PERFORMANCE MANAGEMENT PRACTICE IN COLLEGE OF BUSINESS AND ECONOMICS OF ADDIS ABABA UNIVERSITY

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DECLARATION

I, the undersigned, declare that this is to certify that the thesis, which is entitled Performance Management Practice in College of Business and Economics of Addis Ababa University, and submitted in partial fulfilment of the requirements for the degree of Master of Arts in Educational Planning and Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality. Therefore, it is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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Acknowledgments

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List of Abbreviations

AAU: Addis Ababa University
BPR: Business Process Re-Engineering
BSC: Balanced Score Card
CBE: College of Business and Economics
CBEISC: College of Business and Economics Including School of Commerce.
EDRI: Ethiopian Development Research Institute
FBE: Faculty of Business and Economics
HEIs: Higher Educational Institutions
HR: Human Resources
HRM: Human Resource Management
IFPRI: International Food Policy Research Institute
JEG: Job Evaluation Grading
MEd: Masters of Education
M & E: Monitoring and Evaluation
PA: Performance Appraisal
PM: Performance Management
PMS: Performance Management System
SD: Standard Deviation
SMART: Specific, Measurable, Achievable, Relevant, and Time Framed
SPSS 20: Statistical Package for Social Science Version 20 software
Abstract

The study assesses current performance management practice in the College of Business and Economics at Addis Ababa University. In the study, quantitative descriptive cross-sectional research method was used to address the objectives of the study. Target population size in the College was 352 staff in Academic Year 2017/2018. A sample of 108 was selected using multi-stage sampling technique. Structured questionnaire, interview guide and documentary analysis matrix research instruments were used to collect the pertinent data. The major findings of the thesis were: the employees of the College did not have a good level of perception of performance management. The administrative staff members expressed more or less their agreement than the disagreement on the practice of alignment, performance prerequisites, performance planning, performance assessment and performance management review. Moreover, the respondents somehow agreed with issues about the practice of performance renewal and re-construting. Conversely, the staff agreed with those performance management effectiveness aspects of the College. It is also concluded that there are good and promising practices of the performance management aspects. But these change management interventions are surrounded by certain challenges which have emanated from a low level of awareness of performance management and related issues, and difficulty in monitoring and evaluation framework. Based on the findings, the College is advised to take corrective measures that would improve a thoughtful of working environment in which every member of the College staff is properly and fairly rewarded to be creating motivation. Thus, it is recommended that there should be a participatory approach in all activities of the College, well-informed and strategically-tailored preparation and practice of performance management which may address those challenges in the College.

Keywords: College of Business and Economics including School of Commerce, Performance Management Practice, performance outcome, work environment
CHAPTER ONE
INTRODUCTION

This is a research paper on *Performance Management Practice in the College of Business and Economics of Addis Ababa University*. The First Chapter is about Introduction of the Study, which consists of eight sub-topics. Following these introductory statements, there are brief discussions on the background of the problem, statement of the problem, research questions, objectives of the study, the significance of the study, delimitations of the study, limitations of the study and organization/structure of the thesis briefly.

1.1. Background of the Problem

There has been a predominance of knowledge-based economy in which there are very intense competitions among different types of organizations beginning from the fourth-quarter of the twentieth century. In the 1980s, there was an increasingly competitive environment which continued throughout the recessionary in 1990s. This still remains a dominant factor today. Until now, the increasing competition is even higher than one could imagine. Different types of organizations, including higher educational institutions (HEIs) have faced a challenge of increasing intensity and scope of globalization. Hence, this dictates a drive to comply with international standards, a continued move toward automation of production processes, a reliance on more sophisticated information technologies, and hard-hearted increase of food price (Chompukum, 2008).

Nowadays, there are such multi-dimensional problematic conditions as global economic competition, slow economic growth, and economic decline. To manage up with these and related challenges and then to sustain economic growth and remain successful in the competitive environment, different organizations have started looking internally for their performance and productivity gains rather than waiting for external improvements (e.g. their market growth or technological advances) (Boxall & Purcell, 2003). To this end, the organizations must deal with those challenges. Accordingly, they must provide ‘value’ to human resources that are crucial to long-term value of the organizations and ultimately to their survival (Buchner, 2007). Therefore, scholars have focused on different relevant issues and argued for their claims. Kenny (2005), for instance, argues that organizations still confused business process activity with strategic success.
To survive, organizations (e.g. Higher Education Institutions and other services firms) also need to continuously improve qualities, attract more customers, and are more cost-conscious. Amongst the effective ones, performance management is prominent practices that help them to create their values (Selem, 2003). Buchner (2007) also highlights that the organizations have been focusing their attention on performance management (PM) as a way to improve organizational performance and productivity.

In organizations, learning processes take place at different levels. At the centre of this organizational learning lies the knowledge which is required and developed to be able to collectively implement the mission statement(s) of the organizations (Argyris, 2000). In addition, some scholars (e.g. Adkins, 2006; Agasisti, 2017; Byremo, 2015; Dickinson, 2008; Diriba, 2012; Government of South Australia, 2007; Khan, 2011) cited exemplary organizations in which learning is goal-oriented, but not effective as indicated in the teaching-learning organizations (which is one direction) and didactic organizations.

In this regard, these take place as a single-loop learning (improvement), double-loop learning, and triple-loop learning (the underlying principles are put into question or development). Generally, these loops may give us enough building blocks to examine the learning organizations like HEIs. Therefore, many managers are aware of the fact that such organizations can develop only if they learn from the daily interactions with their stakeholders – the communities, the customers, the staff, and others involved in (Senge, 2012). Many of the principles of the learning organizations can thus be recognized in performance management and outcome management – these are forms of quality management. Armstrong (2006) also states that the overall aim of performance management is to establish a high performance culture in organizations. Specifically, performance management is about aligning individual objectives to organizational objectives, and ensuring that individuals uphold corporate core values.

Other organizations recognize stakeholders, but fail to focus on those that are strategically key actors like the customers and employees of organizations. All organizations engage in such transactions. Hence, employees put efforts into an organization’s performance and, in return, receive a salary. The organizations also recognize that these key stakeholders (employees) depend on the successful implementation of employees’ strategy. Walburg (2006), quoting Rheem (1995), indicates that different companies and organizations which have implemented Performance Management Programmes had greater profits, better cash
flow, stronger stock market performance, and greater stock value than those companies that did not. Therefore, it is very important to effectively manage the performance of the companies and educational organizations. Having Performance Management System in those organizations, however, does not guarantee desired outcomes.

As the performance management requires high involvement and commitment from people in the organization, the employees’ perceptions can highly affect its outcomes. All those foregoing discourses on performance management may shed light on the paramount importance of such tool in the effectiveness of the organizations and higher education institutions elsewhere in the globe. Accordingly, it has an imperative importance to conduct an assessment on how employees in HEIs in general and colleges/institutions in such institutions practice performance management (Chompukum, 2008).

The College of Business and Economics (CBE) is one the eleven Colleges under the auspices of Addis Ababa University. The College consists of the former Faculty of Business and Economics, and the School of Commerce established. Regarding its staff, a total of 153 (142 males and 11 females) were lecturers/instructors, and 199 (61 males and 138 females) were administrative personnel in those Departments and Divisions of the College of Business and Economics, respectively in 2017/18 (Office of Staff Directorate, 2017; College Registrar Office, 2017).

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Generally, the College has been running these various Educational Programmes in collaboration with its international and national partners. Thus, this study intended to assess performance management practice in the College of Business and Economics of Addis Ababa University since the Academic Fiscal Year of 2017/2018.

1.2. Statement of the Problem

The purpose of this study is to assess performance management practice in the College of Business and Economics of Addis Ababa University. Specifically, the study was focus on the implementation of major components of performance management in its working units at different levels. The twenty-first century had brought a lot of changes in organizations and work cultures. These are due to globalization, liberalization and privatization, including societal multi-faceted changes which, in turn, change them from product orientation to customer orientation (Melat, 2014). Notwithstanding, globalization had created new markets and growth opportunities for many existing organizations, but it had also created new challenges for them to build high performance management standards for all levels of management and employees to achieve the globalization market standards.

These demerits of globalization generally present the organizations with new and often perplexing problems. Globalization thus symbolizes the structural making of the world characterized by the free flow of technology and human resources across national boundaries presenting an ever-changing and competitive business environment in HEIs.

This is because such educational organizations have achieved relatively low levels of effectiveness in implementing Strategic Performance Management practices; the human factor is the key in the new era of globalization. The human resource function (e.g. performance management practices) in educational institutions and other organizations faces many challenges during the globalization process. To meet these challenges, these organizations need to consider the performance management practice as a strategic business, thereby addressing these issues is a necessary step towards facing the challenges of globalization into the 2020s.

Therefore, all those inter-dependent issues have necessitated for effective performance management practices as a response to the growing interaction of globalization and business
performance in those organizations and institutions. Accordingly, there has to be a strategic Performance Management System as a response to prepare such organizations for the challenges of globalization. Consequently, those organizations must be proficient at dealing with those wide ranges of economic, legal, political, socio-cultural and technological factors which have effects on performance management practice of the organizations (Dessler, 2011). Hartog and others (2004) argue that “measuring and subsequently actively managing organizational and employee performance to improve organizational effectiveness is currently seen as critical to the development and survival of the organization, in general.

At international level in the past decades, performance management in business organizations has been extensively researched. Scholars in different parts of the world have conducted studies on various dimensions of performance management in different socio-cultural, economic, political, and environmental conditions. Eul-Kyoo Bae in Inha University (2006) examined and discussed major elements and issues in Performance Management System and then provided some considerations while designing and implementing effective performance management system in organizations.

In South American countries such as Brazil, de Brito and de Oliveira (2016) conducted extensive literature review and then discussed on a theoretical and empirical analysis of the relationship between human resource management and organizational performance. In Europe, the study focused on human resource management practices (Abdalkrim, 2012); on assessment on quality outcome and performance management in an attempt of providing an up-to-date overview of human resource issues within the health sector in London, UK (Martinez, 2005).

Based on a study of fifty-four professional managers in the United Kingdom, Australia and the United States, came up with a further category of the changing roles and identities of contemporary professional staff in UK higher education, and built on a categorization of professional staff identities as having bounded, cross-boundary, and unbounded characteristics to engage in performance management in contrast to their academic roles and expectations.

Hemsley-Brown and Oplatka (2006) explored the nature of the supply-side marketing of higher education and universities in an international context. In Denmark, Cristini, Eriksson and Pozzoli (2012) investigated whether or not high-involvement work practices affect
workers in terms of wages, wage inequality and workforce composition at Danish firms is
affected by the industrial relations context.

There were also research undertakings in Asia on investigation and how human resource
management practices are positively correlated to employees’ performance in Pakistan
(Ghafoor, 2014); examination of how the Norwegian System of performance management,
management by objectives and results works in practiced in civil service of organizations
(Laegreid, Roness, & Rubecksen, 2005); and Alashloo, Castka and Sharp (2005) identified
impeders of strategy implementation in higher education institutes in Iran.

Walker (2007) observes that performance management (PM) is among the largest
contributors to organizational efficiency. In the early days, PM was known as work
output, later productivity and now performance (Gronfors, 1996). Recently, appraisal is
seen as one element of the continuous PM process (Briscoe & Claus, 2008; Agunis
2009). Other elements are the communication of company strategy through individual
objective setting, setting performance standards and measuring actual performance
against those standards (Claus & Briscoe, 2008). PM is thus a process of identifying,
measuring and developing the performance of individuals and teams and aligning
performance with the strategic goals of the organization (Aguinis, 2009).

Brumbach (1988) further investigated whether or not the emergent shift in knowledge
production can transform higher education towards reflexivity using Model 1 and Model 2 in
university teaching, research and community service in South Africa to the extent that it
becomes socially more relevant. There are also case studies in different countries focused on
the effects that human resource management (HRM) practices in enhancing employee’s
performance in Kenyan Catholic higher learning institutions in the country.

In Ethiopia, there are empirical studies on different public and private organizations in
Ethiopia which analysed current reforms in higher education focusing on its vision and its
challenges, examined and explained the reactions of the Ethiopian HEIs government higher
education institutions. Tegene (2008) similarly assessed the implementation of human
resource management function on civil service in the Southern Nations and Nationalities
People’s Region of Ethiopia. These empirical studies in Ethiopia have argued that the
existing performance management practices are not living up to the expectations (Alela,
2016; Melat, 2014). Contrarily, the effectiveness of performance management practice in an
organization is still under ambiguity, as the effectiveness of implementation depends on variety of factors that are interrelated to the implementation success in organizations.

The majority of local studies on performance management (e.g. Tegene, 2008) mainly focused on its practice, effectiveness, outcomes, equity perception, association with organizational commitment, evaluation of business firms’ implementation of performance management system, association between employees’ rewards and performance management in business organizations (e.g. banking industry) with different leadership and management styles, strategic plan preparation modalities (e.g. Balanced Score Card [BSC]), performance-based monitoring and evaluation (M & E) system, results-based M & E system, institutional change tools, organizational cultures and/or contexts at micro levels using either quantitative research methods, qualitative research methods or mixed methods research. Then, some other empirical studies on various aspects of performance management practice, challenges, outcomes, and/or effectiveness are required at HEIs to reach at conclusive statements about these issues under investigation. This is because performance management is different in various organizations, cultures, leadership and management styles, contexts, etc. at different levels in a given country, particularly in developing countries.

Accordingly, there is inconclusive evidence on those aspects of and issues related to performance management under consideration. What remains to be answered in this regard is the nature of performance management practice in various organizational leadership and management styles, cultures and contexts at macro and micro-levels in Ethiopia. Thus, this study aims at assessing performance management practice in the College of Business and Economics of Addis Ababa University since the implementation of the current strategic plan (2015-2020).

This study is therefore different from those local studies in that it intends to assess performance management practice in the College which employs BSC-based strategic planning, cascaded strategic goals and objectives, performance-based M & E system, its leadership and management styles, organizational culture, as well as organizational contexts thereby producing qualified professionals in business and economics to various organizations, including business firms and companies.
1.3. **Research Questions**

In order to address the aforementioned gaps, the researcher raised the following basic research questions:

- How do both academic and administrative staff perceived of the current performance management practice at the College of Business and Economics?
- How does the College currently practice performance management, and which process components (i.e. alignment, performance pre-requisites, performance planning, performance assessment, performance review, performance renewal & re-constructing, & effectiveness of performance management) were employed in the College?
- What are the challenges of performance management practices at the College of Business and Economics?

1.4. **Objectives of the study**

1.4.1. **General Objective of the Study**

The general objective of this study is to assess the current performance management practice in the College of Business and Economics, Addis Ababa University.

1.4.2. **Specific Objectives of the Study**

The researcher answered those research questions in order to address the specific objectives stated as follows:

- To assess the staff’s perception of performance management practice in the College of Business and Economics;
- To identify the current performance management practice of the College; and
- To identify process components (i.e. alignment, performance pre-requisites, performance planning, performance assessment, performance review, performance renewal & re-constructing, & effectiveness of performance management) of performance management system which are currently implemented in the College of Business and Economics?
1.5. **Significance of the Study**

This study assessed the current performance management practice in the College. This study identified the employees’ perception, and the components to be considered in the process. Such study of the College’s performance management practice had paramount importance.

The empirical findings of the study was useful for socio-economic development policy makers at different levels, the HRM practitioners, those disciplines related to performance management, and may serve as an input to the already available literature reservoir on the issues, as well as stepping stone for further studies. Specifically, the study would be helpful for formulating Policy on Human Resource Management, Human Resource Development, and for designing Policy on Strategic Management and Evaluation of Employees’ Performance in the Ethiopian HEIs.

1.6. **Delimitations of the Study**

The scope of this study is delimited to all academic and administrative staff who are currently working the College - focusing on its Main Campus around Sidist Kilo area and School of Commerce during the Academic Fiscal Year of 2017/18. So far, the College has been practicing performance management for half period of its Five Years Strategic Plan (2015 – 2020). Conceptually, it focused on assessing the staff’s performance using internationally accepted standards for conducting performance management in higher education institutions and other related organizations in the globe.

1.7. **Limitations of the Study**

When the researcher conducted this study, some problems faced which may affect the quality of the collected data from those sample respondents in the two campuses of the College of Business and Economics. As I am an employee of Addis Ababa University, I have got scholarship to pursue further studies in the Extension Programmes of the Department of Educational planning and management.

However, the University’s’ executive management body does not provide me with research grant to conduct this study in the above- stated College. Accordingly, I used my own money to conduct the study, but some of the respondents who had participated in the study request
me for payment of allowance for being respondents. Consequently, these problems may had
the contributions to affect the quality of the some of the questions in the questionnaire.

In addition, as the College’s and School’s Dean, Head, Associate Deans, Assistant Dean,
Managing Directors, Division heads, and some other staff members are busy in the structural
adjustment which underway in the College and the School, they could not invest their
valuable time to answer certain qualitative response questions that were designed to
complement the findings of the quantitative aspect of the study.

Likewise, the two study sites were located apart from each other; the researcher may not be
around the respondents who self- was administering the Likert scale items used in the study.
A few of this respondent may fail to clearly understand certain elements of the performance
management practice which, in turn, affects their expressed attitude towards these items of
the questionnaires.

In the same frame, the existing and practiced JEG change management which was being
implemented in Addis Ababa University in general, and in the College in the particular might
have been their unforeseen influences on some respondents’ responses which were related to
performance management practice in one way or another. Therefore, these aforementioned
factors may affect certain parts of the data analysis, findings and those conclusions which are
drawn from them.

1.8. Organization of the Thesis

The thesis contains five chapters. Chapter One introduces the background of the study,
statement of the problem, basic research question, objectives of the study, significance of the
study, and definition of key terms in the study. Chapter Two presents an overview of
conceptual, theoretical and empirical literature relating to performance system appraisal with
particular references to higher educational institutions. Chapter Three explains research
design and methodology used to generate pertinent data from the sample staff respondents in
different departments and work units of the College. The Fourth Chapter presents the
analyzed empirical data. Chapter five finally puts major findings together to draw
conclusions and then to suggest action-oriented recommendations.
CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1. Introduction


2.2. Meaning of Performance

Performance is often defined simply in output terms - the achievement of quantified objectives. Performance is about upholding the value of organization – that is, living the values is an approach to which much importance. This is an aspect of behaviour, but it focuses on what people do to realize core values such as concern for quality, concern for people, concern for equal opportunity and operating ethically. It means converting espoused values in use: Ensuring that the expression becomes reality. But performance is a matter not only of what people achieve but how they achieve it as well. The way a job or task is done by an individual, a group or an organization (Aggarwal & Thakur, 2013).

The Oxford English Dictionary also confirms this by including the phrase ‘carry out ‘in its definition of performance: ‘the accomplishment, execution, carry out, working out of anything ordered or undertake, and also performance means both behaviours and results. ‘High performance results from appropriate behaviour, especially flexible behaviour, and the effective use of the required knowledge, skills and competencies (Armstrong, 2006).

For Dooren (2010), performance can be associated with a range of actions from the simple and ordinary act of opening a door of an office to the staging of an elaborate re-enactment of the Broadway musical ‘Chicago’. In all these forms, performance stands in distinction from simple ‘behaviour’ in implying some degree of objectivity. Therefore, performance is concerned with the required behaviour and result. Behaviours derive from the performed and
transform performance from abstraction to action and not just instruments for the results, behaviours are also outcomes in their own right- the product of mental and physical effort applied to the tasks- and can be judged apart from the results. These definitions of performance lead to the conclusion that when managing the performance of a team as well as individuals, both inputs (behaviour) and output (result) should be put in to consideration.

2.3. Performance Management Defined

It refers to a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. Performance management is both a strategic and an integrated approach to delivery successful results in organizations by improving the performance and developing the capabilities of teams and individuals (Armstrong, 2006). The same author states that performance management is ongoing communication process which is carried between the supervisor and the employees throughout the year.

One of the most fundamental purposes of performance management is to align individual and organizational objectives. This means that every- thing people do at work leads to outcomes that further the achievement of organizational goals. The real concept of performance management is associated with an approach to creating a shared vision of the purposes and aims of the organization, helping each employee understand and recognise their part in contributing to them and in so doing, manage and enhance the performance of both individuals and the organization.

The process is further very much routine and continuous in its nature. Performance management system includes the following actions: developing, adjusting clear job descriptions and employee performance plans which includes the result areas and performance indicators, Selection of right set of people by implementing an appropriate selection process, negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks, providing continuous coaching and feedback during the period of delivery of performance, identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programmes for improvement, holding quarterly performance development discussions and evaluating employee’s performance on the basis of performance plans, designing effective compensation and reward systems for recognizing
those employees who do extremely well in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks, providing promotion /career development support and guidance to the employees, performance exit interviews for understanding the cause of employee’s discontentment and thereafter exit from an organization (Briscoe & Claus, 2008).

In general, performance management can be regarded as a proactive system of managing employee’s performance for deriving the individuals and the organizations desired performance and results. It is about striking a harmonious alignment between individuals and organizational objectives for accomplishment of excellence in performance. Therefore performance management is one of the core items for the development and achievement of organizational objectives. Performance management is a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization” (Smither & London, 2009).

This definition implies that performance management is not separated from the long term strategic goals of the organization because performance management is a systematic process that contributes a lot to the organization by developing and improving individual, team and organizational performance. Performance management is thus a continuous process which has an ultimate plan of achieving successful change of the employee’s performance and increasing the organization capability.

2.4. Performance Management System

Performance Management System refers to 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 (Armstrong, 2009). Because performance management can never be mechanistic, it is argued that performance management is essentially a process than a system (Price, 2000).

Despite the availability of relevant and advanced models in other disciplines such as work motivation, however, it is usual that performance management is described in process terms, where in it starts from objective setting, through formal appraisal, to the start of the next
cycle (Buchner, 2007). The definition also describes Performance Management System as it is all about a process continuousness, measurements based on standards, strategic people development and organized and planned achievement, focusing on individuals, teams and the organization in a constant manner.

2.5. Purpose of Performance Management System

Many organizations have Performance Management System in place but researches evidence that most are serving a little from the huge benefits that can be acquired from effective implementation of the system (Pulakos, 2012). But many organizations struggle to realize certain benefits to their employees, managers, HR professionals, and organizations. Generally, these are improving effectiveness in performance and result, developing employees, and facilitating communication and information exchange between employees and managers (Armstrong, 2009).

The same author further argues that an important aim of performance management is to support the achievement of the business strategy. It is integrated in four senses: (1) vertical integration linking or aligning business, team and individual objectives; (2) functional integration: linking functional strategies in different parts of the business; (3) human resources management integration: linking different aspects of human resource management, especially organizational development, human capital management, talent management, learning and development, and reward, to achieve a coherent approach to the management and development of people; and (4) the integration of individual needs with those of the organization, as far as this is possible.

The overall objective of performance management is to develop and improve the performance of individuals and teams and therefore organizations (Armstrong, 2009). It is an instrument that can be used to achieve culture change in the shape of the creation of a high-performance culture. It aims at developing the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization.

The real goals of any performance management system are three fold: To correct poor performance, to sustain good performance and to improve performance (Lee, 2005). From the above statement, one can understand that all performance management systems should be designed to generate information and data exchange so that the individuals involved can
properly dissect performance, discuss it, understand it, and agree on its character and quality (Smither, 2009). Accordingly, the implementation of performance management system has six purposes. They are strategic, administrative, communicative, developmental, organizational maintenance, and documentation purposes. These are discussed in the following paragraphs.

2.5.1. Strategic Purpose

It links the organization’s objectives with individual goals, thereby reinforcing behaviours consistent with the attainment of organizational goals. Linking individual goals with organizational objectives serves as a way to communicate what are the most crucial strategic initiatives of business. Even if for some reason individual goals are not achieved, and linking individual goals with organizational objectives serves as a way to communicate what are the most crucial strategic initiatives of business. The researcher also understands that for the performance management system to become effective the first purpose of the system should be linked to the strategic purpose of the element.

2.5.2. Administrative Purpose

Performance Management System is a source of valid and useful information for making administrative decisions about employees. The administrative decisions include salary adjustments, promotions, employee retention or termination, recognition of superior individual performance, identification of poor performers, and layoffs, and merit increases. In other words, the implementation of reward systems based on information provided by the performance management system falls within the administrative purpose.

Having a good system in place is particularly relevant for the implementation of contingent pay plans, also called pay-for-performance. Contingent pay means that individuals are rewarded based on how well they perform on the job. Thus, employees receive increases in pay based wholly or partly on job performance. So from the above mentioned points raised by the authors another purpose of the performance management system is for administrative purpose for making a situational based rewarding system.

The administrative procedures should not weigh down performance management. It is important to establish the principles of performance management and get everyone to buy
into them, but administration and control procedures should be carried out with a light touch. There should be scope for managers to decide on their own detailed approaches in conjunction with their staff as long as they abide by the guiding principles. Performance management practice should indeed be monitored through the evaluation approaches described.

2.5.3. Communication Purpose

A performance management system can be an excellent communication device. Employees are informed about how well they are doing and receive information on specific areas that may need to be improved. Performance management systems are a conduit to communicate the organizations and the supervisor’s expectations and what aspects of work the supervisor believes are most important. Communication is one of the basic purposes of the performance management system as the researcher understands to have an effective relationship throughout the organizational structure.

2.5.4. Developmental Purpose

Feedback is an important component of a well-implemented performance management system. Managers can use feedback to coach employees and improve performance on an ongoing basis. This feedback allows for the identification of strengths and weaknesses as well as the causes for performance deficiencies (which could be due to individual, group, or contextual factors). Another aspect of the developmental purpose is that employees receive information about themselves that can help them individualize their career paths. Thus, the developmental purpose refers to both short-term and long-term aspects of development. Giving feedback generally creates a positive effect on the effectiveness of the organization by improving employee’s performance.

2.5.5. Organizational Maintenance Purpose

Performance management systems are the primary means through which accurate talent inventories can be assembled. Assessing future training needs, evaluating performance achievements at the organizational level, evaluating the effectiveness of human resource management interventions and plan effective workforce (for example, whether employees perform at higher levels after participating in a training program or not). This purpose of
performance management system means giving focus on the loose parts of the organization that needs improvement and making a plan for changing those things.

2.5.5.1. Documentation Purpose

Performance data can be used to assess the predictive accuracy of newly proposed selection instruments. Performance management systems allow for the documentation of important administrative decisions. This information can be especially useful in the case of litigation means when there are validate selection instruments and document administrative decisions and help meet legal requirements.

2.6. Theories of Performance Management

Buchner (2007) has enumerated various motivational theories that are substantial scholarly works and are closely related to the performance management. These include: Goal-Setting Theory, Control Theory, Social Cognition Theory, Self-Determination Theory, Feedback Intervention Theory, and Self-Management Theory (Nunn, 2012). Among these theories, this study focuses on goal setting theory, control theory, and social cognitive theory.

2.6.1. Goal Setting Theory

Goal setting theory highlights four mechanisms that connect goals to performance outcomes: They direct attention to priorities; they stimulate effort; they challenge people to bring their knowledge and skills to bear to increase their chances of success; and the more challenging the goal, the more people will draw on their full range of skills (Smith & Hitt, 2005). The researcher therefore understands that the theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed.

2.6.2. Control Theory

A given feedback has recognized as a crucial part of performance management processes. Control theory focuses attention on feedback as a means of shaping behaviour. As people receive feedback on their behaviour they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome it (Simrock, 2011). As the control theory explains one of the purposes of performance management processes is a developmental purpose which is related with theory. Thus, the performance
management process should give due focus regarding changing and improving employee’s action.

2.6.3. Social Cognitive Theory

Social cognitive theory was developed by Bandura (Schunk, 2000). It is based on his central concept of self-efficacy. This suggests that what people believe that they can or cannot do powerfully impacts on their performance. Developing and strengthening positive self-belief in employees is therefore an important performance management objective. The theory relates self-perception with the actions and performance of the employees is related to perform and to achieve a performance target.

2.7. Performance Management Principles

There are many things said about performance management, much of it uncomplimentary. Here scholars like MacLeod and Clarke (2013) suggest 15 principles of performance management. These are: Be honest and open; keep it simple; keep in touch; make goals interesting, challenging and engaging; pull together; build on strengths more than correcting weaknesses; get the mix right; people like to perform; give praise; let people know how they are doing; get the right tools for the job; they perform, you perform; be an example; motivate and motivate; and use perform and outperform.

Regarding principles of performance management, Walburg (2006) contends that it enables organizational leaders and managers to monitor and respond to how the organizations deliver their set goals. Performance management will further involve measuring progress made against a series of performance indicators. A properly developed and implemented performance management process can therefore help an organization to achieve its goals by developing productive employees (David & Robbins, 2010).

It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Armstrong, 2006). He also states that the overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. Specifically, performance management is about aligning individual objectives to organizational objectives, and ensuring that individuals uphold corporate core values.
Other organizations recognize stakeholders, but fail to focus on those that are strategically key actors like the customers of organizations, but they are not the only key stakeholders. These are important because they provide resources to an organization or business unit through the transactions that take place between them and the organization. All organizations engage in such transactions. Hence, employees put efforts into an organization’s performance and, in return, receive a salary. The organizations also recognize that these key stakeholders (i.e. employees) depend on the successful implementation of employees’ strategy. Such organizations thus have to do well on strategic factors to succeed in the intense competition.

Those strategic factors are the decision criteria used by stakeholders to assess an organization’s performance. Walburg (2006), quoting Rheem (1995), indicates that different companies and organizations which have implemented Performance Management Programmes had greater profits, better cash flow, stronger stock market performance, and greater stock value than those companies that did not. Therefore, it is very important to effectively manage performance of the companies and organizations.

2.8. Performance Management System Process

A performance management system is 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, it is enhancing organizational capability and the achievement of sustained competitive advantage (Armstrong, 2009). Because performance management can never be mechanistic, it is argued that performance management is essentially a process than a system (Price, 2000). Although the availability of relevant and advanced models in other disciplines (such as work motivation, it is usual that performance management is described in process terms where in it starts from objective setting, through formal appraisal, to the start of the next cycle (Buchner, 2007).

Torrington (2008) states that a typical performance management system, include both development and reward aspects, the main stages are: definition of business roles, planning performance, delivering and monitoring performance, and formal performance assessment. The above mentioned points should go in line with the performance management system. Armstrong (2009) describes that Performance Management System operates as a continuous and self-renewing cycle that closely be similar to the cycle of continuous improvement. It
comprises four stages: plan, act, monitor, and review. Performance management represents a more holistic view of performance in which performance appraisal or review is almost always a key part of the system (Torrington, 2008).

When a performance management system is first implemented, the process has six stages. These follow the following process: prerequisites, Planning, execution, review, assessment, renewal and reconstructing (Smither & London, 2009). Prerequisites there are two important prerequisites that are needed before a performance management system is implemented: knowledge of the organization’s mission, strategic goals and knowledge of the job in question (Smither and London, 2009).

If there is a lack of clarity regarding where the organization wants to go, or the relationship between the organization’s mission and Strategies and each of its unit’s mission and strategies is not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there. An organization’s mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose or reason for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals.

Once the goals for the entire organization have been established, similar goals will be cascaded downward, with departments setting objectives to support the organization’s overall mission and objectives. The cascading continues downward until each employee has a set of goals compatible with those of his or her unit and the organization (Smither and London, 2009). So the researcher understands that the starting point of a performance management system should be setting out the organization’s mission, aims and values. Following this the organization’s objectives are identified, and these need to be intrinsically linked to, and support, the firm’s mission. These objectives should be cascaded down into the organization in order to create departmental and individual objectives. The end result should be integrated objectives across all organizational levels and personnel.

A properly developed and implemented performance management process can help an organization to achieve its goals by developing productive employees (David & Robbins, 2010). It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements (Armstrong, 2006).
A research history proved that treating employees’ right is a fundamental key to creating organizational effectiveness, successful and the way to achieve high performance (Mustafa, 2013). To be effective and to achieve organizational better performance, organizations must excel in organizing and managing their employees because treating employees in better way is not an option; it is a necessity in the globalized world (Edward, 2003). In this scenario, the employees have to be nurtured in different ways to suit them to the changing environment.

2.8.1. Prerequisites

There are two important pre-requisites that are needed before a performance management system is implemented: knowledge of the organization’s mission and strategic goals and knowledge of the job in question (Smither & London, 2009). If there is a lack of clarity regarding where the organization wants to go, or the relationship between the organization’s mission and strategies and each of its unit’s mission and strategies is not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there.

An organization’s mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose or reason for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals. Once the goals the entire organization have been established, similar goals will be cascaded downward with department setting objectives to support the organization’s overall mission and objectives. The cascading continuous downward unit each employee has a set of goals which are computable with those of his or her unit and the organization (Price, 2000). Performance management represents a more holistic view of performance in which performance appraisal or review is almost always a key part of the system (Torrington, 2008).

Accordingly, the researcher understands that the starting point of a performance management system should be setting out the organization’s mission, aims and values. Following this, the organization’s objectives are identified and these need to be intrinsically linked to, and support, the firm’s mission. These objectives should be cascaded down into the organization to create departmental and individual objectives. The end result should be integrated objectives across all organizational levels and personnel.
2.8.2. Performance Planning

Performance planning process is a step by which the manager and individual get together to discuss upon what the employee will achieve over the next period (the key responsibilities of the persons job and the goals the person will work on) and how the person will do the job (the behaviours and competencies the organization expects of its members). They typically also discuss the individual’s development plans. performance planning is the stage were the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done (Smither & London, 2009). Therefore there should be a discussion gone with the employee and the manager.

Performance planning typically involves a meeting between an appraiser and an appraise. The agenda for this meeting includes four major activities: Coming to agreement on the individual’s key job responsibilities; developing a common understanding of the goals and objectives that need to be achieved; identifying the most important competencies that the individual must display in doing the job; and creating an appropriate individual development plan (Grote, 2002).

On the other hand, the supervisors and the employees in the organization have certain responsibilities. For example, the same author lists the following responsibilities of the supervisors in performance planning: Review the organization’s mission statement, or vision and values, and the department’s goals; read the individual’s job description; think about the goals and objectives the person needs to achieve in the upcoming appraisal period; and identify the most important competencies that he/she expects the individual to demonstrate in performing the job; determine what he/she consider to be fully successful performance in each area; discuss and come to agreement with the employees on the most important competencies, key position responsibilities, and goals; and discuss and come to agreement on the employee’s development plan.

Similarly, the responsibilities of the employees in performance planning include: Review the organization’s mission statement and their department’s goals; review their job description and determine their critical responsibilities; think about their job and identify the most important goals they should accomplish in the upcoming appraisal period; think about what they consider to be fully successful performance in each area; discusses and come to agreement with their appraiser on the most important competencies for their job, key position
Responsibilities and goals; discuss and come to agreement on their personal development plan; make full notes on a working copy of the performance appraisal form. Keep the original of the form and give a copy to the appraiser. This performance planning includes a consideration of results, behaviours, and development plan (Cascio & Aguinis, 2008). These are further described as follows:

**Results:** refer to what needs to be done or the outcomes an employee must produce. A consideration of results needs to include the key accountabilities, or broad areas of a job for which the employee is responsible for producing results. A discussion of results also includes specific objectives that the employee will achieve as part of each accountability. Objectives are statements of important and measurable outcomes. Finally, discussing results also means discussing performance standards. A performance standard is a yardstick used to evaluate how well employees have achieved each objective. Performance standards provide information about acceptable and unacceptable performance (e.g. quality, quantity, cost, and time).

**Behaviours:** although it is important to measure results, an exclusive emphasis on results can give an incomplete picture of employee performance. This is particularly true today because, in contrast to the hierarchical organization chart of the 20th century organization, the 21st century organization is far more likely to look like a web: A flat, intricately woven form that links partners, employees, external contractors, suppliers, and customers in various collaborations (Cascio & Aguinis, 2008). Accordingly, for some jobs it may be difficult to establish precise objectives and standards. For other jobs, employees may have control over how they do their jobs, but not over the results of their behaviours (Grote, 2002). Therefore, the researcher argues that the results are the outcomes that the employee should generate, but behaviours are capabilities and obedience to organizational values related how it is performed.

**Development plan:** an important step before the review cycle begins is for the supervisor and employee to agree on a development plan. At a minimum, this plan should include identifying areas that need improvement and setting goals to be achieved in each area. Development plans usually include both results and behaviours. Achieving the goals stated in the development plan allows employees to keep abreast of changes in their field or profession. Such plans highlight an employee’s strengths and the areas in need of
development, and they provide an action plan to improve in areas of weaknesses and further develop areas of strength (Cascio & Aguinis, 2008).

One of the components of planning is setting the objectives. These objectives describe something that has to be accomplished. Objective setting that result in an agreement on what the role holder has to achieve is an important part of the performance management processes of defining and managing expectations, and forms the point of reference for performance reviews (Armstrong, 2006). He also indicates performance planning, among others, include: agreement on goals/objectives, performance standards, performance measures, and key result areas.

Characteristics of effective goals/objectives: many organizations use the following ‘SMART’ mnemonic to summarize the criteria for objectives: Specific/stretching – clear, unambiguous, straightforward, understandable and challenging, achievable – challenging but within the reach of a competent and committed person, measurable – quantity, quality, time, money, relevant – relevant to the objectives of the organization so that the goal of the individual is aligned to corporate goals, time framed– to be completed within an agreed time scale.

2.8.3. Performance Execution

Once the review cycle begins, the employee strives to produce the results and display the behaviours agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process. Employee participation does not begin at the performance execution stage, however; as noted earlier, employees need to have active input in the development of the job descriptions, performance standards, and the creation of the rating form. In addition, at later stages, employees are active participants in the evaluation process in that they provide a self-assessment and the Performance review interview is a two-way communication process.

Although the employee has primary responsibilities for performance execution, the supervisor also needs to do his or her share of the work. Supervisors have primary responsibility over the following issues (Agunis, 2009). Supervisors must observe and document performance on a daily basis.

It is important to keep track of examples of both good and poor performance. As the organization’s goals may change, it is important to update and revise initial objectives,
standards, and key accountabilities (in the case of results) and competency areas (in the case of behaviours).

**Resources:** supervisors should provide employees with resources and opportunities to participate in development activities. Thus, they should encourage (and sponsor) participation in training, classes, and special assignments. Overall, supervisors have a responsibility to ensure that the employee has the necessary supplies and funding to perform the job properly.

**Reinforcement:** supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviours and progress toward goals. Also, supervisors should provide feedback regarding negative performance and how to remedy the observed problem. Observation and communication are not sufficient. Performance problems must be diagnosed early and appropriate steps must be taken as soon as the problem is discovered.

Regarding the determinants of evaluating employee performance, Agunis (2009) states that combination of these three factors allow some people to perform at higher levels than others: declarative knowledge, procedural knowledge, and motivation. When declarative knowledge is information about facts and things (including information regarding a given task’s requirements, labels, principles, and goals); procedural knowledge is also a combination of knowing what to do and how to do it and includes cognitive, physical, perceptual, motor, and interpersonal skills.

**2.8.4. Performance Assessment**

In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviours have been displayed, and whether the desired results have been achieved. Although many sources can be used to collect performance information (for example, peers or subordinates), in most cases the direct supervisor provides the information.

This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved. It is important that both the employee and the manager take ownership of the assessment process. The manager fills out his or her appraisal form, and the employee should also fill out his or her form. The fact that both parties are involved in the assessment provides good information to be used in the review phase.
When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future. Specifically, the inclusion of self-ratings helps emphasize possible discrepancies between self-views and the views that important others (that is, supervisors) have.

It is the discrepancy between these two views that is most likely to trigger development efforts, particularly when feedback from the supervisor is more negative than are employee self-evaluations. The inclusion of self-appraisals is also beneficial regarding important additional factors. Self-appraisals can reduce an employee’s defensiveness during an appraisal meeting and increase the employee’s satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system (Shore, Adams, and Tashchian, 1998).

2.8.5. 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. In spite of its importance in performance management, the appraisal meeting is often regarded as the “Achilles’ heel of the entire process” (Kikoski, 1999).

This is because many managers are uncomfortable providing performance feedback, particularly when performance is deficient. This high level of discomfort, which often translates into anxiety and the avoidance of the appraisal interview, can be mitigated through training those responsible for providing feedback. Providing feedback in an effective manner is extremely important because it leads not only to performance improvement but also to employee satisfaction with the system.

In general, Grossman and Parkinson (2002) offer the following seven recommendations for conducting effective performance reviews, including: identification of what the employee has done well and poorly by citing specific positive and negative behaviours; solicit feedback from your employee about these behaviours, listen for the reactions and explanations; discuss the implications of changing, or not changing, the behaviours. Positive feedback is best, but an employee must be made aware of what will happen if any poor performance continues;
explain to the employee how skills are used in past achievements can help him or her overcome any current performance problems; and agree on an action plan.

Encourage the employee to invest in improving his or her performance. Set up a meeting to follow up and agree on the behaviours, actions, and attitudes to be evaluated. Informal reviews are the process by which performance is managed throughout the year (Armstrong, 2009). Performance is reviewed as it occurs by the individual as well as the manager, comparing what happened with what should have happened.

Informal feedback can take place whenever a manager comments on a piece of work or an action taken by an individual at work. Whenever appropriate, managers meet individual members of their teams to provide feedback, initiate coaching or other learning activities, and agree on revised goals or any corrective action required (Armstrong, 2006).

The researcher understands that the supervisor will give an informal performance review to the employee whenever the individual is at work and the feedback goes on the same way. Formal reviews are meetings in which performance is analysed more systematically. They include an overview and analysis of performance since the last review, comparing results with agreed expectations and plans (Armstrong, 2009). The researcher understands that the supervisor will have a formal performance review by relating current performance with the planned and the expected performance.

2.8.6. 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. The performance management process includes a cycle that starts with prerequisites and ends with performance renewal and re-contracting.

The cycle is not over after the renewal and re-contracting stage. In fact, the process starts all over again: There needs to be a discussion of prerequisites, including the organization’s mission and strategic goals and the jobs. Because markets change, customers’ preferences and needs change, and products change, there is a need to continuously monitor the prerequisites so that performance planning, and all the subsequent stages, are consistent with the organization’s strategic objectives.
2.9. Performance Management Best Practices

Effective practice of performance management can start with a clarification of the organization’s goal. After the organizational goal is communicated, it will be translated to program, department, teams and individual goals (Dixit, 2007). Finally, this goal improves performance and brings the organization’s success. Superiors should rely on consensus and cooperation rather than controlling or coercion in performance management. He also indicated that superiors should promote self-management of an individual’s performance and encourage an open and an honest leadership style which makes two-way communications between the manager and employee very smooth.

These activities on the part of the supervisors will ensure continuous feedback that enables the experience and knowledge gained on the job by individuals and teams to influence organizational objectives. The same personnel may monitor and measure all performances against the jointly agreed goals.

It is also important to arrange training and development program for the employee according to gap or limitation observed on the process. The supervisors may thus apply this practice to all employees’ helps the effectiveness of the system. Even though an organization has the above mentioned performance management system, there are certain practical factors that constraint and may not allow the organization to implement those issues in the system.

Aguinis (2009) cites some exemplary case like there may not be sufficient funds to deliver training to all people involved, supervisors may have biases in how they provide performance ratings, or people may be just too busy to pay attention to a new organizational initiative that requires their time and attention.

He has also suggested that one should strive to place a check mark next to each of these characteristics: The more features that are checked, the more likely it will be that the system will live up to its promise. The related characteristics in this regard are: strategic congruence, thoroughness, practicality, meaningfulness, specificity, identification of effective and ineffective performance, reliability, validity, acceptability and fairness, inclusiveness, openness, correct ability, standardizations and ethics (Elicker, Levy, & Hall, 2006).
2.10. Challenges in implementing Performance Management System

Krishnan (2013) states that some of the major challenges in managing performance. These challenges are wrong design, absence of integration, lack of a leadership commitment, ignoring change management in system implementation, and incompetence. Let me describe each of them separately as follows.

**Wrong Design:** The performance management system and tools must fit with the specific needs of the organization. It cannot be a duplication of a system designed and implemented in another organization, even an organization in the same industry or the same business group. Intense consultation with various stakeholders and users of the system is necessary. Users’ trust is an absolute necessity for the success of the system.

The design should be tried out on a pilot basis before it is rolled out to the organization as a whole. All documents and forms must be put in place. The system should be fair and equitable. Performance management should be viewed as a continuous process and not an activity conducted once or twice a year. The design should also include mechanisms for rewarding performance and handling poor performers.

However, in the College of Business and Economics, there is a Five Years (2008 – 2012 EC) Strategic Plan which has not well-communicated to all employees at different levels in a consultative manner and with consensus agreement among them. Even, the already approved performance management plan which is part of the Strategic Plan was not implemented as a pilot. Based on this experience, there are no newly prepared documents and forms in the light of already approved plan on the employees’ performance management are not designed and implemented.

In the College, the performance of the employees is usually done bi-annually (i.e. in the six months time) but not weekly and on a continuous manner, and also the designed performance management plan lacks mechanisms for handling, capacitating and motivating poor performing employees. Accordingly, the plan of performance management in the College could then be considered as wrongly design.

**Absence of Integration:** The performance management system has to be integrated with the strategic planning and human resource management systems as well as with the organizational culture, structure and all other major organizational systems and processes.
The performance management practice stipulated in the University’s Strategic Plan highlights the following components: performance measures; targets and thresholds; initiatives per corporate objectives; automation; cascading; monitoring and evaluation based on monthly, quarterly and annually; feedbacks and correction mechanisms; handling grievance in performance management; and clearly stipulated recognition and reward mechanisms for those best performers in their respective group. Although all these components are stated in the plan, they lack clearly marked integration among them.

**Lack of Leadership Commitment:** leadership commitment and support is a must for smooth implementation of the system. Leaders must drive the process and make performance management an integral part of the management of the organization. Leaders contribute not only in setting the strategic direction and performance measures but also in monitoring and reviewing performance across the organization. They also reinforce the performance cycle by recognizing and rewarding performance.

In the College, the top level management body seems to show less commitment because the members’ educational qualifications are not directly related to such broad and interconnected issues packed up under the concept of ‘performance management’ which, in turn, results in less level of motivation in managing in such an innovative way.

Meanwhile, there is some degree of disagreement at the different levels of the College’s staff (e.g. Deans with the Managing Director at the top levels, and the administrative staff with the top levels). Therefore, there is less commitment on the part of the College’s leader(s) to smoothen the overall performance management and related issues on a continuous manner.

**Ignoring change management in system implementation:** Strategic management of change is a vital part of implementing the system. Driven by the top management, it involves careful management of resistance. Communication would be a major intervention and a key tool in managing the change. Implementation milestones and schedules must be followed. Proper documents must be in place.

In this regard, there are change management tools accepted and reinforced by the Ethiopian Higher Institutions such as 1 to 5 group work, KAIZEN, good governance, service delivery and related mechanisms. Against this change management system, the academic and the administrative staff are reluctant to effectively and efficiently utilize these tools in their daily
routines of work in their offices. Thus, this practice may serve as indicator for ignoring the implementation of change management in the education system of the College.

**Incompetence:** Competence to use the performance management system is necessary to ensure smooth implementation of the system. Some of the major skills would include: defining strategic objectives, performance indicators, core competencies and performance contracts; giving and taking feedback, conducting appraisal interviews, and active listening; defining performance measures that correspond or related to with the College’s tasks.

Since these requirements are demanding well-qualified, competent and committed leaders, managers, as well as other professionals in different divisions; the existing staff composition is not organized in such a way that the employees fulfil the required competence to effectively use the performance management system. In sum, those above-stated challenges either separately or in combination may contribute to influence on the proper implementation of the currently advocated performance management system in the College of Business and Economics. In addition, this may hold true for the University.

**2.11. Conceptual Framework**

Performance Management guidance relates to the management of employee performance (i.e., planning, developing, monitoring, rating, and rewarding employee contributions), rather than performance-based or performance-oriented approaches to managing, measuring, and accounting for agency program performance. While these concepts can and should be linked and integrated, the remain distinct in some respects, particularly with regard to establishing individual accountability and dealing with poor performers and also provide information that specifically addresses performance management for the senior executive service.

Organization establish performance management systems that hold senior executives accountable for their individual and organizational performance in order to improve the overall performance of government by: (1) encouraging excellence in senior executive performance; (2) aligning executive performance plans with results-oriented goals required by the Government Performance and Results Modernization (2010) or other strategic planning initiatives; (3) setting and communicating individual organizational goals and expectations that clearly fall within the executive’s area of responsibility and control; (4) reporting on the success of meeting organizational goals including any factors that may have
an impacted success; (5) systematically appraising senior executive performance using measures that balance organizational results with customer and employee perspectives, and other perspectives as appropriate; and (6) using performance results as a basis for pay, awards, a development, retention, removal and other personnel decisions.

The organization should develop the performance management systems subject to the organization performance management regulations and approval. The supervisor establishes performance elements and requirements in consultation with the executive and consistent with the goals and performance expectations in the agency's strategic planning initiatives. The supervisor proposes the initial summary of rating, based on both individual and organizational performance, and taking into account customer satisfaction and employee perspective.

**Performance assessing:** An organization develops performance management systems subject to organization planning management regulations and approval. Organization systems must contain five summary performance levels as follows: outstanding, exceeds fully, fully Successful, minimally Satisfactory, unsatisfactory. Freifeld (2013) One of the challenges for any company lies in achieving organizational alignment: that desired state in which the entire enterprise is working together to achieve business goals. If just one piece is not aligned with the others, there will be no familiar movement.

And unlike a car, creating full alignment in an organization can’t be achieved just by tinkering around with a few key components. Instead, achieving alignment involves a top-to-bottom transformation, in which leadership communicates goals and expectations, as well as everyone understands what is expected and what they must do to advance the organization.

Smither and London (2009) stated performance management process/cycle has six stages. These are pre-requisites, performance planning, performance execution, performance assessment, performance review and performance renewal and re-contracting stages. To maximize the benefit out of the system theses stages are mandatory.

Armstrong (2009) states that performance management is all about communication and feedback: a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing toward desired results, and finally, after effort is expended to accomplish the work, whether the performance
has achieved the agreed-upon plan. The process recycles when the manager and the employee begin planning what work is to be accomplished for the next performance period.

Aguinis (2005) states that implementing performance management system effectively has many advantages. From the perspective of employees, a good system increases motivation and self- esteem, helps improve performance, clarifies job tasks and duties, provides self-insight and development opportunities, and clarifies supervisors’ expectations.

From the perspective of managers, good systems allow them to gain insight about employees, allow for more fair and appropriate personnel actions, help them to communicate organizational goals more clearly, let them differentiate good and poor performers, and help drive organizational change. Finally, from the perspective of the HR function, a good system provides protection from litigation. According to the theoretical and practical study of the following conceptual framework is developed.

![Fig. 2.1 Conceptual Framework of the Study](image)

**Alignment**
Knowledge on Vision, mission and objectives of the organization, departmental and individual goals, the organization’s stakeholder’s expectation

**Performance Management Processes:** Perquisites -
Performance planning -
Performance execution -
Performance Assessment -
Performance review
Performance Renewal and re

**Communication & Feedback:** A manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing toward desired results, and finally, after effort is expended to accomplish the work,
CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1. Research Methodology

Methodology determines how the researcher goes about investigating what is to be known (Zikmund, 2003). Knight (2002) also opines that the same phenomenon can be investigated from different positions.

In this study, reality of performance management practice exists outside the researcher’s mind, is expressed in terms of the informant’s views, and then knowledge about this reality could be created based on empirical investigation. With these assumptions in mind, the philosophical foundations in this study are post-positivism. Such positions are generally associated with quantitative, qualitative and statistics-based tendencies in social sciences and behavioural studies (Neuman, 2011). These foundations in the study, in turn, dictate the research design and method used.

3.2. Research Design and Method

This study intended to assess performance management practice in the College of Business and Economics. As stated-above, descriptive research methods under the quantitative, and qualitative research approaches aim at describing specific details of phenomena clearly and evidently (Creswell, 2015; Palys & Atchison, 2014). As this research intended to describe what were actually happening in the College, as well as in those Departments; the student researcher used the descriptive survey research design of quantitative and qualitative research approaches to collect a cross-sectional data in that time period. The descriptive survey research design is generally an appropriate design to answer the research questions and to address the objectives of the study. Moreover, a documentary analysis method was used to collect secondary data or information on relevant issues from secondary sources like the published and unpublished documents (e.g. University’s and the College’s Five Years Strategic Plans, annual reports, progress reports, policy documents, theses, dissertations and research reports).
3.3. Target Population and Sampling Techniques

The target population of this study included all academic staff, and administrative staff in the Department of Accounting and Finance, Department of Economics, Department of Management, and Department of Public Administration and Development Management. When they are categorized by their types of employment, there were a total of 352 (153 academic staff, and 199 administrative staff). Additionally, regarding the gender composition of these staff members, 142 males and 11 females are academic staffs who are lecturers/instructors in those Departments, and 138 females and 61 males as administrative staff are found in different Directorate Offices and Division Offices in the College.

3.4. Sample Size

The extent of confidence and precision desired could determine the sample size. Thus, the precision could be increased when the sample used has become larger and the error would be smaller (Neuman, 2011). Additionally, representativeness of the population should be more likely accommodated by having a large sample. Thus, all factors must be taken into consideration before determining the sample size due to the variables of interest in the theoretical framework (Creswell, 2015).

In order to determine sample size in this study, margin of error (amount of error the researcher was going to tolerate), the confidence level, which is 95% (amount of uncertainty the researcher can tolerate), the power effect size. The power of any test of statistical significance is the probability that it was rejected a false null hypothesis.

This study will have 80% power of effect which is the largest size according to the suggestions made by Cohen (2002). Accordingly, Smith (2004) used the following proportion formula for determining sample of the finite population:

\[
N: \quad \frac{N}{1+ n (e)^2}
\]

Where, \(N\) is the size of the target population, \(n\) represents the sample size and \(e\) is the extent or degree of precision to be used in the above formula. The researcher used 352 as the size of the target population composed of both academic and administrative staff members, and 80% or 0.08 as the degree of precision which results in a sample size of 108 respondents to be selected from the population. These respondents were identified and selected using Multi-
3.5. Sampling Procedures

To select the desired sample size, the researcher was used multistage sampling technique of the probability sampling technique which involved three stages. At the first stage, Addis Ababa University was stratified into eleven Colleges, 11 Research Institutes, as well as the Libraries of the University. At the second stage, the College of Business and Economics was stratified into Deans’ Offices, Departments, Directorate Office, as well as Divisions. At the third stage, the Deans’ Offices were stratified into three – Dean of the College, Associate Dean for Graduate Programmers, Associate Dean for Research and Technology Transfer, and Assistant Dean for Undergraduate Programs.

The Departments were similarly stratified into Department of Accounting, Department of Economics, Department of Management, and Department of Public Administration and Development Management. The Directorate Office was also stratified into Division of Human Resource Management, Division of Students Services, Division of Facility Management, Division of Budget and Finance, and Division of Purchasing and Procurement.

Finally, the researcher selected a total of 108 representative samples of respondents using stratified proportionate to size random sampling technique to answer those research questions and to address the objectives of the study.

The aim of stratified random sampling was to select the participants from different subgroups (academic and administrative staff) who were believed to have the research that was conducted. Stratified random sampling was also used for heterogeneous target population when the researcher wants to highlight a specific subgroup within the population. This technique is useful in such studies because it ensures the presence of the key subgroup within the sample of the target population. In this case sampling elements in the sampling frame might be stratified by working units or division offices.

A proportionate to size random sample should be then taken from each stratum, i.e. (division offices). The stratified random sampling was also advantageous because it ensures each subgroup e.g. each working division or offices within the population received proper representation. The researcher would therefore choose the stratified random sampling method over the other types of sampling technique. First, it was used when the researcher wanted to examine subgroup within the target population. The researcher also used this method because
he wanted to observe relationships between two or more strata or subgroups in the target population.

3.6. Data Collection Instruments and Procedures

Both primary and secondary sources of data were used in conducting this study. Accordingly, primary data were collected from the academic and administrative staff through structured questionnaires consisting of questions on alignment, pre-requisites for performance management, performance planning, performance execution, performance assessment, performance reviews, performance renewal and re-contracting, performance best practices, and challenges. Procedurally, the researcher conducted pre-testing of the structured questionnaire in order to get constructive comments and feedbacks from the advisor, and from those persons who were believed to be experts in the area. After those comments and feedbacks had been incorporated in the structured questionnaire, the researcher conducted a pilot study to test the usefulness of the instrument to generate the required data from similar respondents and to examine all activities of the actual research process.

Besides, to collect secondary data from the secondary sources, the researcher employed documentary analysis matrix which consists of rows about those questionnaire items or issues under investigation, and columns consist of secondary sources for these issues under consideration. Finally, based on these lessons learned from the conducted pre-testing and pilot study, the two types of research instruments were used in the actual primary and secondary data collection by the student researcher, respectively.

3.7. Reliability and Validity of Instruments

In order to measure the reliability, and the validity of the questionnaire which was the degree to which a study actually measures what it assumes to measure in this study, different kinds of validity like face validity, content validity, criterion validity, and construct validity measures were employed using statistical techniques such as Cronbach’s alpha coefficient (Mook, 2001; Creswell, 2015). Accordingly, the computed Cronbach’s alpha coefficient was .956 for alignment, .894 for performance prerequisites, .883 for performance planning, .900 for performance assessment, .900 for performance review, .737 for performance renewal and reconstructing, and .854 for effectiveness of performance management. Based on the accepted Cronbach’s alpha coefficient value of .700 and above (Creswell, 2015), the
structured questionnaire is reliable to measure the different component process of the practice of performance management, and the Likert scaled data are also valid for this purpose.

3.8. Data Analysis Methods

The quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) Version 25. This software had descriptive statistical tests or techniques which could produce data outputs on frequency distribution, measures of central tendency (mean) and the like. For reliability and validity test, the software has a Cronbach’s alpha coefficient. In addition, the secondary data, particularly the qualitative data from those documents were analysed using content analysis, and thematic analysis methods.

3.9. Ethical Considerations

The study undertakings may raise moral and ethical issues. For the purpose this study, the researcher considered the ethical issues which could be concerns of the sample respondents. The ethical issues to be considered in the process of data collection in this study include: securing informed consent of the intended respondents, preserving their privacy or anonymity, and making them to remain confidential while writing-up the thesis.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents data analysis, and interpretation in the thesis. It is organized by the themes or categories of issues which were covered in the study. The chapter is thus organized into seven major themes. Thus, it focuses on socio-demographic characteristics of the respondents, the employees’ perception of performance management practice, and their involvement in formulation of its components in the process such as alignment, pre-requisites, planning, assessment, review, renewal and re-construction, as well as its effectiveness, and then discussed them in the light of the findings of other similar empirical studies conducted elsewhere in the world. Finally, it brings together major issues which had been running throughout the different sections of the chapter to summarize the outstanding themes in the study.

Before reporting results and findings from data analyses, it is worth describing the response rate in the study. This allows readers to gauge how many research instruments were distributed, how many were returned, and what the overall rate of response to the study was. Therefore, a total of 108 structured questionnaires were distributed to a randomly selected academic staff and administrative staff in the two campuses of the College of Business and Economics. Amongst 108 questionnaires, 107 properly filled in and completed questionnaires were returned to the researcher. This accounted 99.1% of response rate. Based on the evidence available on the acceptable response rate, it was possible to proceed in analysing the quantitative and qualitative data collected.

In addition, the researcher used the following numerical scales of the Likert scale items in the study to interpret those overall mean and overall standard deviation scores of each scaled-item employed to answer the research questions and to achieve the research objectives of the study.

To examine the various data characteristics of interest, it is convenient to rescale the data so that the five scale formats are comparable, each with the same upper limit note that the purpose of this rescaling was to facilitate comparison between the scale formats, and not to find a specific functional transformation that would minimize any rescaled differences (Boone & Boone, 2012). Based on all of those arguments and counter-arguments, the following range of scales: 0.00 - 1.00 = strongly disagree; 1.01 – 1.99= disagree; 2.01 – 2.99= neither agree nor disagree; 3.01 – 3.99=agree; and 4.01 – 5.00=strongly agree which
were used to interpret the overall means and the overall standard deviations of all those Likert scaled items in the study:

Table 4.1 Socio-demographic Characteristics of the Respondent

<table>
<thead>
<tr>
<th>Items</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>36</td>
<td>33.6</td>
</tr>
<tr>
<td>Female</td>
<td>71</td>
<td>66.4</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>9</td>
<td>8.4</td>
</tr>
<tr>
<td>25 - 30 years</td>
<td>42</td>
<td>39.3</td>
</tr>
<tr>
<td>31 - 35 years</td>
<td>17</td>
<td>15.9</td>
</tr>
<tr>
<td>36 - 40 years</td>
<td>15</td>
<td>14.0</td>
</tr>
<tr>
<td>41 - 45 years</td>
<td>16</td>
<td>15.0</td>
</tr>
<tr>
<td>46 - 50 years</td>
<td>6</td>
<td>5.6</td>
</tr>
<tr>
<td>More than 50 years</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
<tr>
<td>Educational Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Education (First &amp; Second Cycles)</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Secondary First Cycle Education</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Secondary Second Cycle Education</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Grade 10 completed</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Certificate</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Diploma</td>
<td>21</td>
<td>19.6</td>
</tr>
<tr>
<td>First degree</td>
<td>63</td>
<td>58.9</td>
</tr>
<tr>
<td>Second degree (MEd/MA/MSc)</td>
<td>16</td>
<td>15.0</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
<tr>
<td>Division/Department/Unit in the College</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic</td>
<td>24</td>
<td>22.4</td>
</tr>
<tr>
<td>Administrative</td>
<td>83</td>
<td>77.6</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
<tr>
<td>Work Experience in the College</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>5</td>
<td>4.7</td>
</tr>
<tr>
<td>1 - 5 years</td>
<td>48</td>
<td>44.9</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>20</td>
<td>18.7</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>21</td>
<td>19.6</td>
</tr>
<tr>
<td>16 - 20 years</td>
<td>10</td>
<td>9.3</td>
</tr>
<tr>
<td>More than 20 years</td>
<td>3</td>
<td>2.8</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.1 presents socio-demographic characteristics of the sample respondents in which a significant majority of them were female employees in the age category of young adult, first degree holders, as well as professionals with service experience which ranged from 1 to 5 years in the College. A total of 71 (66.4%) of them were females, while 36 (33.6%) of them were male respondents.
Regarding age of the respondents in the College, fifty-nine (about fifty-five percent) of them were aged between 25 and 35 years. Contrarily, there were variations or dispersions in age among the sampled employees of the College.

Similarly, the College had educated employees. About three-fifth (58.9%) of the respondents were found to be first degree holders in different fields of specialization. Therefore, educated employees are very good assets for efficiency of the College. Almost all of the sample respondents were selected from all functional Departments and Divisions of the College. For example, a total of 33 (30.8%) of the employees who worked in the Division of Student Services. Generally, the respondents were assigned in the positions of expert (39, 36.4%) and proctors (34, 31.8%). Nevertheless, the sample respondents in different positions did not serve in their respective Offices for longer years – a maximum of five years.

4.1. Perception of Performance Management Practice

The sample employees in the College have not had a good level of performance management perception. The twenty-four key informants from different Departments and Divisions of the College were asked about their perception of performance management using the interview guide prepared for this purpose. These informants did not clearly perceive this concept, as they reflected:

The concept of performance management is new for us and those Officials of the College of Business and Economics do not take courses and/or awareness raising Trainings on this complex concept, we do not clearly perceive its very essence. Accordingly, we need a well-prepared manual or guideline for understanding its meaning, how it is practised and even its elements to be properly implemented in the various Departments, Divisions and Work Units of the College at different levels.

Thus, the implications of the quoted views of the key informants in the study indicate that there is no clear perception of practical performance management being implemented in the College of Business and Economics. Additionally, the study documents that there is no noticeable differences among the informants’ views on their perception of performance management.
4.2. Components of Performance Management Process

4.2.1. Alignment

Table 4.2 Alignment of Performance Management Process

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>I clearly know AAU’s &amp; College’s mission statements, strategic goals</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>and objectives                                                       -</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>I have accountability that is aligned with the goals of AAU &amp; CBE</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>I understand the other Department’s goals and then we support each</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>other in order to attain the overall goals of the College</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>I understand the expectations of partners and stakeholders of the</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>College</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I know in what way my performance is aligned with the College</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>partners and stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how my effort contributes to the success of the College</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The computed frequency and percentage (78, 72.9%) also show that the responding employees expressed their agreement level with the finding which indicated they clearly knew the mission statements, strategic goals and objectives of both Addis Ababa University and College of Business and Economics. Accordingly, it is possible to deduce that the employees of the College have already got aware of those aspects of the strategic plan.

Similarly, most of the employees at different levels of the College are clear about the defined goals of the College of Business and Economics, and the Addis Ababa University. A total of 72 (67.3%) of them agreed that they had accountability in those activities which were aligned with the goals of the University and the College. Whittington-Jones (2005) also argues that the implementation of the performance management practice starts with the process of defining the vision and the mission and translating these into actionable goals and objectives for the organization. An organization’s vision should encompass the organization’s reason for being. It should further provide a clear purpose and overarching sense of what the organization is about. One of the findings of this study concurs with this author’s view on the strategic plan of the educational institutions. Additionally, such type of top down approach (from the organizational objective to the team’s objectives and then to the individual’s objectives) allows each employee to scrutinize that his/her individual goals are in alignment with team goals and with the organization’s strategic objectives (Viedge, 2003).

Concerning the sampled staff members’ understanding of the other Department’s goals and then support each other have provided to attain the overall goals of the College, they showed their mixed views on such issues. Some of them (53, 49.5%) stated that they clearly understood other Departments’ goals and the types of support required on their part. Implicitly, these findings highlight that there is not as such participatory way of preparing the strategic plan in the College.

Fifty-eight (54%) of the respondents stated they understood the expectations of partners and stakeholders of the College. Additionally, 57 (81.5%) of the sample employees agreed that they knew in what ways their respective performance was aligned with the College partners and stakeholders’ performance. Sixty (61%) of the respondents likewise became aware of how their efforts could contribute to the success of the College. The empirical results, as shown in Table 4.3, justify that there is an alignment practice in the performance management of the College. Finally, the achievement of the performance management plan
may require putting in place better management, well-organized practice and harmonized staff members in those Departments and Divisions of the College.

4.2.2. Prerequisites of Performance Management

In the College, the employees seem to receive orientation and sensitization of issues related to pre-requisites of performance management in close consultation and mutual agreement with the respective Department Heads and Team Leaders to influence the College’s strategic goals and standards. Table 4.4 illustrates the results in frequencies and percentages. A total of 62 (60%) of the employee respondents mutually agreed on their respective Departments’ goals were based on the College’s strategic goals; 72 (67.3%) of the respondents knew their objectives were also based on the College’s strategic goals and 76 (71.0%) of them adduced that these objectives supported the overall mission statements, strategic goals and objectives of the College of Business and Economics.
## Table 4.3 Prerequisites of Performance Management

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>I know my Department’s goals are based on the College’s strategic goals</td>
<td>1 .9</td>
<td>2 .19</td>
</tr>
<tr>
<td>I know my objectives are based on our College’s strategic goals</td>
<td>2 .19</td>
<td>1 .9</td>
</tr>
<tr>
<td>My objectives support the overall mission statements, strategic goals and objectives of the College</td>
<td>- -</td>
<td>2 .19</td>
</tr>
<tr>
<td>I have a clear understanding of how my job is related to the overall goal of the College</td>
<td>- -</td>
<td>1 .9</td>
</tr>
<tr>
<td>My duties and responsibilities are clearly defined to my understanding</td>
<td>- -</td>
<td>3 .28</td>
</tr>
<tr>
<td>My supervisor encourages me to participate in my objective setting process</td>
<td>2 .19</td>
<td>2 .19</td>
</tr>
<tr>
<td>Job analysis has been done by my supervisors before the duties and the responsibilities have been given to me</td>
<td>2 .19</td>
<td>2 .19</td>
</tr>
<tr>
<td>I have a clear knowledge about the job I do</td>
<td>1 .9</td>
<td>1 .9</td>
</tr>
</tbody>
</table>
A total of eight-four (78.5%) of the respondents agreed that they had a clear understanding of how their jobs were related to the overall goals of the College. Sixty-two (57.9%), 63 (58.9%) stated that they had clear knowledge about their respective job they did, and thus, 56 (52.3%) of the sample employees of the College got encouraged by their supervisors to participate in their job objective setting process. Accordingly, the employees express that those pre-requisites of performance management have been done in the College. These findings are related to Armstrong’s and Gibb’s arguments. Armstrong (2009) argues that objectives or goals describe something that has to be accomplished. Objectives setting that results in an agreement on what the role holder has to achieve is an important part of the performance management process of defining and managing expectations and forms the point of reference for performance reviews.

It is thus valuable to encourage the employees to participate and prepare major pre-requisites of performance management in close consultation and discussion with respective supervisor. Furthermore, they may need to negotiate any changes with their line supervisors. In this way, the employees would take ownership of those tasks related to that are set out for the coming period (Gibb, 2002).

4.2.3. Performance Planning

The performance planning is a formal process in organizations for discussing, identifying and planning the organizational as well as individual goals which an employee can or would achieve in coming appraisal or review cycle (Armstrong, 2009). The performance and the planning can be done both, but the employer as well as employee through a proper plan called development plan.
### Table 4.4 Performance Planning

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>AAU’s and CBE’s Performance Management System objectives</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>My supervisor and I set objectives and key performance indicators at the beginning of every fiscal/budget year</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>My supervisor clearly explains to me what the expected performance is</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>My supervisor clearly explains to me what the expected performance is</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>On the development plan meeting, my supervisor and I discuss on both my strengths and areas</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I get rewarded (bonuses/other benefits) for accomplishing my development plan goals</td>
<td>3</td>
<td>2.8</td>
</tr>
<tr>
<td>My supervisor uses the previous performance assessments</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>I get positive, negative &amp; constructive feedbacks on my performance gap regularly and timely</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>I have the opportunity to give my opinion and feedback to my supervisor freely</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I get recognition whenever I do a very good job</td>
<td>2</td>
<td>1.9</td>
</tr>
</tbody>
</table>
At the beginning of each performance cycle; the supervisors and the employees meet, discuss and agree on what needs to be done and how it should be performed. Sixty-six (61.7%) of the respondents articulated that the objectives of Performance Management System of Addis Ababa University and College of Business and Economics were described to them. A total of 65 (60.8%) of them added that their supervisors and they set objectives and key performance indicators at the beginning of every fiscal/budget year and they were also given the opportunity to participate in performance planning to set goals, objectives and measurement standards for their job.

In the same framework, seventy-eight (72.9%) of them again agreed that their supervisors clearly explained to them what the expected performance from them would be. A total of 78 (72.9%) of them confirmed that the sample respondents reached agreements with their supervisors on how their performance could be measured and the standards that would be used to evaluate their assigned duties.

Seventy-nine (73.8%) of the respondents further explained that their supervisors and they discussed on both the latter’s strengths and those areas which they would need improvements, and the two groups then set a specific goal to achieve in each area on the development plan meeting. In contrast, 63 (58.9%) of them did not get rewarded (in terms of bones or other benefits) from their supervisors for accomplishing the already agreed and set development plan goals and objectives. Unfortunately, 45 (42.1%) of the sample respondents contended that their supervisors had not used the scores of previous performance assessments to set the current strategic goals/objectives. In tandem with the above-stated finding of the study, 47 (43.9%) of the respondents were in dilemma because they had not got social recognition whenever they had done very good jobs in line with the agreed and set performance goal, objective, and standard in the College of Business and Economics.

As to receiving different types of feedback, the findings of the study reveal that there was a mixed picture. Out of the total, 50 (46.7%) of the respondents agreed that the employees regularly got positive, negative and constructive feedbacks on their performance gaps and timely, and the way to further develop and to improve their tasks given from their supervisors in a way that enabled them to recognize and to accept their factual nature-based on the factor. A total of seventy-two (67.3%) of the same respondents, on the other hand, confirmed that
they had the opportunity to give freely their opinions and feedbacks to their immediate supervisors.

In the final analysis, there is the practice of performance planning, but with certain level of constraints. There has not been the practice of giving bonuses or other benefits for their successful accomplishments, considering and utilizing the employee’s assessment to set their current strategic goals or objectives, and rewarding social recognition by various means whenever they have done very good jobs.

4.2.4. Performance Assessment

Both the employee and the supervisor are responsible for assessing and evaluating the extent to which the desired behaviours have been displayed and whether or not the desired results have been achieved in the performance assessment phase. To conduct the performance assessment, many sources of performance information should be used. However, in most cases, the immediate supervisor provides the required information. Here, it is important that both the employee and the supervisor take ownership of the performance assessment process. The supervisor fills out his/her appraisal format, and the employee should also fill in his/her format. The fact that both parties are involved in the performance assessment process may provide better information which could be used for this purpose (Smither & London, 2009). Nevertheless, forty-two (39%) of the respondents disagreed with the statement on their performance was measured based on the agreement they had reached with their superiors as shown in Table 4.5. In contrast, 36 (34%) of them expressed their agreement with this statement. Thus, it seems that there is some sort of vague attitude towards how their performance has been assessed and evaluated. In the same vein, those key informants argued,

Firstly, there are no standards for performance measurement which both the immediate supervisors and the employees have already discussed and agreed upon. Therefore, our performance is being assessed and evaluated not based on the agreement we have reached with our respective immediate supervisor in different Divisions and Departments of the College.
Table 4.5 Performance Assessment

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th></th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neither Agree Nor Disagree</td>
</tr>
<tr>
<td>Performance is measured based on the agreement reached with the superior</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Performance assessment covers those issues which are very important in performing the job</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Performance is rated based on the standards already established</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Performance rating is based on how well the job is done</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Chance is given to the employee to assess performance</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
</tbody>
</table>
Notwithstanding the lack of agreement, 67 (62.6%) of the respondents communicated that their performance assessment covered those issues which were very important in performing the job, but these had not been discussed and agreed upon between their supervisors and the subordinates.

In the same framework, 64 (60%) of the sample employees confirmed that their performance was rated based on the standards already established. Moreover, 65 (sixty-one percent) of them agreed that their performance rating was based on how well they had done their jobs.

Fifty (47%) of the sample employees got chance to assess their performance conducted by their respective supervisor. However, they did not collect feedbacks of their performance assessment in written formats. In support of this finding, two of the senior officials ensured,

We present the employees’ and the College’s performance to be assessed by the Management Committee. The Committee members rate some of the performed planned activities as strong, but some others as weak. Unfortunately, we do not write and give feedbacks on results of their performance assessment – we do not work in such a manner in our Performance Management System.

Both the quantitative data and the qualitative data therefore indicate that the employees’ performance assessment is not undertaken in line with the already agreed performance measurement approach. Armstrong (2009) therefore views measurement as an important concept in performance management. It is also the basis for providing and generating feedback. However, the findings of this study have revealed against this understanding. Generally, such practices are usually performed in haphazard manner in the College of Business and Economics. Kirkpatrick (2006) thus recommends the performance assessment must include two-way communications. Consequently, concerned stakeholders of the College have to hold consultative meetings so that they may reach at consensus on how to strategically planned conduct performance assessment of the two staff.

4.2.5. Performance Review

Armstrong (2009) states that the development plan records the actions agreed to improve performance and to develop knowledge, skills and capabilities. It is likely to focus on development in the current job – to improve the ability to perform it well and also, importantly, to enable individuals to take on wider responsibilities, extending their capacity to undertake a broader role.
### Table 4.6 Performance Review

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree %</td>
<td>Disagree %</td>
</tr>
<tr>
<td>I received formal appraisal once in a year</td>
<td>1.9</td>
<td>3.2</td>
</tr>
<tr>
<td>There is a mid, quarter and annual performance review in College of Business and Economics</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The performance review focuses only on my past performance</td>
<td>2.1</td>
<td>5.6</td>
</tr>
<tr>
<td>The performance assessment and review incorporate future training and development plan</td>
<td>1.9</td>
<td>3.2</td>
</tr>
<tr>
<td>My development progress and plans for the future are discussed on the review meeting not performance</td>
<td>1.9</td>
<td>6.5</td>
</tr>
<tr>
<td>If I do agree with my rating, there is an appeal process in the College</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>The performance result I received has helped me for improving my performance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I have attended training which is based on my performance gap identified</td>
<td>1.9</td>
<td>5.4</td>
</tr>
<tr>
<td>I get reward /incentive/salary increase/promotion based on my performance</td>
<td>6.5</td>
<td>7.6</td>
</tr>
<tr>
<td>In the College of Business and Economics, the performance result provides basis for payment decision</td>
<td>3.2</td>
<td>6.5</td>
</tr>
</tbody>
</table>

52
Table 4.6 shows that the performance review has been conducted without considering measuring scales. Consequently, the practice of performance review is limited in its scope at the College of Business and Economics.

About half of the respondents contended that they disagreed with those issues under investigation regarding performance review of performance management. Fifty-seven (53.3%) of them received formal appraisal once in a year; fifty-one (48%) stated that there was no mid-, quarter- and annual performance review in the College of Business and Economics; the performance review focuses only on my past performance (49, 45.8%); the performance assessment and review incorporate future training and development plan (45, 42.1%); the employees’ development progress and plans for the future are discussed on the review meeting not performance (45, 42.1%); if I do agree with my rating, there is an appeal process in the College (50, 46.6%); the performance result they received had helped them for improving my performance (50, 46.6%); and they have attended training which is based on their performance gap identified (45, 42.1%).

The respondents continued to expressed their disagreement with a statement on I get reward/incentive/salary increase/promotion based on my performance (52, 48.6%); and the performance result provides basis for payment decision in the College of Business and Economics (59, 55.1%). Here, it is possible to conclude that the practice of performance review in the College is unfavourable from the employees’ multi-dimensional perspective.

These findings are against the arguments of some scholars who conducted empirical studies on the topics under discussion (Armstrong, 2009). Thus, the development plans and rewards related to performance management practice in the Bank could not motivate the employees to perform their prescribed duties and responsibilities at higher level.
4.2.6. Performance Renewal and Re-constructing

Another component in the performance management practice is performance renewal and re-constructing. Table 4.7 illustrates those Likert type items or indicators which are used to measure this component.

Table 4.7 Performance Renewal and Re-constructing

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Disagree</td>
</tr>
<tr>
<td>All stages of Performance Management System go in line with the overall goals of the University</td>
<td>1 .9 6 5.6 3 2.8 11 10.3 3 2.8</td>
<td>2 1.9 45 42.1 14 13.1 17 15.9 5 4.7</td>
</tr>
<tr>
<td>Unrealistic goal is planned when I look back to the stages of performance management in the College</td>
<td>1 .9 8 7.5 4 3.7 9 8.4 2 1.9</td>
<td>1 .9 3 2.8 13 12.1 52 48.6 15 14.0</td>
</tr>
</tbody>
</table>
Table 4.7 indicates that the achievements or outcomes of the practice of performance management in the College were not at their desired level because the majority of the respondents had had contrary views on most of the indictors developed to measure them. For instance, fifty-one (48%) of the respondents disagreed that all stages of Performance Management System went in line with the overall goals of the University. Besides, 52 (49%) of the sample employees agreed that certain unrealistic goal was planned when they looked back to those stages of performance management in the College. The key informants generally agreed that,

As the concept of performance management system is very new for those Officials in the College, there is no as such activities which are being related to performance renewal and re-constructing. The performance of the employees has been conducted as before without renewal of the formats and re-constructing the scaled items or indicators developed for these purposes.

In conclusion, here are mixed attitude towards the implementation of performance renewal and re-constructing to secure intended outcomes in the College. Thus, the different activities which are being underway for these purposes do not achieve those planned results based on the evidence generated from the quantitative and qualitative aspects of the study.
4.2.7. Performance Management Effectiveness

The practice of performance management in the College has effective results in terms of improving individual employee’s performance and retention, making change easier, applying training on performance management to effectively implement PMS, and in activating culture of employee’s engagement. Accordingly, 62 (57.9%) of the respondents agreed that they had understood that performance management improved the employee’s retention, 17 (15.6%) that they knew that performance management had improved individual performance, 68 (63.6%) of them confirmed that they had known performance management made change easier, and 65 (60.7%) of them knew that performance management had activated culture of employee’s engagement. Additionally, sixty-three (58.9%) of the respondents understood that performance management training had been given before applying Performance Management System in the College. Accordingly, it is possible to deduce that the staff members have already had awareness of the paramount importance of performance management practice. They also accept that the performance management has had multi-dimentional effectiveness.
## Table 4.8 Performance Management Effectiveness

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>Performance management improves individual performance</td>
<td>1  .9</td>
<td>3  2.8</td>
</tr>
<tr>
<td>Performance management improves employee’s retention</td>
<td>-  -</td>
<td>4  3.7</td>
</tr>
<tr>
<td>Performance management makes change easier</td>
<td>1  .9</td>
<td>3  2.8</td>
</tr>
<tr>
<td>Performance management training is given before applying performance management system</td>
<td>1  .9</td>
<td>1  .9</td>
</tr>
<tr>
<td>Performance management activates culture of employee engagement</td>
<td>-  -</td>
<td>2  1.9</td>
</tr>
<tr>
<td>Performance management is strategically integrated with the overall College’s objectives</td>
<td>-  -</td>
<td>1  .9</td>
</tr>
</tbody>
</table>
4.3. Current Performance Management Practice

As shown in Table 4.9 below, the respondents in the study have expressed more of their agreement than their disagreement on a reasonable number of items considered for measuring the current practice of performance management (i.e. alignment, performance pre-requisites, performance planning, performance assessment, performance review, performance renewal and re-constructing, and effectiveness of performance management). The findings of the study reveal that there was an agreement in their responses among the respondents (76, 71%) regarding the alignment aspect of performance management practice.

Effective performance goals flow from and support the vision, mission, and goals of the Divisions, Departments, College, as well as the University. A total of 84 (78.5%) of the respondents expressed their agreement with the practice of performance pre-requisites in the College.

Turning now to the survey evidence on performance planning, the empirical evidence shows an agreement. Sixty-two (57.9%) of the respondents in the study were found to agreed on the current practice of performance planning in their respective working Unit/Division or Department.

Respondents were asked to share their attitude towards current practice of performance assessment in the College. Based on the agreement of 67 (62.6%) of the sample employees, it could be deduced that the respondents had agreement with the practice of performance assessment, and this did not show variation among them.

In contrast, the sampled respondents disagreed that the proper practice of performance management resulted in effectiveness in terms of improving each employee’s performance, retaining the employees, easily making change, and related results for the employees and the College’ effectiveness – different aspects of the effectiveness of performance management. This empirical result could be substantiated by the disagreement responses of 52 (48.6%) sample employees of the College with the proper practice of performance review under investigation.
Table 4.9 Current Practice of Performance Management at the College

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic staff</th>
<th>Administrative staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>Alignment</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Performance prerequisites</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Performance planning</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Performance assessment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Performance review</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Performance renewal and re-constructing</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Performance management effectiveness</td>
<td>1</td>
<td>.9</td>
</tr>
</tbody>
</table>
Amongst those total 107 respondents, 79 (73.8\%) of them agreed on effectiveness of the current performance management practice. Here, it is possible to argue that the performance management which has been under way at contributes to the accomplishments of the planned activities in the Strategic Plan of the College.

Based on the agreed responses of 48 (45\%) respondents; it is apparent from Table 4.9 that they assured that there were practices of performance renewal and re-constructing in the College of Business and Economics. However, there were noticeable variations in the respondents’ attitude to such practice.

Therefore, these empirical findings of the study have documented the practice of performance management in terms of alignment, pre-requisites, planning, assessment, review, renewal and re-constructing, and effectiveness. Nonetheless, the empirical findings of the study have revealed a somewhat mixed picture.

4.4. Challenges of Performance Management Practice

Performance management is often used as the “backbone” for many human resource systems. However, performance management is still a puzzle waiting to be solved in many organizations and companies. There are thus a number of challenges that can prove to be an

<table>
<thead>
<tr>
<th>Items</th>
<th>Academic No.</th>
<th>Academic %</th>
<th>Administrative No.</th>
<th>Administrative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low level of awareness of performance management</td>
<td>24</td>
<td>22.4</td>
<td>54</td>
<td>50.5</td>
</tr>
<tr>
<td>Lack of knowledge and skills required for effectively implementing performance management</td>
<td>20</td>
<td>18.7</td>
<td>50</td>
<td>46.7</td>
</tr>
<tr>
<td>Lack of leadership and managing directorship to implement performance management</td>
<td>24</td>
<td>22.4</td>
<td>43</td>
<td>40.2</td>
</tr>
<tr>
<td>Resistance among Senior Officials of the College to implement Performance Management System</td>
<td>15</td>
<td>14.0</td>
<td>50</td>
<td>46.7</td>
</tr>
<tr>
<td>Gaps in linking job descriptions to performance management</td>
<td>22</td>
<td>20.6</td>
<td>38</td>
<td>35.5</td>
</tr>
<tr>
<td>Difficulty in monitoring and evaluating performance competencies</td>
<td>24</td>
<td>22.4</td>
<td>32</td>
<td>30.0</td>
</tr>
<tr>
<td>Other(s)</td>
<td>10</td>
<td>9.3</td>
<td>30</td>
<td>28.0</td>
</tr>
</tbody>
</table>
obstacle to effectively execute performance management (Panda, 2011).

In order to generate data on challenges of performance management were designed as open-ended questions in the structured questionnaire, and the respondents’ responses to these questions were quantified through qualitative coding technique. Table 4.10 depicts that there are multi-dimensional challenges encountered on the part of concerned stakeholders to implement the Performance Management System at the study participants’ perspectives. A total of 78 (73%) of the respondents stated low awareness level of performance management, 70 (65.4%) of them identified lack of knowledge and skills required for effectively implementing performance management.

Additionally, 67 (63%) of the sample employees argued that lack of leadership and managing directorship to implement performance management, 65 (61%) of them stated resistance among Senior Officials of the College to implement Performance Management System, 60 (56%) of them indicated gaps in linking job descriptions to performance management, and 56 (52%) of the sampled employees identified difficulty in monitoring and evaluating performance competencies as challenges encountered in properly and effectively practice performance management in the College of Business and Economics.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of Major Findings

The purpose of the study is to assess current performance management practice in the College of Business and Economics of Addis Ababa University. To achieve this purpose, the basic questions raised were: How do both academic and administrative staff perceived of the current performance management practice at the College of Business and Economics? How does the College currently practice performance management, and which process components (i.e. alignment, performance pre-requisites, performance planning, performance assessment, performance review, performance renewal & re-constructing, and effectiveness of performance management) were employed in the College? And what are the challenges of performance management practices at the College of Business and Economics? To answer these questions, both quantitative and qualitative data from primary and secondary sources were collected using research instruments such as structured questionnaire, interview guide, and documentary analysis matrix.

The assessment of performance management practice in the College has documented that socio-demographic characteristics of the sample respondents in which a significant majority of them were female employees in the age category of young adult, first degree holders, as well as professionals with service experience which ranged from 1 to 5 years in the College, and the College also has educated employees. However, the sample employees in the College have not had a good level of performance management perception.

As the empirical evidence shows, the respondents in the study have expressed more of their agreement than their disagreement on a reasonable number of items considered for measuring the current practice of performance management (i.e. alignment, performance pre-requisites, performance planning, performance assessment, performance review, performance renewal and re-constructing, and effectiveness of performance management).

The study intended to assess performance management practice in College of Business and Economics of Addis Ababa University. It also considered the employees’ perception of performance management, and its implementation challenges. The employees of the College do not have good perception level of performance management per se.
The academic and administrative staff members in the study have expressed more or less their agreement than disagreement on the practice of alignment, performance pre-requisites, performance planning, performance assessment and review. However, there are certain challenges encountered while practising different kinds of job in the College.

The employees have had accountability which is aligned with the goals of the University and the College. But there is no alignment between the goals set in the Departments and the Work Units in the College of Business and Economics. The employees have good level of understanding of the partners and stakeholders of the College which, in turn, there are alignments of goals on the part of one another.

The staff members have developed awareness of the contributions of their efforts to the success of the College of Business and Economics. Moreover, the employees have known their objectives are based on the agreed upon strategic goals of the College. Consequently, each staff’s objectives could support the overall mission statements, strategic goals and objectives of the College. Here, it is concluded that the academic and administrative staff have had clear understandings of how their jobs are related to the overall goal(s) of the College. This is because each administrative staff’s duties and responsibilities are clearly defined by their respective supervisor to the level of their understandings. In this process, the supervisors have practised encouraging their subordinates to actively participate in their respective objective setting process.

In contrast, the current practice of performance management in the College of Business and Economics have been realized on the ground with certain challenges such as low level of awareness of performance management; lack of knowledge and skills required for effectively implementing performance management; lack of leadership and managing directorship to implement performance management; resistance among Senior Officials of the College to implement Performance Management System; gaps in linking job descriptions to performance management; and difficulty in monitoring and evaluating performance competencies.
5.2. Conclusion

Overall, the performance management of the College is effective based on the answers of the basic questions. Based on the findings of the study, the following conclusions are made as follows:

Before the academic and administrative workers are given their duties and responsibilities in the College in general, and in each department or division, the concerned officials in the Organization have done job analyses. Accordingly, these employees have clear knowledge about their assigned jobs and about their jobs they are performing in the College. Generally, these performance management pre-requisites are put in place in the College, but not that much in their visible forms and practices.

The academic and administrative staff of the College are somehow got sensitized about Performance Management System of Addis Ababa University and thus the College of Business and Economics. Accordingly, these staff and their supervisors have got a good opportunity to set their goals, objectives and measurement standards. In such a context, the respective supervisor explains to the subordinates what may be the expected performance from the latter. Therefore, the two parties are believed to reach at agreements on how one’s performance is measured using standards. Here, the two parties discuss about the subordinates’ strengths and areas to be improved to achieve the set goals. Nonetheless, there are no guaranteed bones or other benefits for successful accomplishment of planned activities and achieving objectives.

Conversely, the immediate supervisors in the College do not consider their subordinates’ previous results of performance assessments to set the current strategic goals in the Strategic Plan of the College of Business and Economics. Thus, there is no organized work manner of providing them with positive, negative and constructive feedbacks on their performance gaps regularly and on timely fashion. In order to assess the staff’s performance in the College, their performances are not measured or appraised based on the agreements which have reached between the supervisors and the employees. However, the subordinates’ performance assessment covers those issues which have very important in performing their assigned jobs, and their performance is further rated based on those already established standards. For example, each administrative employee’s performance is being rated in line with how well
he/she has accomplished the socially prescribed tasks. Unfortunately, these employees do not get chance to assess their own performance ratings or results.

For the purpose of performance review, the academic and administrative employees have not received formal appraisal of their performance once in a year, but twice in a year. Nevertheless, there is no a practice of quarterly, mid, and annual performance review in the College of Business and Economics. Likewise, this performance review has not focused only the administrative staff’s past performance, but there are other ‘unwritten performance indicators.’ In the same framework, this performance assessment and review do not incorporate training and development plan in future. Meanwhile, the administrative employees’ development progress and plans for the future are not discussed on the review meeting, but not in performance review session.

In the performance review session, if these employees agree with their performance assessment and review rating, there is no as such an appeal process in a Grievance Office under the President of Addis Ababa University. Thus, the performance results finally received do not help as the rationale for not improving these administrative employees’ performance gaps that have been identified by their supervisors. In the same manner, those administrative staff members do not get recognition by providing them with rewards/incentives/increment in salaries/promotion to higher levelled positions.

In the process of performance renewal and re-constructing, it is possible to deduce that all those stages incorporated in Performance Management System seem not to go in line with the overall goals of the University as they are clearly stipulated in its Five Years (2016 – 2020) Strategic Plan prepared using Balanced Score Card (BSC) change management tool in Ethiopia.

In conclusion, there is a consensus on the multi-dimensional effectiveness of performance management. This Performance System improves individual employee’s performance and retention, makes change easier, as well as it activates culture of employee’s engagement. Notwithstanding these benefits, whether there is blurred attitude towards performance management has been strategically integrated with the overall objectives of the College of Business and Economics or not.
The academic and administrative staff members understand that if performance management training is generally given before its implementation, the applied Performance Management System will become effective in the College of Addis Ababa University. On the whole, there are good and promising practices of the performance management aspects, but these change management interventions are surrounded by certain challenges which have emanated from low level of awareness of performance management and related issues, and difficulty related to monitoring and evaluation framework, for example.

5.3. **Recommendations**

The recommendations of the study on the staff performance management practice in the College of Business and Economics have highlighted some shortcomings that should be eliminated to help ensuring the success of the performance management practice.

Based on the findings the following recommendations are made:

1. The practice of performance management as a key element of human resource development in the College, there should be Policy and Strategy on performance management which is action-oriented practice to address multi-dimensional elements of the Performance Management System for its effectiveness in achieving the College's Balanced Score Card and other change management tools-tailored strategic goals and objectives in teaching learning, research and technology transfer, and community services at large.

2. It is recommended that when strategic objectives formulated, the College’s staff members should have to be actively involved in the formulation process and the management of the College is advised to share the strategic objectives down to the employees so that acceptability of the practice and formulation of realistic and achievable vision and mission statement will be obtained.

3. It is highly recommended that individual performance goals need to be reached by mutual agreement on how their performance will be measured and the College’s concerned Officials should have regular feedback sessions for all College’s staff on the achievement of their objectives.

4. The College of Business and Economics is advised to improve its performance evaluation practice by setting clear criteria for evaluation. In addition the results (feedbacks) of performance evaluation should be processed and communicated timely to staff members and should be given written feedbacks about their performance.
5. It would be recommended to involve all parties taking part in the system’s use to be consulted in the development, implementation and maintenance of the performance appraisal system. As different scholars in the field of specialization have recommended that, the assessment and review system should be user-friendly and should be easy to understand by managing directors and employees.

6. It is furthermore recommended that team leaders/department heads should have to be given proper performance management training programme on how to conduct a performance review so that they become constructive in doing a performance review and they provide climate conducive to openly communicate performance problems.

7. It is also recommended that performance problems should have to be identified and action plans are put in place to eliminate these problems and staff members should have given adequate training in performance management.

8. The College’s Senior Official is advised to take corrective measures that would enhance a kind of working environment in which every member of the College staff is rewarded fairly and properly. The College is thus advised to value and recognize the College’s staff for their contribution(s). This can be done through promotion, giving prize and acknowledgement. Furthermore, the researcher truly believes that rewarding performance by paying people at different levels within the salary range based on the individual’s performance will motivate excellent performers.

9. When dealing with poor performance, determine if there is a sudden deterioration in his performance. This could usually be ascribed to personal conditions that have changed and it is expected from supervisors to assist the staff member in solving these problems – thereby ensuring improved performance.

10. Lastly, College of Business and Economics is recommended to show interest in making the College’s staff involve in strategy, define their performance objectives and the College should conduct fair performance review and provide development plans and reward so that they would themselves suit to the changing environment and encouraged for higher position which will be resulted in individual and organization development.

11. This study has some limitations which future research can build on: limitations concerning the scope and concerning the issue of generalization. Future research could focus on various higher educational institutions as a subject of investigation to understand whether Performance Management System will have the same performance effects in various colleges. Focusing on optimal procedures and measurement issues for assessing performance in the College remains unclear. An important opportunity for future
researchers would be to explore such performance management practice that defines and monitors the work of staff members in the College. Finally, there is much scope for further research within colleges, to determine whether or not this is a general finding.
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APPENDICES

Appendix A: Structure questionnaire for administrative staff

ADDIS ABABA UNIVERSITY
College of Education and Behavioral Studies
Department of Educational Planning and Management
Graduate Programmes

Research Questionnaire
(This questionnaire is to be filled by administrative staff)

Introduction:

This questionnaire is prepared with intention as preliminary best criterion for the partial fulfilment required for the award of the Master’s Degree of Arts in Educational Leadership and Management. The objective of this study is to assess the performance management practice in College of Business–Economics, and Commerce through this questionnaire to get valid and reliable information from a sample of 108 representative respondents (i.e. administrative staff). Therefore, I will distribute this structured questionnaire to a total of 108 administrative staff. Thus, all empirical data and information that will be collected through this questionnaire are used for the sole academic purpose and the sampled respondents remain confidential. Accordingly, you are kindly requested to respond to the questions with your utmost good faith, freely and to the best of your knowledge.

The questionnaire also has four different parts. Part I is used to gather general information about the respondents. Part II is questions prepared to assess the implementation of the performance management practice using 5 point Likert scales which are provided to collect data that are related to the practice in the college and the School of Commerce. The Third Part presents open-ended questions so as to enable you to describe your responses using your own words and styles of expression, Part IV Interview question for the head of department, section, and the Deans. Finally, Part V contains a question which gives you an opportunity to state general suggestion(s) to improve and/or to bring up the standards of the performance management practice in the College and in the University.

I would further like to extend my heartfelt gratitude in advance for being a volunteering respondent to devote your valuable time in filling in this questionnaire. Your logical and genuine responses are reliable and relevant for the success of the study. Generally, all the information given with will be kept confidential.

- There is no need to write your name on the questionnaire.
- If you have any question or need clarity, please contact me with my mobile phone number... 0911-42-65-82.

Demeselasie Mengesha

Thank you in advance for your cooperation!
Remarks:

1. Put X or √ mark wherever blank boxes are provided.
2. Please briefly state your answers in the blank space provided.
3. Please feel free to write any response.
4. Please read all the questions before you answer them.

PART I. GENERAL PROFILE (Please put X or √ Mark on that best response which represents you)

I. General Information
   1. Sex
      a. Male  [ ]
      b. Female [ ]
   2. Educational status:
      A. Primary education [ ]
      B. Secondary first cycle [ ]
      C. Secondary Second Cycle [ ]
      D. Grade 10 completed [ ]
      E. Certificate [ ]
      F. Diploma [ ]
      G. First degree [ ]
      H. Second degree (MA/MSc/MEd) [ ]
      I. PhD Degree [ ]
      J. Others (Please specify) [ ]

3. How many years have you worked in the College of Business and Economics?
   A. Less than 1 year [ ]
   B. 1 – 5 years [ ]
   C. 6 – 10 years [ ]
   D. 11--15 years [ ]
   E. 16---20 years [ ]
   F. More than 20 years [ ]

4. Age (years)
   A. < 25 years [ ]
   B. 25 – 30 years [ ]
   C. 31 – 35 years [ ]
   D. 36 – 40 years [ ]
   E. 41 – 45 years [ ]
   F. 46—50 years [ ]
   G. More than 50 years [ ]

5. Designation/position of employee

6. Division/Unit /Department in which the employee is affiliated:


77
PART II. QUESTIONS ON PERFORMANCE MANAGEMENT PRACTICE

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<thead>
<tr>
<th>No</th>
<th>Dimensions</th>
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<th>Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1. I clearly know AAU’s &amp; College’s mission, statements, strategic goals and objectives.</td>
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<td></td>
<td>2. I have accountability that is aligned with the goals of AAU &amp; CBE.</td>
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<td>3. I understand the other Department’s goals and then we support each other in order to attain the overall goals of the College.</td>
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<td>4. I understand the expectations of partners and stakeholders of the College.</td>
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<td></td>
<td>5. I know in what way my performance is aligned with the College partners and stakeholders.</td>
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<td>6. I know how my effort contributes to the success of the College.</td>
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B. Performance pre-requisites

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<tbody>
<tr>
<td></td>
<td>1. I know my Departments goals are based on the College’s strategic goal.</td>
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<td></td>
<td>2. I know my objectives are based on our College’s strategic goals.</td>
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<td></td>
<td>3. My objectives supports the overall mission statements, strategic goals and objectives of the College.</td>
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<td></td>
<td>4. I have a clear understanding of how my job is related to the overall goal of the College.</td>
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<td>5. My duties and responsibilities are clearly defined to my understanding.</td>
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<td>6</td>
<td>My supervisor encourages me to participate in my objective setting process.</td>
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<td>7</td>
<td>Job analysis has been done by my supervisors before the duties and the responsibilities have given to me.</td>
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<td>8</td>
<td>I have a clear knowledge about the job I do.</td>
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**C. Performance Planning**

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<th>Strongly Disagree</th>
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<th>Neither Agree nor Disagree</th>
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<tbody>
<tr>
<td>1</td>
<td>AAU’s and CBE’s performance Management system objectives are described to me.</td>
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<tr>
<td>2</td>
<td>My supervisor and I set objectives and key performance indicators at the beginning of every fiscal/budget year and also gives me the opportunity to participating in performance planning to set my job goals, objectives and measurement standards.</td>
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<td>3</td>
<td>My supervisor clearly explains to me what the expected performance from me is.</td>
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<td>4</td>
<td>I reach an agreement with my supervisor on how my performance is measured and the standards that are used to evaluate my duties.</td>
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<td>5</td>
<td>On the development plan meeting, my supervisor and I discuss on both my strengths and areas which I need improvement and we then set goal to achieve in each area.</td>
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<td>6</td>
<td>I get rewarded (bones/other benefits) for accomplishing my development plan goals/objectives from the supervisor.</td>
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<td>7</td>
<td>My supervisor uses the previous performance assessments to set the current strategic goals/objectives.</td>
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<td>8</td>
<td>I get positive, negative &amp; constructive feedbacks on my performance gap regularly and timely, and the ways to further develops and improve my task from</td>
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</table>
my supervisor. In a way that enables me to recognize and to accept their factual nature based on the facts.

9. I have the opportunity to give my opinion and feedback to my supervisor freely.

10. I get recognition whenever I do a very good job.

### D. Performance Assessment

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<td>Neither Agree nor Disagree</td>
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</tr>
<tr>
<td>1.</td>
<td>My performance is measured based on the agreement I have reached with my superior</td>
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<tr>
<td>2.</td>
<td>My performance assessment covered those issues which were very important in performing the job.</td>
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<tr>
<td>3.</td>
<td>My performance is rated based on the standards already established.</td>
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<td>4.</td>
<td>My performance rating is based on how well I do my job</td>
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<td>5.</td>
<td>Chance is given to me to assess my performance.</td>
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### E. Performance Review

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<td>Neither Agree nor Disagree</td>
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<tr>
<td>1.</td>
<td>I received formal appraisal once in a year</td>
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<tr>
<td>2.</td>
<td>There is a mid, quarter and annual performance review in College of Business and Economics.</td>
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<tr>
<td>3.</td>
<td>The performance review focuses only on my past performance.</td>
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<td>4.</td>
<td>The performance assessment and review incorporate future training and development plan.</td>
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<td>5.</td>
<td>My development progress and plans for the future are discussed on the review meeting not performance.</td>
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<td>6.</td>
<td>If I do agree with my rating, there is an appeal process in the college.</td>
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<td>7.</td>
<td>The performance result I received has helped me for</td>
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improving my performance.

8 I have attended training which is based on my performance gap identified.

9 I get reward /incentive/salary increase/promotion based on my performance.

10 In the College of Business and Economics the performance result provides basis for payment decision.

F. Performance Renewal and Re-Contracting

<table>
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<th>No</th>
<th>Dimensions</th>
<th>Strongly Disagree</th>
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<tbody>
<tr>
<td>1</td>
<td>All stages of Performance Management System go in line with the overall goals of the University.</td>
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<td>2</td>
<td>Unrealistic goal is planned when I look back to the stages of performance management in the college.</td>
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G. Effectiveness of Performance Management

| 1  | I know that performance management improves individual performance. | 1 | 2 | 3 | 4 | 5 |
| 2  | I understand that performance management improves employee’s retention | 1 | 2 | 3 | 4 | 5 |
| 3  | I know that performance management makes change easier | 1 | 2 | 3 | 4 | 5 |
| 4  | I understand that performance management training is given before applying performance management system. | 1 | 2 | 3 | 4 | 5 |
| 5  | I know that performance management activates culture of employee engagement | 1 | 2 | 3 | 4 | 5 |
| 6  | I understand that performance management is strategically integrated with the overall College’s objectives. | 1 | 2 | 3 | 4 | 5 |
PART III. CHALLENGES

1. What do you think are the major challenges in implementing performance management system in the College of Business and Economics? Please specify on the space provided below.______________________________________________________________

2. What are the challenges for aligning the College’s strategic plan with that of AAU?______________________________________________________________

3. What do you think about the challenges for preparing pre-requisites of performance management in the College?

4. In your opinion, what are those challenges related to performance planning?

5. Please mention challenges related to performance management assessment________________________________________________________

6. Please list the major challenges related to performance review

7. Please state these challenges related to performance renewal and reconstructing

8. What are the major challenges which hinder to bring effectiveness in performance management practice in the College

PART IV. GENERAL SUGGESTIONS

10. In your opinion, what should be done by different stakeholders of the College and the University at different levels to bring up to the generally accepted standards of performance management practice?

______________________________________________________________

______________________________________________________________________________

______________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

Thank you!!
Appendix B: Interview Guide

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

Masters’ Degree in Educational Leadership and Management

Interview Questionnaire

(TO BE FILLED BY DEANS, DIRECTORS, DEPARTMENT HEADs AND DIVISION HEADs AND OTHERS)

ON

The performance management practices of in the college of Business and Economics

Interview questions to Deans, Directors and Department Heads of the College

The following interview questions are addressed to you who are responsible for effectiveness of the Performance Management System of the College of Business and Economics. The purpose of this interview is to collect primary data for conducting a study on a topic called “the assessment of performance management practice in college of Business and Economics” as a partial fulfilment to the completion of MA degree in educational leadership and management at Educational and behavioural study college’ of Addis Ababa University.

In this regard I likely request you to provide me with reliable information that is to the best of your knowledge so that the finding from the study would meet the intended purpose.

I strongly assure you of confidential treatment of your answer would like to extend my deep-heart thanks in advance for being a volunteer to devote your valuable time to the interview.

Interview Guide

1. How do you perceive a concept of performance management in your College?
2. Does all teaching staff of under yours responsibility informed about the alignment of strategic planning, objective/goals, vision, mission, of the college?
3. The specific job performed by an individuals’ is linked with the strategic objective of the college?
4. Does the teaching staff of CBE properly communicated about performance management system; why it is needed by CBE and the possible change, it could be bring to the individual, the team as well as the college?
5. Does the college successful handle the planning, execution, assessment review and the processes of performance management system? If yes, how and if not Why?
6. Could you it be possible to say that CBE has successfully implemented performance management system?

7. Do you think PMS of the college identifies good and bad performer?

8. What is the measure step of the college taken when positive and negative performance is observed?

9. Does the college give short training or orientation to its department head, associate deans, and assistant deans permanently to fulfill according to their capacity gap?

10. Does the college give training to its superior and department for its teaching staff base on their gap observed by superior? If yes, please describe the process?

11. What challenges have you faced in implementing the performance management system? What is the solution do you suggest?

Thank you!