a type of design called quantitative approach. Quantitative data has been gathered through questionnaires which are analyzed and present in tables and figures (charts) by using SPSS (Statistical Package for the Social Science).

3.1.2 Research Approach

Conceptually research approaches are plans and procedures for research that span the steps broad assumptions to detailed methods of data collection, analysis and interpretation. In conducting this study, a comparison of both quantitative and qualitative research approaches was used and the quantitative research approach was used for the study more. A quantitative research design is used selected for this study because it is a formal objective, systemic process in which numerical data are utilized to obtain information (Creswell, J.W. 2003). Quantitative approach is an approach for testing objective theories by describing the relationship between variables. These variables in turn

can be measured typically on instruments, so that statistical data can be analyzed using statistical procedures.

3.2. Population

The target population for this research is 546 permanent staff members of Hibret Bank S.C 's who work at Head office. Out of the total population 104 (19%) staffs their current working status are managerial and the remaining 442(81%) staffs working status are a non- managerial position.

Table 3.1: Total Population Distribution

| Current Position | No of Employee |
|------------------|----------------|
| Managerial | 104 |
| Non-Managerial | 442 |
| Total | 546 |

3.3. Sampling Size and Sampling Procedure

As the geographic area and the number of employees that can be used for the study is very large, it is impossible, economically and timely, for the researcher to cover this population for this research. Accordingly, to facilitate easier in timely and cost effective way of collection of data, the target population was reduced to employees that are working at Head offices. Hence, the target population for the study is comprised of 546 bank professionals who have at least one year service in the bank and at least their job performance rated four times by the supervisors.

3.4. Sampling Size

The study selected 231 out of the 546 head office staffs. This would be chosen because they were large total populations of Hibret Bank S.C. From the selected sample 92 are females and the remaining 139 are males. This would be chosen because they were large enough provide a more reliable sample for the study. (Yamane 2011;).The number of samples need for the study would be determined by the following general formula enough provide a more reliable sample for the study. (Yamane 2011;).The number of samples need for the study would be determined by the following general formula.

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

Where, N, is total population, n, is sample size and e. is an error.

$$n = \frac{546}{1 + 546(0.05^2)}$$

$$n = 231$$

Hence, based on this calculation of the sample size for the given population was found to be 231 employees. This sample size is found to account 42.3% of the total population as indicated by the following calculation.

Stratified Random sampling is adopted and conducted by simple random sampling because method of sampling from a population which can be separated into sub-populations. The research has targeted a sample from management and non-management employees within the sampling frame. And randomly select participants from the given 12 strata in order to give equal chances for all groups of employees found in each stratum and the questionnaires have been distributed to these selected employees respectively. Even if the population assumed to be uniformly distributed, the size of each stratum varies, then the researcher decide to choose a disproportionate stratified sample to increase the sample size of those stratum with lower number of respondents to make sure that the data are meaningful (Dawson, 2002).

Table 3.2 The population and sample distribution

| Stratum | Department | Number of Employee | Percentage | Sample Size |
|-----------------|---|--------------------|------------|-------------|
| S1 | Credit Department | 43 | 7.79 | 18 |
| S ₂ | E-Banking Service Department | 35 | 6.49 | 15 |
| S ₃ | Finance and Accounts Department | 35 | 6.49 | 15 |
| S ₄ | Human Resource Department | 35 | 6.49 | 15 |
| S ₅ | Legal Department | 35 | 6.49 | 15 |
| S ₆ | International Banking Department | 35 | 6.49 | 15 |
| S ₇ | Logistic and Property Administration Department | 35 | 6.49 | 15 |
| S ₈ | IT Department | 43 | 7.79 | 18 |
| S ₉ | Engineering Department | 35 | 6.49 | 15 |
| S ₁₀ | Corporate Banking Department | 66 | 12.12 | 28 |
| S ₁₁ | Retail Banking Department | 95 | 17.32 | 40 |
| S ₁₂ | Management office | 52 | 9.52 | 22 |
| Total | | 546 | 100 | 231 |

Source: the research survey, 2022

3.5. Data sources and Data Collection Instruments

According to Sekaran (2003), data that is gathering for research from the actual site of occurrence of events is called primary. For the purpose of this study, questionnaire using as the research instrument and distribute to employees working in Hibret Bank S.C at head office. The researcher used both primary source & secondary source of data. Structured data collection is the use of a formal questionnaire that presents questions in a prearranged order.

Primary Data: The researcher was collected primary data through questionnaires and survey method. The questionnaires at most effort try to translate research objectives into specific questions. The respondent can answer and try to motive the respondent to cooperate with the survey and to provide the information correctly. Primary sources are responses of employees of Hibret Bank,

Secondary data: The secondary data we used for supporting the study and to use the findings of other researchers in this area. The sources of secondary data were from staff human resource management manual, banks annual report and staff related manual. From these secondary sources, the related concepts of the study were obtained.

3.6. Sampling Techniques

To ensure the research were conducted effectively and efficiently, the detail of the procedures of obtaining information is needed in conducting the study in order to investigate and identify the research case. The researcher assembled the data that are needed to accomplish the proposed research through stratified random sampling method. The survey questionnaires were administered to the target population of 231 employees of the organization. The questionnaire was divided into two sections to study the characteristics of the important variables to assess our topic of research. The section I of the questionnaire was comprised of demographical background of the respondents, and it was consist of gender, age, educational levels and working experience. Whereas section II of the questionnaire was instrumental in collecting data on the effects of performance management practice in employee's motivation in Hibret bank at Head office. The reason behind is to minimize the time required for data analysis and the company's operations system was made the process of primary data collection is difficult to the target population. The respondents were required to choose to what extent she/he agrees or disagrees with each of the statements, with 1 being strongly disagree and 5 being strongly agree.

3.7. Research Model

The objective of this study is to determine the effect of performance management practices in employee's motivation. Accordingly, to test the effect, the researcher estimated a linear regression model in the following model.

Model

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where by:

Y_i = Employees Motivation

β_0 =Constant intercept

$\beta_1, \beta_2, \beta_3, \beta_4$ = The parameters (coefficients) to be estimated

X_1 =Performance assessment

X_2 =Performance review

X_3 =Employees Performance Evaluation

X_4 =Purposes of Performance Management

ε = Error Term or residual.

The data collected was edited and coded. A data matrix was established from which suitable statistical techniques such as working out the mean responses were presented using tables.

3.8. Reliability and Validity

3.8.1 Validity of data Instrument

The objective of validity is to ensure that the scale (each item or question of the questionnaire) measures what it is supposed to measure (Kothari, 2008). In this study content validity of the construct (composing, wording) measurements (of questionnaire items) were of concern from early stage of questionnaire development. To ensure validity of the instrument, the study thoroughly reviewed the relevant literature, to enable development of an initial list of items representing each of the study's constructs. In addition, the research advisor also provided valuable comments on the questionnaire.

3.8.2 Reliability of Research Instrument

According to Mugenda & Mugenda (2003), reliability regards to the degree to which the research instrument can produce consistent results and data from repeated trials. Cronbach's Alpha test was used to determine the internal consistency of the data. According to Davidson (1996), a score over

0.70 is deemed suitable for the study. The commonly accept rule of thumb for describing internal consistency using Cronbach alpha. Therefore, the research conducted the Cronbach’s alpha reliability test.

3.9 Pilot Test

A pilot study was carried out on 3 department total respondents 21 in the bank to test the validity and reliability of the data collection instrument.

Table 3.3 Reliability Test

| Reliability Statistics | |
|------------------------|-------------|
| Cronbach's Alpha | No of Items |
| 0.899 | 5 |

| Variables | Cronbach's Alpha |
|------------------------|------------------|
| Performance Assessment | 0.843 |
| Performance Review | 0.841 |
| Purpose of Performance | 0.977 |
| Performance Evaluation | 0.846 |
| Employee Motivation | 0.844 |

Source: Own Survey computed in SPSS data, 2022

From Table 3.3 Presents the results from the pilot study where 10 % of the target population was involved. The respondents in the pilot study were excluded from the actual study. It can be observed that the reliability and internal consistency of the items constituting performance assessment, performance review, purpose of performance, performance evaluation and employee motivation construct was established. The overall cronbach’s alphas for these variables was 0.843, 0.841, 0.97,0.846 and 0.844 respectively which were above the required cut off value of 0.7 therefore all the item in the questionnaire were reliable. The interpretation was that all the items in the research instrument were eligible for the inclusion in further analysis.

3.10 Data Analysis Methods

The most important aspect of research is the analysis of the data, which implies examining, categorizing or recommending the evidence in two general strategies. The first strategy is to rely on the theoretical proposition and analyze the data according to the research questions and a frame

of reference driven from the literature. The second strategy implies that a researcher develops a case description and explaining in order to present the data. In this research, the information that has been gathered from the primary sources, key informant, and secondary source were aggregate according to research components, of which interpretation and discussion of the findings conduct according to the theories and the literature review material.

In this study, data was collected using a structured questionnaire which is consisting of five sections. The data analysis is supported by using software called Statistical Package for Social Science (SPSS). Explanatory analysis involves a process of transforming a mass of raw data into mean, which are a vital part of making sense of the data to change parametric test. Inferential statistics such as correlation were used to determine the relationship between the independent (performance assessment, performance review, performance evaluation and purpose of performance evaluation and employees motivation).

Finally, the findings obtained using these instruments were discussed and concluded. Inferential statistics such as correlation were used to determine the relationship between the independent. Data was analyzed using Statistical Package for Social Sciences (SPSS) program and presented using tables, and figures to give a clear picture of the research findings at a glance.

3.11. Ethical Considerations

This study is follow require ethical considerations.

First, to maintain moral and ethical behavior, all the require methods were have follow starting from approval and suggestion from my advisor making an appointment, request of permission for the Hibret bank S.C human capital director then distribute questioner and collected data were process. **Second**, the researcher is distributing the questioners to respondents through their email; each respondent in the questionnaire was informing that his/her response is voluntary. For the sake of ethical issues, the researcher educated the participants concerning the details need for the study, the reason why the information were being gather, the rationale, as well as the way in which they were expect to participate, in addition how the study would directly and indirectly affect them. Again, the researcher was assuring them of the confidentiality of the information given. Furthermore, questions were simple and clear to avoid any misunderstanding and avoid ambiguity, as well as sensitivity to the pieces of information the informants will be provide to the researcher. Finally, all participants were having the right to privacy in order to think about the research task and to give their appropriate response freely.

Chapter Four

4.1 Data Presentation, Analysis and Interpretation

4.1.1 Introduction

This chapter has four sections; the first section describes respondents' characteristics in terms of gender, age, education and working experience. The second section presents the descriptive statistics with respect to the each question of the respondent mean and standard deviation on employee's performance in Hibret bank at head office, the results and its implication. The third section describes the relationship between the independent variable performance management practice and the dependent variable employees' motivation.

4.1.2 Descriptive statistics

The study applied explanatory research design. The explanatory research design is preferred because it ensured complete explanation of the situation making sure that there is minimum bias in the collection of data. The target population of this study was at the head office level of the Hibret bank. According to Human Capital department, there are 546 employees working in Hibret bank head office at January 2022. The researcher used stratified random sampling to group all employees into 12 department strata. Through stratified random sampling method selected 231 respondents.

Quantitative data was analyzed using descriptive statistics such as mean and standard deviation with the use of Statistical Package for Social Sciences (SPSS). Descriptive statistics such as frequencies and percentages was used to describe the quantitative data. The analyzed data was presented in form of tables where applicable.

4.1.3 Response Rate

Table 4.1 Response rate

| Response rate | Number | Percentage |
|-----------------|--------|------------|
| Responded | 225 | 97 |
| Did Not respond | 6 | 3 |
| Total | 231 | 100 |

Source: Own Survey computed in SPSS data, 2022

Table 4.1 indicates that out of the 231 questionnaires administered, only 225 were returned. The overall response rate was thus found to be 97% which was very high. The 3% of the respondents did not respond. The interpretation was that the high response rate was essential to obtain sufficient observations for further analysis.

4.1.4 General Information of Respondents

The following table summarizes the demographic information of the respondents based on gender, age, education, job experience and current position employees that they have worked for Hibret Bank S.C. The results are shown below:

Table 4.2 Demographic variable of respondents

| S/No | Respondents' Variable | Number of respondents' (Frequency) | % of respondents' |
|-------|--------------------------------|-------------------------------------|-------------------|
| 1 | Gender | | |
| | Male | 139 | 39.83 |
| | Female | 92 | 60.17 |
| | Total | 225 | 100 |
| 2 | Employee's Age Group | | |
| | 18-25 years | 14 | 6.2 |
| | 26-33 years | 115 | 51.1 |
| | 34-41 years | 44 | 19.6 |
| | 42-49 years | 40 | 17.8 |
| | Above 49 years | 12 | 5.3 |
| Total | 225 | 100 | |
| 3 | Educational back ground | | |
| | Certificate holder | 0 | 0 |
| | Diploma holder | 20 | 8.9 |
| | Degree holder | 133 | 59.1 |
| | MA | 72 | 32 |
| | PHD holder & above | 0 | 100 |
| Total | 225 | 100 | |
| 4 | Work Experience | | |
| | 0-5 years | 65 | 28.9 |
| | 6-10 years | 76 | 33.8 |
| | 11-15 years | 45 | 20 |
| | Above 15 years | 39 | 17.3 |
| Total | 225 | 100 | |
| 5 | Current Position | | |
| | Managerial | 104 | 19 |
| | Non Managerial | 442 | 81 |
| Total | 225 | 100 | |

Source: Own Survey computed in SPSS data, 2022

As shown above in table 4.2, the number of female respondents are 92 (39.83%) whereas 139(60.17%) of them were male. This shows majority of the respondents are males. The data reveals that the majority of the respondents are age group composed of 26-33 years that accounted to 115(51.1%). And also a least share of respondents, i.e. 12(5.3%) from the data shows above table most of the age group that falls between 26-49 years. The data obtained on educational qualification of the participants reveal that 133(59.1%) of the participants holds first degree whereas the number of second degree holders is accounted for only 72(32%) of the total response and the remaining 20(8.9%) are holders of college diploma. This shows that more respondents were diploma and above holders therefore the researcher consider them having good awareness about the topic under the study to fill the questionnaire at less barriers. Regarding the years of work experience of the respondents, it is found that 65(28.9%) have five and below years' work experience. While 160 (71.1%) of the respondents serve the bank six and above years. This shows that the researcher to get more reliable and accurate information about the banks' the effect of performance management practices on the staffs performance because of the employees having long year experience on the organization. The respondents' current position in the bank as described in the above table, the composition of respondents is found to be 43(19%) managerial and 182(81%) are found non-managerial position.

Table 4.3 Performance Assessment

| S/N | Variables | Mean | Standard Deviation | N |
|--------------|---|------|--------------------|-----|
| 1 | My performance has fairly measured based on the agreement I made with my superiors at the beginning of my assignment. | 3.91 | 0.695 | 225 |
| 2 | The evaluation process in the company is fair, objective and reasonable. | 3.69 | 0.637 | 225 |
| 3 | The evaluation is done on the basis of pre-established performance standards. | 3.66 | 0.778 | 225 |
| 4 | Performance evaluation of the company is transparent. | 3.58 | 0.769 | 225 |
| 5 | Superiors, peers, and customers participate in evaluation process. | 3.69 | 0.705 | 225 |
| Overall Mean | | 3.7 | | |

Source: Own Survey computed in SPSS data, 2022

Analysis of the result of the survey reveals that 108(48%) of respondents agreed that their performance has been measured fairly. Whereas 11(4.9%) of the respondents accounted to a group that believe the bank does not implement fair performance measurement system which adds in their consent and inputs for the given assignments. Adding to the above, 21% of the respondents are uncertain measurement of performance, also table 4.2 depicted that 97 of the respondents (43.1%) agreed and accept that the evaluation process conducted by the bank is fair, objective and reasonable. But 52(23.1%) of the participants remain indeterminate about this issue. By contrast 15(6.7%) of the respondents strongly disagree that about the fairness, objectivity and reasonableness of the evaluation process. As per of the above table, the number of respondents that show their agreement with the statement of the evaluation is done on the basis of pre-established performance standards are 32% of respondents strongly agree the statement. However, the other 12.9% express their disagreement for the given issue. Despite the fact that 134(59.6%) respondents are agreeing with that existence of a transparent performance evaluation process in the bank, 79(35.1%) are opposed this idea. And the remaining 12(5.3%) of the participants choose to be neutral. With regard to the multiple rater participation in the evaluation process, 36(19%) of the respondents agree with the inclusion of multiple rater in the evaluation process. But, 52(23.1%) and 81(36%) of respondents are strongly disagree and disagree believing in that the evaluation process conducted only by their superior. The overall mean (3.7) revealed that majority of the employees indicate the performance management assessment improve their performance.

Table 4.4 Performance Review

| S/N | Variables | Mean | Standard Deviation | N |
|--------------|--|------|--------------------|-----|
| 1 | I am involved the meeting with my manager to review my assessments | 3.72 | 0.552 | 225 |
| 2 | I believes the performance review meeting is important for my job. | 3.51 | 0.881 | 225 |
| 3 | The performance review has a formal setting to receive feedback on my performance. | 3.49 | 0.924 | 225 |
| 4 | I assess my own performance before performance review discussions. | 3.71 | 0.977 | 225 |
| 5 | My manager gives me a continuous feedback and guidance to improve my performance. | 3.49 | 0.862 | 225 |
| Overall Mean | | 3.58 | | |

Source: Own Survey computed in SPSS data, 2022

As shown on table 4.4, 33(14.7%) respondents react with their disagreement reflecting that the bank has not introduce own assessment in its system. However, 161(71.5%) of the participants are in agreement with the raised issue and 31(13.8%) participants are not sure so that they remain neutral. Also 129(57.3%) are show their agreement about the establishment of two way channels during performance review sessions. As oppose with this, 44(19.6%) disagreed with that there exist two way communications during performance review discussions with their supervisors. while, 52(23.1%) are choose to be neutral. As exhibited in the above table, 79(35.1%) of participants reacted in disagreement. Conversely, 134(59.6%) of respondents (of which 45 of them strongly) are certain on the existence of performance review discussions. The other 12(5.3%) are not made up of their mind and choose to be neutral. The responses of participants for the issue of continuous deliberation of feedback and guidance by Supervisors show that 133(59.1%) of them responded by disagreeing and 53(23.6%) become undecided about the issue. The overall mean (3.58) revealed that employees close to majority indicate the company care about their performance review. However, not insignificant number of employees does not feel the practices in the organization to improve their performance review. From this, we can conclude that much remain in employees performance review motivate employees and thereby improve their performance.

Table 4.5 Performance Evaluation

| S/N | Variables | Mean | Standard Deviation | N |
|--------------|--|------|--------------------|-----|
| 1 | I believe that the performance appraisal form included job related contents | 3.93 | 0.759 | 225 |
| 2 | I believe the performance evaluation report reveals my true performance. | 3.88 | 0.582 | 225 |
| 3 | My performance evaluation is measured based on complying with rules of the company | 4.08 | 0.672 | 225 |
| 4 | The employee may not be entitled for additional pay even he/she gets the highest performance evaluation score. | 4.14 | 0.635 | 225 |
| 5 | I believe that our company's performance evaluation is a source of conflict between me and supervisors. | 4.04 | 0.655 | 225 |
| Overall Mean | | 4.01 | | |

Source: Own Survey computed in SPSS data, 2022

As shown in table 4.5, 71.5% of participants of the survey agreed that job related contents are fairly included in the performance appraisal form. However, 14.7% of them disagree with the issue. About 13.8% of respondents are not sure whether the rational inclusion of job related content in appraisal form. On the issue whether they believe or not that the performance evaluation report reveals the true performance they have exerted while doing their job 23.1% of the respondents are reserve themselves to be neutral and 19.6% responded by disagreeing with it. while 53.3% of them agree with that the report reflects their true performance. From the majority of the respondent of the survey's mean (4.01>3) it can be seen that more than half of the response accept the claim that performance evaluation measures actual performance employees. The result obtained for the reliability of the bank's performance evaluation reveals that response related to agree accounted to 43.4%. On the contrary, 32.2% of the participant disagreed by showing they trustfulness toward the performance evaluation system.

Counting to the above responses, 11.2% of them prefer to be neutral. Further, the survey results show that less significant number of participants (19.1%) provides their negative responses by considering employees are not entitled for additional pay when they may score highest points in their evaluation. The others 5.3% of the respondents are not decided about the issue and remain to be neutral. The remaining 56.9% responses are those participants who considered that employees privileged with additional pay when they scored highest point in their performance evaluation. The table also illustrates that out of total participants 52.8% agreed on that the measurement of individual performance in the bank is by complying rules instead of outcomes. Whereas, 23.6% of participants are reject the raised issue.

And 10.2% respondents are in doubt about their position on the issue. Moreover, feedback obtained concerning performance evaluation end result, i.e. whether or not it is source of conflict, 34.5% of reactions supports the idea that performance evaluation of the bank is a source of conflict between employees and supervisors. While 30.1% disagree with the idea. The other 32.8% are indifferent about this issue.

The overall mean (4.01) revealed that majority employees indicate their performance is better. However, not insignificant number of employees does not feel that their performance evaluation is better. From this we can infer much remain to enhance their performance evaluation and thereby improve their performance.

Table 4.6 Purpose of Performance

| S/N | Variables | Mean | Standard Deviation | N |
|--------------|---|------|--------------------|-----|
| 1 | Our company performance linking to overall strategy with that of employee's goal | 3.77 | 0.608 | 225 |
| 2 | I am satisfied to my performance to achieve the organization goals. | 4.01 | 0.651 | 225 |
| 3 | Our company's management system sets out to communicate the link between an organization's missions with my performance. | 3.74 | 0.53 | 225 |
| 4 | I believe that the performance management system sets out to communicate the link between an organization's strategic directions with my performance. | 3.81 | 0.761 | 225 |
| 5 | The company applied similar format and technique to evaluate all jobs performance in similar grades and levels. | 3.76 | 0.779 | 225 |
| Overall Mean | | 3.8 | | |

Source: Own Survey computed in SPSS data, 2022

As shown in table 4.6, 83.6% of participants of the survey agreed that job related contents are fairly included in the performance appraisal form. However, 8.5% of them disagree with the issue. About 8.9% of respondents are not sure whether the rational inclusion of job related content in appraisal form. On the issue they believes that the performance evaluation report reveals the true performance they have exerted while doing their job, 23.1% of the respondents are reserve themselves to be neutral and 19.6% responded by disagreeing with it. While 57.5% of them agree with that the report reflects their true performance. From the mean (3.8>3) it can be seen that more response accepted that performance evaluation measures actual performance employees. Further, the survey results show that a significant number of participants (29.1%) provide their negative responses by considering employees are not entitled for additional pay when they score highest points in their evaluation. The others 27.4% of the respondents are not decided about the issue and remain to be neutral. The remaining 42.4% responses are those participants who considered that

employees privileged with additional pay when they scored highest point in their performance evaluation. The overall mean (3.8) indicates that majority employees agreed with the purpose of performance management practice. From this we can infer that goal setting is one of the mechanisms to empower employees get them motivated and thereby improve their performance.

4.1.5 Employees' Motivation

This part of the questionnaire and to find out participants' reaction on the importance and effect of variables that are part and parcel of performance management practice on motivation, hence motivational factors i.e. performance assessment, performance review, purpose of performance, performance evaluation, and based on their reactions the following analysis presented here under. Descriptive statistics is computed in the form of means and standard deviation for the independent variables in order to observe the difference exist between the variables and also help us to summarize the response of participants.

Table 4.7 Motivation

| S/N | Variables | Mean | Standard Deviation | N |
|---------------|--|------|--------------------|-----|
| 1 | I am motivated to improve to achieve the desired outcomes within the planned period of time. | 3.77 | 0.608 | 225 |
| 2 | I have positive attitudes on my job in order to assure organizations competitiveness | 4.02 | 0.651 | 225 |
| 3 | I am willing to increasing my effort to achieve the company goal | 3.74 | 0.53 | 225 |
| 4 | I am satisfies with current status of my job. | 3.81 | 0.761 | 225 |
| 5 | I am happier at work to improve the organizational goal | 3.76 | 0.779 | 225 |
| Over all mean | | 3.82 | | |

Source: Own Survey computed in SPSS data, 2022

As shown on table 4.7 the mean values of the variables ranges from 3.74 up to 4.02. The arithmetic mean and the standard deviation of pay variable 3.77 and 0.608, respectively. The measures of the mean value and standard deviation of recognition is found to be 4.02 and 0.651, which show that the recognition provided from their superiors is motivate them, in the same way, the participants' attitude toward the working condition is also the same. The other variable leadership, mean of 3.74 and standard deviation of 0.530 shows that the type of leadership exist in the bank slightly make them to be motivated and increase their performance and the career path that is found in this bank is also play an important role for their motivation as can be seen from the mean value of 3.81 and standard deviation of 0.761. With respect of communication, mean 3.76 and standard deviation 0.779, the presence of honest and direct communication create a positive effect on the motivation of the participants and employees' performance. The overall mean (3.82) indicates that majority employees' believes that motivation is one of the mechanisms to empower employees get them thereby improve their performance.

4.1.6 Kurtosis and Skewness

As Field (2009) and Garson (2012) noted, many statistical procedures assumed that the sampling distribution is normally distributed and so, if the sample data are approximately normal then the sampling distribution will be also. In this regard, it is useful to test for normality of the sample data. Therefore, it was checked for the data to see if they are normally distributed through quantify aspects of a distribution (i.e. skewness and kurtosis) and presented as follows.

Table 4.8 Kurtosis and Skewness

| | Skewness | | Kurtosis | Kurtosis |
|-----------------------------------|-----------|------------|------------|------------|
| | Statistic | Std. Error | Std. Error | Std. Error |
| Performance Assessment | 0.122 | 0.181 | 0.36 | 0.36 |
| Performance Review | -0.142 | 0.181 | 0.36 | 0.36 |
| Performance Evaluation | -0.416 | 0.181 | 0.36 | 0.36 |
| Purpose of Performance Management | -0.782 | 0.181 | 0.36 | 0.36 |

Source: Own Survey computed in SPSS data, 2022

According to Garson (2012), as a rule of thumb, for normality skew should be within the +2 to -2 range, when the data are normally distributed. Some statisticians also prescribe +1 to -1 as a more stringent criterion when normality is critical. In this regard, as shown in the above table, the skew value is perfectly fit within the limit and ranges between -0.782 and 0.122. Thus, in this research, is said to be within acceptable range from normally distributed.

Furthermore, as Garson (2012) suggests, kurtosis should be within the +2 to -2 range when the data are normally distributed, while some statisticians prescribe +1 to -1 as a more stringent criterion when normality is critical. Taking both options in to consideration, when we look at table 4.5, the kurtosis value is perfectly fit within the limit and ranges between 0.360 and 0.360. Therefore, it can be explained that, abnormality of the data distribution cannot be a problem for this study or within acceptable range from normally distributed.

4.2. Inferential analysis

Inferential analysis is branch of statistics which is concerned with using probability concept. It is process of selecting and using a sample data that used to generalize about a population based on that sample of data. On this portion of the study correlation and regression will be analyzed. Like the descriptive statistical methods, i.e. demographic factories, and the scale typed questionnaire entered to the SPSS software to process inferential statistics methods employed.

4.3. Correlation Analysis

Correlation measures the strength of the linear relationship between two variables. Pearson correlation test was conducted to know the degree of relationship between the independent variable i.e. motivation and the dependent variable i.e. employee performance management. Thus, Pearson's correlation is used to identify whether there are relationships between the variables and to describe the strength and the direction of the relationship between two variables. Based on the questionnaires which were filled by the employees of the Hibret Bank S.C head office, the results of the correlation analysis between these variables are shown in the table. According to Mac Eachron, Basic Statistics in the Human Services: an Applied Approach, page 132, the level of association as measured by Pearson's co efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no

relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between -1 to 0 indicate the existence of negative relationship.

Table 4.9 Correlation matrix of relationship between employees' performance and motivation

| Correlations | | | | | |
|-----------------------------------|---------------------|------------------------|--------------------|------------------------|-----------------------------------|
| Correlation | | performance assessment | Performance review | performance evaluation | Purpose of Performance Management |
| performance assessment | Pearson Correlation | 1 | | | |
| | Sig. (2-tailed) | | | | |
| | N | 225 | | | |
| Performance review | Pearson Correlation | .945** | 1 | | |
| | Sig. (2-tailed) | 0 | | | |
| | N | 225 | 225 | | |
| performance evaluation | Pearson Correlation | .276** | .245** | 1 | |
| | Sig. (2-tailed) | 0 | 0.001 | | |
| | N | 225 | 225 | 225 | |
| Purpose of Performance Management | Pearson Correlation | .972** | .941** | .932** | 1 |
| | Sig. (2-tailed) | 0 | 0.001 | 0 | |
| | N | 225 | 225 | 225 | 225 |

** . Correlation is significant at the 0.01 level (2-tailed). *Source: Own Survey computed in SPSS data, 2022*

From table 4.10 it can be observed correlation is that statistically and positive significant relationship between employees' employees' performance and motivation and motivation at($r=.972^{**}$, $P<0.01$), performance assessment and performance evaluation has statistically and positive significant relationship with employee performance at ($r=.941^{***}$, $P <0.01$),employees Performance review has statistically and positive significant relationship with employee performance at ($r=.243^{**}$, $P <0.01$),and performance review has statistically and positive significant relationship with employee motivation at ($r=.932^{***}$, $P <0.01$). The finding on table above further indicates that the highest significant relationship is found between performance

assessment and employee motivation at ($r=.972^{**}$, $P<0.01$), however the lowest statistically significant relationship is found between employees performance management review at ($r=.941^{**}$, $P<0.01$), the implication was that the high correlation between performance and its determinants was good for regression analysis. The finding further indicated that the very high relationship found between employees' performance and motivation and the lowest relationship existed between involvement in employee's performance evaluation and employees' motivation.

4.4. Multiple Regressions

Analysis Regression model was applied to test how far the motivation has effect on the employees' performance. Coefficient of determination R is the measure of proportion of the variance of dependent variables about its mean that is explained by the independent or predictor variables. It is conducted to investigate the effect of independent variable on the dependent variable and identify the relative significant influence; i.e. Independent variable (motivation) to the dependent variable; i.e. employees' performance assessment in the organization. Higher value of R represents greater explanatory power of the regression equation. The results of the regression analysis are depicted on table

Table 4.10 Regression Result

| Coefficients ^a | | | | | | |
|---------------------------|-----------------------------------|-----------------------------|------------|---------------------------|--------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.382 | 0.097 | | 3.938 | 0 |
| | performance assessment | 0.763 | 0.058 | 0.741 | 13.097 | 0 |
| | Review of Performance | 0.148 | 0.058 | 0.157 | 2.543 | 0.012 |
| | performance evaluation | -0.018 | 0.016 | -0.02 | -1.13 | 0.26 |
| | Purpose of performance Management | 0.066 | 0.041 | 0.094 | 1.622 | 0.107 |

a. Dependent Variable: employee performance

Source: Own Survey computed in SPSS data, 2022

The relative importance of each individual predictor is explained by the value of beta which tells us that a certain improvement or problem on these variables will improve or decrease by the given values which is statistically significant. Hence, the regression model overall predict, employees' performance significantly well by using the following formula which relates the dependent and the independent variables, that is:

Model

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where by:

Y_i = Employees Motivation

β_0 =Constant intercept

$\beta_1, \beta_2, \beta_3, \beta_4$ = The parameters (coefficients) to be estimated

X_1 =Performance assessment

X_2 =Performance review

X_3 =Employees Performance Evaluation

X_4 =Purposes of Performance Management

ε = Error Term or residual.

The fitted regression model is

$$Y = 0.382 + 0.763 \text{ performance assessment} + 0.148 \text{ performance review} + -0.018 \text{ employees performance evaluation} + 0.066 \text{ purpose of performance management} + \varepsilon$$

| | | | | | |
|----------------|-------|--------|-------|-------|--------|
| Standard Error | 0.097 | 0.058 | 0.058 | 0.016 | 0.041 |
| t-statistics | 3.938 | 13.097 | 2.543 | -1.13 | 0.1622 |
| P-value | 0.000 | 0.000 | 0.012 | 0.260 | 0.107 |

From table 4.10 the regression coefficient of performance management assessment was found to be 0.763. This value shows that holding other variables in the model constant, an increase in goal setting by one unit causes the employees performance to increase by 0.763 units. The value of the

coefficient is also positive. The positive effect shows that there is a positive relationship between performance management assessment and employee's motivation. The coefficient was also statistically significant with a t-statistic value of 13.097. The t-statistic p-value was found to be 0.000. This therefore shows that increase or adoption of setting goal leads to improved employees performance. Performance management assessments have a direct relationship with how the employees motivated and they perform their duties.

4.4.1 Purpose of performance Management

From table 4.10 the regression coefficient of purpose of performance management practice was found to be 0.066. This value shows that holding other variables in the model constant, an increase in financial incentive by one unit causes the employees motivation to change by 0.066 Units. The coefficient was statistically insignificant with a t-statistic value of 1.622 .The t-statistic p-value was found to be 0.107. This therefore shows that increase or adoptions of financial incentive drives does not change employee's performance management practices and no direct relationship with employee's motivation.

4.4.2 Review of performance management

From table 4.10 the regression coefficient of performance review was found to be 0.148. This value shows that holding other variables in the model constant, an increase in performance reviewed by one unit causes the employee's motivation to increase by 0.148 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between performance review and employees motivation. The coefficient was also statistically significant with a t-statistic value 2.543. The t-statistic p-value was found to be 0.000. This therefore shows that increase or adoption of recognition strategies leads to improved employees productivity. Performance review have a direct relationship with how the employees motivation.

4.4.3 Employees Performance Evaluation

Table 4.10 the regression coefficient of employees performance evaluation was found to be -.018. However, it is the coefficient was statistically insignificant with a t-statistic value of -1.130. The t-statistic p-value was found to be 0.260. This therefore shows that increase or adoption of employee's performance evaluation does not change employee's performance and no direct relationship with employee's motivation. Employee's performance evaluation has a no direct relationship with how the employees motivated and perform their duties.

4.4.4 ANOVA

When doing regression analysis we determine whether or not there is a relationship between the independent variable and the dependent variable by examining the ANOVA table. This can be thought of as the overall fit of the regression model. If the F statistic is significant, we can assume the performance management assessment, employee performance review, performance evaluation, purpose of performance management together, have relationship with the employee's motivation. In this case, the probability of the F statistic for the regression analysis is 0.000, less than the level of significance of 0.05 and fit the model for the study.

Table 4.11 ANOVA

| Model | Sum of Squares | Df | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|---------|-------------------|
| Regression | 15.545 | 4 | 3.886 | 837.672 | .000 ^b |
| Residual | 0.812 | 175 | 0.005 | | |
| Total | 16.356 | 179 | | | |

a. Dependent Variable: employee performance

b. Predictors: (Constant), performance management assessment, employee performance review, performance evaluation, purpose of performance management

Source: Own Survey computed in SPSS data, 2022

The results in Table 4.11 indicates that the overall models was a good fit since the value of F-statistic was found to be 837.672 and their p-values were found to be 0.000 which is less than the critical value of 0.05. This suggests that all the variables performance management assessment, employee performance review, performance evaluation, purpose of performance management were relevant in explaining the employees' motivation.

Table 4.12 Model summary

| Model Summary | | | | |
|---------------|-------------------|----------|-----------------|----------------------------|
| Model | R | R Square | Adjusted Square | Std. Error of the Estimate |
| 1 | .975 ^a | 0.95 | 0.949 | 0.06811 |

a. Predictors: (Constant), performance management assessment, employee performance review, performance evaluation, purpose of performance management
 b. Dependent Variable: employee motivation.

Source: Own Survey computed in SPSS data, 2022

From table 4.12 the values of the adjusted R square were 0.950. This value clearly suggests that there is a strong relationship between performance management assessment, employee performance review, performance evaluation, purpose of performance management and employee's motivation. This indicates performance management assessment, employee performance review, performance evaluation, purpose of performance management practices effect of a variation of 95 % on employee's motivation in Hibret bank S.C in Ethiopia. The conclusion is that the Four variables explains 95 % of the variation on the variation on dependent variable hence there are other factors to be consider that influence employee motivation and are not captured in the model.

Chapter Five

5. Findings, Conclusions and Recommendations

5.1 Introduction

In this section, the researcher provides a discussion on the findings of the research as compared to the findings in the literature review, the summary of the study and recommendations for further improvement on identifying the measures to be taken in investigating the effect of performance management practices in employee's motivation. Based on the data analysis and interpretation provided in chapter four, summary of main findings are presented here.

5.2 Summary of Key Findings

According to employees response the effects of performance management practice, determine the employees motivation in Hibret Bank, identify the effects of established performance management, reviewed the existing performance management practice and its effects in employees motivation, to examine the employee's performance evaluation and its effect in employees motivation. The study descriptive statistics were used to present the demographic characteristics of the respondents and the study variables response that were presented using tables. The mean and standard deviation were statistics were used to present the properties of dependent and independent variables. The study found that the majority of the respondents agreed with the statements implying that the variables had effect in employees' motivation. Results showed that performance management influenced motivation through working conditions. The findings revealed that the employees were about the current performance management system. The correlation between performance management and motivation was also found to be strong and positive. The mean analysis resulted in arithmetic means which falls higher than central point of the scale, which indicates that a larger number of participants of this survey are showing their agreement that they are motivated by the existence of these motivational factors in the bank. Most of employees of the bank are motivated by the performance evaluation system. The majority of the participants gave their response that variables performance management assessment, employee performance review, performance evaluation are the factors that make them to be motivated. Performance management practices give the staff the opportunity to express their ideas and expectations for meeting the strategic goals of the company.

An effective performance management system can enhance the interest and motivate the employees leading to the completion of specified work or for attaining or exceeding specified performance goals. Effective performance management practices measurement may translate to improved employee motivation. Adequate performance management review and continuous assessments builds accountability, since employees and supervisors participate in developing goals, identifying competencies, discussing career development and employee motivation.

5.3 Conclusion

This study is examining the effect of performance management practices in Hibret Bank. The study noted that the variables considered, The findings performance reviews are focused on the effect of performance management practice and the employee's contributions to the organizational goals. Based on the objectives and the findings and data analysis of the research, the following conclusions are drawn:

- An effective performance management practice and evaluation system can enhance the motivation and effectiveness of the employees leading to the completion of specified work or for attaining or exceeding specified performance targets.
- Performance management system is a key driver to employee motivation at Hibret Bank S.C. This kind of finding is familiar as it has been supported by other scholars and hence highlighting the intensity of performance management in driving motivation.
- Performance management review was found to motivate employees at Hibret bank S.C. Due to effective performance management practices the employees of the company were highly motivated and perform their duties. Thus all employees worked extra hard and smart so as to have better motivation their hard work.
- Performance management practice was found to be statistically significant with working conditions of employees at Hibret bank S.C, the employees overwhelmingly agreed with it positive effect on motivation. It can therefore be concluded that despite the short and quick effect in the employee's motivation.
- Performance management and employee motivation was found to be statistically significant. It was found that all employees that were recognized by the company motivated that employees to remain the best and the other employees saw them as role models hence improved efficiency and effectiveness of all employees in the company.

- The performance result obtained from the individual performance assessment linked to the bank's performance management system so that the result provide basis for motivation.
- Employees perceive the current performance management system as integrated with other HR functions in order to properly measure and improve employees' motivation.
- The bank adopted a regular performance management practices and system, thus used to establish a clear structure that shows the existence of a coherent and uniform performance management practices core elements such as performance assessment, performance review, performance evaluation.

In general, performance management review and employee's performance review had a significant effect on employees' motivation.

5.4 Recommendations

The following recommendations are forwarded based on the findings and conclusions of this study. They are pointed out by assuming that they would be helpful and pave the way for better performance management practice should establish because it plays an important role in employee and can serve a source of motivation.

The bank should design performance management standard guidelines to make easier for supervisors and employees to facilitated activities during goals formulation, proper execution, monitoring and evaluation employees' achievement.

There should be a direct link between performance assessment, performance review, performance evaluation of the bank. The bank's performance management practices should be assessed and reviewed to optimize and improves the motivation of the employees. Performance management practices should be encouraged among the employees to express their ideas and expectations for meeting the strategic goals of the company. Performance management system should lead to improved employee motivation. This can lead the employees to complete their specified work and exceeding their normal work performance.

The performance management system should be varied to encourage the staff to be creative to meet the organization goals. This will increase the chances of the performance to be repeated and increased, while pointing out that poor performance will be discouraged.

The performance management system should be used to enhance greater task interest and employees motivation. Job promotion can be used to improve the employee performance in the organization.

There should be an effective performance management practice that would translate into improved employee motivation. Performance management assessment enables the employees be aware of what exactly is expected from them. It is important to communicate and discuss employee performance for enhanced productivity.

An effective performance management review should reflect the contribution of the individual employee efficiency. There should be a formal evaluation system and the managers to apply the systems in place to accept the performance scores. Adequate performance management assessment and performance management revision should build accountability for enhance employee motivation.

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Appendex I



St. Mary's University ቅድስት ማርያም
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Committed to Excellence

St'Marry University

School of Graduate Studies Program

Department of Business Administration

Questionnaire for Employees of Hibret Bank S.C.

Dear valued respondent,

My Name is Mersha Menberu, I am a post graduate student at St'Marry University and also an employee of the bank. This questionnaire is prepared to collected data for my thesis project on the topic: "The Effects of performance management practices in motivating employees" in partial fulfillment of the requirement for MBA program. Your contribution is very important to the study. I would be grateful if you kindly take a few minutes of your time to fill out this questionnaire to putting your personal experience with regard to the issue. Your willingness and cooperation in giving genuine information is well appreciated and the information you provide will be used for academic purpose and will be kept in strict confidentiality. Therefore, you are kindly requested to give your response to each questions after you have read carefully, please complete each part of the questionnaire with at most commitment, care and honesty.

Thank you very much in advance for your time and support in this survey and providing your thoughtful feedback.

For any further enquiry or any opinion, please don't hesitate to forward, you can reach me through Mershamenberu@gmail.com and/or 0911 87 00 12 / 0903 58 58 59.

Part I: General Questions

Please read each question carefully and tick “” in the box corresponding to the response that most accurately represents your view.

1. Gender: - Male Female

2. Age group: - 18-25 26-33 34-41 42-49 above 49

3. Academic qualification: - College diploma BA Degree MA Degree
Phd

4. Work Experience at Hibret Bank: - 0 - 5 years 6 - 10 years 11-15years
above 15 years

5. Position:-Managerial Non managerial

Part II. Performance Management

This questionnaire is prepared based on a five point Likert scale. The questions in this section concern with the context of performance management please indicate to what extents do you agree or disagree with the following statements. If the statement strongly matches with your response, choose 5(*Strongly Agree*), if you discreetly agree on the idea, choose 4(*Agree*), if you do not have any response on the point, choose 3 (*Neutral*), if you discreetly disagree with the statement, choose 2 (*Disagree*) and if you completely differ with the statement, choose 1 (*Strongly Disagree*).

| No | Descriptions | Strongly | Disagree | Neutral | Agree | Strongly |
|----|---|----------|----------|---------|-------|----------|
| | | 1 | 2 | 3 | 4 | 5 |
| I | Performance Assessment | | | | | |
| 1 | My performance has fairly measured based on the agreement I made with my superiors at the beginning of my assignment. | | | | | |
| 2 | The evaluation process in the company is fair, objective and reasonable. | | | | | |
| 3 | The evaluation is done on the basis of pre-established performance standards. | | | | | |

| | | | | | | |
|-----|---|--|--|--|--|--|
| 4 | Performance evaluation of the company is transparent. | | | | | |
| 5 | Superiors, peers, and customers participate in evaluation process. | | | | | |
| II | Performance Review | | | | | |
| 1 | I am involved the meeting with my manager to review my assessments. | | | | | |
| 2 | I believes the performance review meeting is important for my job | | | | | |
| 3 | The performance review has a formal setting to receive feedback on my performance. | | | | | |
| 4 | I assess my own performance before performance review discussions. | | | | | |
| 5 | My manager gives me a continuous feedback and guidance to improve my performance. | | | | | |
| III | Performance Evaluation | | | | | |
| 1 | I believe that the performance appraisal form included job related contents | | | | | |
| 2 | I believe the performance evaluation report reveals my true performance. | | | | | |
| 3 | Our company performance evaluation system is reliable. | | | | | |
| 4 | My performance evaluation is measured based on complying with rules of the company | | | | | |
| 5 | I believe that our company's performance evaluation is a source of conflict between me and supervisors. | | | | | |
| IV | Purpose of Performance | | | | | |
| 1 | Our company performance linking to overall strategy with that of employee's goal | | | | | |
| 2 | I am satisfied to my performance to achieve the organization goals. | | | | | |
| 3 | Our company's management system sets out to communicate the link between an organization's missions with my performance. | | | | | |
| 4 | I believe that the performance management system sets out to communicate the link between an organization's strategic directions with my performance. | | | | | |

| | | | | | | |
|---|---|--|--|--|--|--|
| 5 | The company applied similar format and technique to evaluate all jobs performance in similar grades and levels. | | | | | |
| V | Motivation | | | | | |
| 1 | I am motivated to improve to achieve the desired outcomes within the planned period of time. | | | | | |
| 2 | I have positive attitudes on my job in order to assure organizations competitiveness | | | | | |
| 3 | I am willing to increasing my effort to achieve the company goal | | | | | |
| 4 | I am satisfies with current status of my job. | | | | | |
| 5 | I am happier at work to improve the organizational goal | | | | | |

Thank You