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The Assessment of Employee Performance Management System: The case of Awash Bank Share Company

A Research Project for the partial Fulfilment of the Degree of Executive Master of Business Administration

[EMBA]

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DECLARATION

I, Kifle Tessema, hereby declare that the research project entitled "The Assessment of Employee Performance Management System" in case of Awash bank share company is my original work and that all sources of the materials in the research paper have been duly acknowledged. The subject matter embodied in this project work has not been submitted earlier for award of any degree or diploma to the best of my knowledge and belief.

Kifle Tessema ____________________ June 30/2020

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ACRONYMS

ABSC	Awash Bank Share Company
HR	Human Resource
PA	Performance Appraisal
PM	Performance Management
PMS	Performance Management System
SPSS	Statistical Package for Social Science

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Abstract

The main objective of this descriptive study was to assess the Employee Performance management System in the case of Awash Bank Share Company. Specifically, the study was intended to address the following questions; to find out how the Company has embraced performance management, an alignment between individual and the organizational overall goals, the leadership commitment to performance management and communication strategy and performance management. Primary data has been collected through questionnaire. The study used stratified sampling techniques and collected primary data from 101 staff out of the total 203 population. Descriptive research design was applied using quantitative approach. Statistical Package for Social science 21 version was used to process the primary data. The study found that the staff desires more alignment of organizational and individual goals and objectives in order to enhance the employee performance management as well as the organizations' performance. Moreover, Awash Bank Share Company shall conduct a formal training for managers in order to enhance their leadership commitment that helps them to serve as a model staff. This study also recommends that, Awash Bank Share Company shall invest on its employees and managers in order to remain competitively relevant in the banks industry.

Keywords: Performance Appraisal, Performance Management, Employee Performance management system,

CHAPTER ONE

1. INTRODUCTION

Performance management system (PMS) is a complete process, which is based on the employee execution and fulfillment of organizational objectives at all levels. The fundamental attitude behind the performance management system is to develop the alignment between the organizational objectives, with the employees' skills and capabilities, moreover it emphasizes on the development and improvement of the overall system. People mostly misunderstand the scope of performance management with the performance appraisal. In actual performance appraisal is judging the past performance while performance management system is an ongoing process to measure the fulfillment of objectives.

1.1. Background of the study

It is understood that worldwide is as of now creating at a really high rate, agreeing to Arup (2008) this perpetually leads to the creation of multinational enterprises. With these improvements, the HR systems are displayed with unique challenges, particularly as organizations that is transferring and implementing financial and technical systems to new locations. Therefore, organizations are confronted with the urgent need to ensure that their employees are creating value for their time and worth in order to catch up with the competition in the globalized economy. This in turn has made it vital for the HR divisions in organizations to create robust or healthy PMS in a proposal to promote the effectiveness and efficiency of the representatives.

According to Sahu (2007) PM could be a noteworthy and valuable enhancement within the scope of human asset within the organization to enhance the performance of employees. There are different points of view in which performance can be characterized; the significance of characterizing performance stems from the reality that for it to be measured or overseen at that point it should be characterized. For one, performance can be respected as the record of results achieved and this on the person premise would boil down to the record of the achievements of a representative. On the other hand, performance may be seen as behavior and thus defined from work that an organization might adopt. Importance defining performance stems from the fact that for it to be measured or managed at results, which can be compromised of by the frame that point should be characterized. Armstrong (2006) notes that the major goals for coming up with PMSs include correcting poor performance, sustaining good performance and improving performance. There could be an expected difference in terms of performance or activity between organizations that have robust PMS and those that have not health PMS.

Now one may request whether the undergoing of PMS in an enterprise immediately makes its employees productive. Even though the implementation of performance assessments is a positive move in boosting organizational performance, there is however, the need for it to be constantly revised and reconstructed for it to meet the changing needs of the current world Femi (2013). While including both elements of behavior and results, the employee would be the generator of the behavior and use it in the transformation of performance. The human resource manager would therefore need to take into account the behavior (input) of the employee and their result (outcomes) as they manage the performance of the organizational teams and/or individuals Robert (2011). Performance management therefore is a "strategic and integrated process" which helps organizations to establish a "culture of sustained success" through improving the performance of their employees and also through the development of individual and team abilities Caldwell (2004). Performance management is an essential ingredient in the facilitation of organizational effectiveness.

So, considering the above concepts of performance management, the researcher motivated to observe the performance management process of employees in Awash Bank Share Company how the company appraise employees to achieve its goal and strategy. Thus, the study gave more emphasizes on PMS process according to the theoretical concepts of the research. Here the research had difference from other related study since it applied conceptual framework that most of others were not adopted.

1.2.Background of the Organization

To begin with, its history ABSC was established by 486 founding shareholders on November 10, 1994 with a paid-up capital of Birr 24.2 million. It was the first private commercial bank established in Ethiopia following the post 1991 financial deregulation and the declaration of market oriented economic policy. It started banking operation on February13, 1995. At the end of June 2018, the number of shareholders and its paid-up capital increased to over 3,700 and Birr 2.9 billion, respectively. The bank has 366 branches at the end of June 2018 (www.awashbank.com).

1.3.Vision and Mission of Awash Bank

The vision of ABSC is to be the First Choice World Class Bank. And its mission is to provide innovative, competitive and diversified banking services accessible to the society with qualified and committed staff in a profitable and socially responsible manner. (Extracted from www.awashbank.com).

1.4.Statement of the problem

Performance management is important for an organization, as it helps organizations ensuring employees are working hard to contribute to achieving the organization's mission and objectives. Performance management sets expectations for employee performance and motivates employees to work hard in ways that is expected by the organization. PMS provides a complete professional management process for organizations to assess the performance results of organizations and employees. Organizations that use Performance management as a basis for pay and other human resource decisions, it is important to ensure that all employees are treated in a fair and equitable manner Pulakos (2004).

The importance of PMS is a continuously improving organizational performance, and this is achieved by improved individual employee performance. Therefore, improving employee performance by using PMS is a way to improve organizational performance.

Awash Bank S.C has embraced globalization, including ICT, intensive competition and reliance on its employees as key assets for coping with the changing needs of the environment and excelling in the business. However, as per the employee appraisal manual Awash Bank’s traditional performance appraisal system does not meet the needs of the changing scenarios/situations as it was mainly used as a tool for employee evaluation in which the supervisors and managers were forced to subjective judgments about the performance of the employees against the predetermined job standards. It is observed that Awash Bank Share Company has adopted the old method of performance appraisal, not the new order of management. This means the bank more relayed on traditional performance management which did not involve employee participation and technology in the process to evaluate employees in their work. Furthermore, ABSC debunked motivation and rewards system of PMS of employees, the outcome of traditional could not be open to employees, there was no concrete evidence that the process motivates employees, and the PMS brought negative perception toward employees.

Due to this, the study attempted to measure the limitations on the current PMS of the bank. The aspect of performance that has to do with outcomes or behaviour is very important in the life of an employee in the services of the Awash Bank. In addition to this, according to exploratory study the existing PMS of the bank had faced some problems such as lack of alignment of employee's objective to the overall goals of ABSC, lack of leadership commitment to performance management and there was no a clear direction for the alignment of strategy to performance management. Performance appraisal systems usually do not include extensive and ongoing feedback that an employee can use to improve her performance in the future. Finally, performance appraisal is a once-a-year event that is often driven by the HR department, whereas performance management is a year-round way of managing business that is driven by managers.

This is because it provides the strongest linkage to the strategic goals of organization, customer satisfaction, and economic contributions. Therefore, ABSC needs a well designed and implemented PMSs to enhance the performance of its employees who are responsible in serving variety of customers.

1.5.Basic Research Questions

In this study, attempt was made to addresses the following research questions:

1. How ABSC is adopted performance management?
2. What are change signs resulting from performance management adoption?
3. What is a leadership commitment to performance management?
4. How ABSC is communicated a strategy and performance management?

1.6 Objective of the Study

General objective

The overall objective of the study is to assess the employee performance management system of Awash Bank Share Company.

Specific objectives

This study aims at assessing employee performance management system in ABSC. In addition, the paper seeks to achieve the following specific objectives.

a) To identify the adoption of performance management in ABSC.
b) To assess change sings that resulting from performance management adoption.
c) To evaluate a leadership commitment to performance management.
d) To assess how ABSC communicated a strategy to performance management.

1.7.Significance of the Study

The findings of the study are expected to show the adoption of performance management in the bank, and how is the performance management result in change toward employees' motivation and performance. Furthermore, the study will give a clue how leadership commitment value to performance management and alignment to the overall organizational goals and strategy.

Finally, it might be an input for similar other researchers who are interested in studying the assessment of employee performance management system.

1.8. Limitation of the Study

While conducting this study, the following limitations were encountered; there were absence of relevant and up to dated related literature in the bank, since inculcating or using such related research will boost the accuracy and completeness of the result. In addition to this, the study focused only on those employees who were working in Addis Ababa North Region branches since the branches network was highly dispersed so it was not be feasible or difficult to include all employees of ABSC and to acquire the desired information within the fixed time and also cost much to conduct the study.

1.9. Scope of the study

The study focused on Awash Bank Share Company head office HR and its selected nine branches of North Addis Ababa only. All except non-clerical employees were involved in the questionnaires that has been conducted. In addition to this, the study addressed only literature concepts related to performance management of employees, and applied stratified sampling technique to distribute the intended questionnaires.

1.10. Definition of Terms

Performance Appraisal is a system that involves employee evaluations once a year, without an ongoing effort to provide feedback and coaching.

Performance is the level of output or result accomplished against a given targets and the way how it accomplished.

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.

Performance Assessment is part of the performance management process, which is a collection of communication for a certain period between the manager and the employee. **Employee performance management system**: a mechanism designed to aligning the strategic objectives of the organization to that of individual level so that each individual employee performance will be tracked in relation to the targets or goals given to the respective place of assignment.

Challenges: refers to limitations, drawbacks or shortcomings that restrict smooth implementation of employee performance management system in the organization.

1.11. Organization of the study

The study is composed of five chapters. The first chapter deals with the introductory part. Chapter two is the related literature review where detailed discussion about the topic was undertaken. The third chapter presented the research methodology. In the fourth chapter, data presentation and analysis were discussed. The fifth and the final chapter covers the summary of major findings, conclusions drawn from the findings and recommendations.

CHAPTER TWO

2. RELATED LITERATURES REVIEW

2.1 Introduction

Beneath this, the study comprised literature review that had relevancy with performance management. The literature concepts briefed about performance management process, performance management system and adoption. In addition to this, it emphasized the general frame work of the research, which the study adopted to assess performance management in ABSC.

2.2. Definition of terms

Performance is characterized as a result or achievement accomplishes by a person or a group. Performance can be defined as;

> "*What is expected to be delivered by an individual or a set of individuals within a timeframe? What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered" Kumari & Malhotra (2012).*

This definition implies that performing a given task efficiently and effectively in a given time to achieve an intended outcome. It also implies that there are clearly observable activities to be performed to achieve results; tasks or series of tasks are involved to achieve results. Therefore, the above definition of performance goes beyond achieving a certain task, but leads to the conclusion that behavior of people and results have to be taken into consideration.

2.3. Performance management.

Performance management is a process for evaluating and improving execution based on the agreement of objectives, competence necessities and advancement needs, the measurement of accomplishments and execution in connection to those needs and the agreement of new objectives and improvement plans on the basis of that measurement Armstrong (1999). Observing from the definition, performance management is an integrated process, links the organization objective with the teams and individual core competences as well as integration of different aspects of HR management including, organizational development, HR development, reward and recognition to ensure excellence in the management and development of people. Here are two definitions, Armstrong and Aguinis, shown for comparison and for the purpose of this paper.

Armstrong defines Performance management as strategic in the sense that it is concerned with the broader issues confronting the business if it is to function effectively in its environment, and with the general direction in which it intends to go to achieve longer-term objectives Armstrong (2006).

Aguinis, defines, Performance management as a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization" Aguinis (2013).

Let's consider each of the definition's two main components:

2.3.1. Continuous process,

Performance management is continuous. It includes a never-ending process of setting objectives and targets, watching executions, giving and receiving ongoing coaching and feedback.

2.3.2. Alignment with strategic goals,

Performance management requires that managers ensure that employees' activities and outputs are corresponding with the organization's goals and, consequently, help the organization gain a competitive advantage. Performance management therefore creates a direct link between employee performance and organizational objectives and makes the employees' contribution to the organization explicitly. Subsequently, performance management is a tool which enables to improve organizational performance by clearly aligning the common objectives and mission of the organizations with each individual/team goals. Aligning the common goal and objectives means that everything people do at work leads to outcomes that further the achievement of organizational goals.

2.4. Performance Appraisal and Performance Management

2.4.1. Performance Appraisal

Performance Appraisal is characterized as the formal evaluation and rating of individuals by their supervisors based on, usually, an annual review meeting Armstrong (2006). In the contrary, performance management is a continuous and ongoing process. Performance management involves a never-ending process of setting (and aligning) goals and objectives, observing performance, giving and receiving ongoing coaching and feedback. According to Armstrong, Performance appraisal is not recommended because it has been applied as a top-down and largely bureaucratic system owned by the HR department rather than by line managers hence, Performance appraisal was often backward looking, concentrating on what had gone wrong, rather than looking forward to future development needs.

2.4.2. Performance management (PM)

Frequently, performance management is confused with one of its key components-performance appraisals. Performance management is a "continuous process on identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization" Aguinis (2009). And he identified the main component of the concept is a continuous process and there is an alignment with strategic goals of the organization.

Armstrong has given a better definition on performance management "Performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams" Armstrong (2006).

Performance Management is integrated in two senses: (1) vertical integration, linking or bring into line business, team and individual objectives with core/essential competences; and

(2) horizontal integration, linking different aspects of human resource management, especially organizational development, human resource development, and reward, so as to achieve a comprehensible method to the management and development of people. PM is not an examination occasion, but a progressing process including performance planning, performance execution, performance assessment, performance evaluation and Performance review. PM focuses on future execution planning and enhancement and personal improvement. It is clear that performance management enhances teams and individual capacities of individuals and of organizational in general.

2.5. Performance Management System (PMS)

Performance Management Systems can be defined as follows:

> *"the evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change" Ferreira & Otley(2009).*

PMS can be specified as a main process which allows transforming basic strategic priorities, values and particularly objectives of the company into performance or into particular objectives of every employee. It is based on the principle of interconnection of company performance management which defines key measures of performance into the highest level of management up to the level of particular objects of management and an individual system of performance management which defines both particular work objectives and required work conduct on the level of particular work positions.

According to Armstrong (2009) 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 asset, thus enhancing organizational capability and the achievement of sustained competitive advantage.

In general, performance management system is the key factor used in determining whether an organization can manage its HR and talent effectively.

Performance management provides information on who should be trained and in what areas, which employees should be rewarded, and what type of skills are lacking at the organization or unit level.

2.6. Performance Management Adoption

There seems to be no straight model to setting up an effective performance management system since performance management in itself is a framework for achieving good work performance and enhancing optimum level productivity. However, other authors suggest that, at its simplest, performance management implementation should comprise the following:

Developing the organization's mission statement and objectives:

This is the performance planning process where individual objectives are linked to organizational goals, mission and objectives.

It is the typical starting point where goal-setting usually occurs in line with annual standard review cycles. Both practice and theory have focused on the nature of objectives, and how they are defined and expressed. Enhancing communications within the organization help employees understand of the objectives and the business plan, and also in a position to contribute to their formulation; this requires that both the supervisor and employee participate fully in the objective setting phase, monitoring of outcome and the evaluation stage. More importantly, it should address clarity, openness, and fairness; it should also recognize productivity through rewards; and be cognizant of appraiser leadership qualities Yee & Chen (2009).

2.7. Change Signs results from Performance Management Adoption

There are many advantages or contributions associated with the implementation of a performance management system Aguinis (2013). Accordingly, a good PMS can make the following important contributions: When we say advantages of performance management, it means that the changes signs results from or attaining from implementing or adopting a right performance management.

From the viewpoint of employees, a good system increases motivation and self-esteem, helps improve performance, clarifies job tasks and duties, provides self-insight and development opportunities, decrease employee turnover and clarifies supervisors' expectations. From the perspective of managers, good systems allow them to gain insight into employees' activities and goals, allow for more fair and appropriate administrative actions, allow them to communicate Organizational goals more clearly, let them differentiate good and poor performers, help drive organizational change, encourage voice behavior, PM is used to align the organizational culture with the goals and objectives of the organization to make change possible. Employees are provided training in the necessary skills and are rewarded for improved performance so that they have both the knowledge and motivation to improve product quality and customer service and improve employee engagement. Finally, from the perspective of the HR function, a good system provides protection from litigation and can also help minimize employee misconduct which can have so many negative consequences for the organization.

2.8. Leadership Commitment to Performance Management

The success of performance management practices in any organization depend upon the commitment and involvement of the different stakeholders like top management, line managers, Employees and the HR specialists. Commitment is a leadership quality that inspires and attracts people. It shows that the leader has convictions and that he/she believes in the cause.

There are four groups of people whose commitment to performance management is crucial to its success: top managers, line managers, employees and HR specialists Armstrong (2006).

2.8.1. Top Managers

Top managers take the lead: set the direction, act as role models and define and act upon core values relating to performance. It is their job to convince everyone that they believe performance management plays a key role in ensuring that business goals are achieved. Top managers must demonstrate by their behavior that performance management is indeed about managing the business.

It is the responsibility of top managers to develop a high-performance culture, which means ensuring that:

- ❖ They communicate a clear sense of mission underpinned by values, and a culture expressing what the firm is and its relationship with its customers and employees,
- ❖ A clear line of sight exists between the strategic aims of the business and those of its departments and its staff at all levels;

- Their expectations are defined and communicated to everyone in the shape of goals for success, performance improvements and core values;
- Leadership is provided that encourages a shared belief in the importance of continuing improvement.

Top management has a crucial role to play in implementing performance management. They have to communicate and act on the belief that performance management is an integral part of the fabric of the managerial practices of the organization. They should demonstrate their conviction that this is what good management is about and this is how managers are expected to play their part.

2.8.2. Role of Line Managers

Line management plays a key role in terms of implementing and enacting HR policies and practices. Line managers also bring policies to life. An important consideration in designing and operating performance management is how to achieve this by gaining their commitment and ensuring that they have the skills required.

Performance management works very well with managers who are competent and possess the right attitude. Those managers who are less competent with the behavioral requirements of their role find it difficult, as this approach requires them to make some business judgements and discuss the rationale for them.

2.9. Communications Strategy and Performance Management

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. Also, related to the strategic purpose described above, performance management systems are a conduit to communicate the organization' s and the supervisor' s expectations and what aspects of work the supervisor believes are most important Smither & London (2009). Internal and external communications is a key tool for every organization while doing a business in order to accomplish its intended achievements and results.

The strategy for managerial communications is concerned with planning and control procedures, management information systems and techniques of delegating and giving instruction Armsrong (1999). Communications from management should be about values, plans, intentions and proposals as well as about achievements and results.

The strategy for internal communications should be based on analyses of:

- what management wants to say;
- what employees want to hear;
- the problems being met in conveying or receiving information Armstrong (1999).

The concept ‘what management wants to say,’ based upon an assessment of what workers need to know, which, in turn, might be affected by ‘what employees want to hear.’
Management usually aims to achieve: to get employees to understand and accept what management proposes to do in areas that affect them; to obtain the commitment of employees to the objectives, plans and values of the organization; and, to help employees to appreciate more clearly the contribution they can make to organizational success and how it will benefit them.

2.9.1. Employees perception

Usually, employees want to perceive about and to comment upon the matters that affect their interests. These interests will include changes in working methods and conditions, changes in the arrangements for overtime and shift working, company plans which may affect pay or security, and changes in terms and conditions of employment. Communication systems consists of different mass media, magazines, newsletters, bulletins and notice-boards, and those using oral methods such as meetings, briefing groups and public address systems.
In general, having good knowledge of the PMS leads to greater employee acceptance and satisfaction. Organizations often design a communication strategy to ensure that information regarding the performance management system is widely disseminated in the organization Aguinis (2014). According to Aguinis, a good communication strategy consists of the following:

a) Performance management Provides general information about performance management, how performance management systems are implemented in other organizations, and the general goals of performance management systems.

b) Management should provide information on the relationship between performance management and strategic planning. Specifically, information is provided on how the performance management system will help accomplish strategic goals.

c) A good communication plan describes the benefits of implementing performance management for all those involved.

d) Providing a detailed description of the performance management process and time line: for example, when meetings will take place, what the purposes of each meeting are, and when decisions about rewards will be made.

e) The communication plan should include information on the role and responsibilities of each person involved at each stage of the process. For example, it includes a description of the employees' and supervisors' main responsibilities in the performance management process.

f) The communication plan should include information on the relationship between performance management and other initiatives and systems such as training, promotion, and succession planning. generally, Performance management is concerned with communication. This is done by creating a climate in which a continuing dialogue between managers and the members of their teams takes place to define expectations and share information on the organization's mission, values and objectives. This establishes mutual understanding of what is to be achieved and a framework for managing and developing people to ensure that it will be achieved Armstrong (2006).

2.10. **Purposes of performance Management System**:

The purposes for a given PMS should to be decided by considering business needs, organizational culture and the system's integration with other human resource management systems. In general, PMSs can serve six important purposes Aguinis (2014)

1. Performance Management Systems assist management achieve the strategic of organizational goals and objectives by connecting the organizational goals with an individual goal.

2. Performance Management Systems could generate useful information for making decision based on organization employees.
3. Performance Management Systems serve a best communication tool allows employees and supervisors to have full information regarding the business progress.
4. PMSs assist the developmental purpose incorporates feedback, which permits supervisors to coach workers and offer assistance.
5. PMSs are the primary means through which talent inventories can be collected. PMSs assist assessing future training needs, evaluating performance achievements and evaluating the effectiveness of HRM interventions, and
6. PMS produces information that can be used to evaluate the predictive accuracy of newly proposed selection instruments.

2.10. Principles of Performance Management

It is obvious that PM is concerned with performance enhancement in order to attain organizational, group and individual effectiveness. Also, PM is concerned with employee development. Performance improvement is not achievable unless there are successful forms of persistent improvement. This addresses the core capabilities of the organization and the particular capabilities of people and groups. Thirdly, performance management is concerned with fulfilling wants and desires of all of an organization's stakeholders, proprietors, administration, employees, clients, providers and the general public. In specific, employees are treated as collaborators within the undertaking whose interests are regarded, who have a voice on things that concern them, and whose conclusions are looked for and listened to Armstrong (2000). Performance management should respect desires of individuals and groups as well as those of the organization, recognizing that they will not continuously coincide. At last, Performance management is concerned with communication and involvement. It makes a climate in which a proceeding discourse between supervisors and the individuals of their groups takes place in order to define expectations and share information on the organization*'s* mission, values and objectives. This sets up common understanding of what is to be accomplished and a system for overseeing and creating individuals to guarantee that it will be accomplished.

2.11. The process of performance Management System

Performance management is the process of evaluating an employee’s performance during the preceding years and deciding where does an individual stand as far as their peers in the same band are concerned. It is a process that associates the firm’s strategies and aims to individual and group performance so as to enhance the efficiency of organization. PMS has its own process in order to execute the system successfully. Even though there are diverse forms of PMS indicated by different scholars, the foremost common and concrete one could be a process includes the following stages which are prerequisites, performance planning, performance execution, performance assessment, performance review and renewal and performance re-contracting. Each of these stages will be discussed briefly as follows.

Stage 1. Prerequisites

Prerequisite is the first stage of performance management system. In order to implement the performance management system, the following two prerequisites are mandatory:

(1) knowledge of the organization’s mission and strategic goals and

(2) knowledge of the job in question.

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 Aguinis (2014).

The second prerequisite is understanding the job undergoing which is done through job analysis. Job analysis is a process of determining the key components of a particular job, including activities, tasks, products, services, and processes. A job analysis is an important prerequisite of any performance management system. We have to know what an employee is supposed to do on the job, in order to know what needs to be evaluated and how to do so Aguinis (2014).

Stage 2. Performance Planning

Performance planning is the second stage of performance management system process.

Performance planning is the performance agreement or contract**,** which defines expectations what the individual has to achieve in the form of goals and objectives, how performance will be measured and the competencies needed to deliver the required results Armstrong (1999).

Performance planning is the base of an effective PMS. In short, Performance planning involves cascading organizational goals to individual goals, agreeing objectives, competency requirements, and personal development plans. Performance management is a mechanism to join together individuals' performance with an organizational performance through aligning organizational goals with individual goals. It is used to create a shared vision and goals of the organization, and to help each individual employee to understand and recognize their part in contributing to organizational performance.

The performance management cycle regularly starts with a discussion of what is expected of employees in terms of results and behaviors. This step is vital since it makes a difference individual understand what is expected of them, requires articulating assessment standards, in this manner increasing transparency and reasonableness or fairness. Research has shown that it is important for employees to perceive that the PMS is reasonable, which mitigates negative feelings related with less favorable results Varma, Budhwar & DeNisi (2008). Performance planning is the primary cycle where supervisor and representative or employee meet to discuss and agree on what is to be done and how it is to be done by combining the behavior, result and development plan.

Behavior is an important measure of results on how employees do their job by discussing on competencies, which are quantifiable clusters(groups) of knowledge, skills, and abilities (KSAs) that are basic in deciding how results will be accomplished. On the other hand, result is the outcomes that a worker must execute quality items and services with time in agreement to individual accountabilities. The third component of a planning stage is development plan. It is identifying areas of improvement and setting objectives to be accomplished in each area. It usually incorporates both results and behaviors. Such plans highlight a worker's qualities and the ranges in require of development, and they give an action plan to improve in areas of shortcomings and further encourage develop areas of strength. And it makes employees to distinguish how persistently or continually learn and develop, to see the possibility of being better in the future and helps them to avoid performance issues confronted in the past. At the beginning of the performance management cycle, it is vital to review with employees their performance expectations, including both the behaviors workers are expected to exhibit and the results they are anticipated to realize during the upcoming rating cycle. We are all familiar with employees who may accomplish exceptional results but are extremely difficult to work with, unhelpful or exhibit maladaptive behaviors at work. Since such behaviors can be extremely troublesome behavior is critical to consider in most work circumstances.

On the other hand, an employee can be extremely helpful, considerate and interpersonally effective, yet never achieve any important results Pulakos (2004).

Performance planning is a discussion between supervisor and worker with the agenda of upcoming year to agreement on individual's key job obligations, developing a common understanding of the specific objective that needs to be achieved, the standards that will be used to evaluate how well the employee has achieved each objective, identifying the most important competencies and elements of the development plan the subordinate will complete during the year Grote (2002).

While conducting the performance planning cycle, there are some responsibilities which will be expected both from the supervisor and the employee before the discussion and during the discussion. The obligations of the supervisor before the meeting is first to review the organization's mission, vision and values statement and department's goal, the second one is reading the workers job description and thinking about the goals and objectives which the employees is anticipated to attain in the appraisal period. The third and the fourth responsibilities of the supervisor is identifying the most vital capabilities and deciding what reflection should be taken to the successfulness of execution in each area respectively.

In addition to these, during the meeting the supervisor will be accountable to discuss and come to an agreement with the individual on the most significant capabilities, key position responsibilities and goals and also, he/she is accountable to come to an agreement on the growth plan of a worker. On the other hand, the employee has also the same responsibilities while conducting the performance planning stage in order to make the PMS effective and successful.

Stage 3. Performance Execution

The third stage of the performance management process involves performance execution. Autonomous teams are solely responsible for performance execution; however, when a team has a supervisor, then both the team and the supervisor share responsibilities for performance execution. For example, team members need to be committed to goal achievement and should take a proactive role in seeking feedback from one another as well as from the supervisor. The burden is on the team to communicate openly and regularly with its supervisor Aguinis (2014). The employee has primary responsibility and an ownership of this process. Employee participation does not begin at the performance execution stage. However, 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 Auginis (2014).

As per Auginis (2014), the employee's responsibilities are as follows:

3.1**.** Commitment to goal achievement*:* The employee must be committed to the goals that were set. One way to enhance commitment is to allow the employee to be an active participant in the process of setting the goals.

3.2. Ongoing performance feedback and coaching***:*** The employee should not wait until the review cycle is over to solicit performance feedback. Also, the employee should not wait until a serious problem develops to ask for coaching. The employee needs to take a proactive role in soliciting performance feedback and coaching from her supervisor.

3.3. Communication with supervisor***:*** Supervisors are busy with multiple obligations. The burden is on the employee to communicate openly and regularly with the supervisor.

3.4. Collecting and sharing performance data: The employee should provide the supervisor with regular updates on progress toward goal achievement, in terms of both behaviors and results.

3.5. Preparing for performance reviews: The employee should not wait until the end of the review cycle approaches to prepare for the review. On the contrary, the employee should engage in an ongoing and realistic self-appraisal so that immediate corrective action can be taken if necessary. The usefulness of the self-appraisal process can be enhanced by gathering informal performance information from peers and customers (both internal and external).

On the other hand, Smither & London (2009), has mentioned the following responsibilities of supervisor in the execution stage of performance management system:

1. Observation and documentation: Supervisors must observe and document performance on a daily basis. It is important to keep track of examples of both good and poor performance.
2. Updates: 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 behaviors).
3. Feedback: Feedback on progression toward goals and coaching to improve performance should be provided on a regular basis certainly before the review cycle is over.
4. Resources***:*** Supervisors should provide employees with resources and opportunities to participate in developmental 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.
5. Reinforcement***:*** Supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress toward goals. Also, supervisors should provide feedback regarding negative performance and how to remedy the observed problem. Performance problems must be diagnosed early, and appropriate steps must be taken as soon as the problem is discovered.

Stage 4. Performance Assessment

In the assessment stage, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed (showed), and whether the desired results have been achieved. Although many sources can be used to collect performance information 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.

Performance assessment can be defined as follows:

> *‘’It is important that both the employee and the manager take ownership of the assessment process. The manager fills out her appraisal form, and the employee should also fill out his 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 (i.e., supervisors) have of our behavior’’ Auginis(2014).*

Employee involvement in the process increases employee ownership and commitment to the system. The benefit of self-appraisal is to reduce an employee’s defensiveness during the assessment meeting and also increase employee’s satisfaction and trust in the performance management system. The time for the formal performance appraisal nears, the manager reflects on how well the subordinate has performed over the course of the year, assembles the various forms and paperwork that the organization provides to make this assessment, and fills them out. Performance assessment is one of the most important processes in PMS in which supervisors are assessing their subordinates regarding their performance in the past which lays a ground for keeping the strength and improving on the weaknesses and working on the development plan for the future. Managers often complain that evaluating someone’s performance is difficult. The reason that they find it difficult is usually that they have not done a good job of performance planning at the beginning of the year. If a manager has not held a planning discussion at that time, it’s difficult to evaluate performance at the end of the year.

360-Degree Feedback System

The360-degree feedback system has become a better device for helping difference employees, especially those in supervisory roles, improve execution by gathering information on their execution from diverse groups. These systems are known as 360- degree systems since information is accumulated from people all around the worker. Particularly, information on what performance measurements may well be moved forward is accumulated from bosses, peers, clients, and subordinates. This information is as a rule collected namelessly/ secretly to minimize rating inflation. Employees also rate themselves on the different execution measurements and compare self-perceptions with the information given by others. A gap investigation is conducted to look at the areas for which there are huge inconsistencies between self-perceptions and the recognitions of others. A 360-degree feedback system report usually includes information on dimensions for which there is agreement that further development is needed Auginis (2014).

Stage 5. Performance Review

The performance review stage may be where the subordinate and supervisor exchange performance feedbacks and review performances against given targets or goals to individual. To make the performance review successful, the involvement and exchange of dialogue are equally essential between employee and his manager. Apart from the performance review successful, the involvement and exchange of dialogue are equally essential between employee and his manager. Separated from performance review, they moreover talk about almost the improvement plans, trainings to progress aptitudes and information, another year objectives and targets and desires of worker and supervisor both. Thus, this stage is considered the base of following year execution evaluation cycle as well. In spite of its importance in performance management, the appraisal meeting is often regarded as the most difficult of the entire process 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 (Smither & London (2009).

Providing feedback in an effective manner is extremely important because it leads not only to performance development but also to employee satisfaction with the system, through which the five primary performance management elements measurement, feedback, positive reinforcement, exchange of views, and agreement can be put to good use. Individuals should be encouraged to assess their own performance and become active agents for change in improving their results. Among distinctive objective of performance review the followings are a few of them which can be said as the foremost vital one Smither & London (2009).

1.It gives motivation to provide positive feedback, recognition, praise and opportunities for growth; to clarify expectations; to empower people by encouraging them to take control over their own performance and development.
2. It encourages development by providing a basis for developing and broadening capabilities significant both to the current role and any future role that the employee may have the potential to carry out. Note that improvement can be centered on the current part, empowering individuals to broaden and enhance the extent of their duties and the aptitudes they require, and to be remunerated in like manner.

3. It gives a chance for communication to serve as a two-way channel for talking about roles, expectations (objectives and capability requirements), relationships, work, problems and aspirations.

Stage 6. **Performance renewal and Re-contracting**

This final stage of performance management process is similar to the performance planning component. The main difference is that the renewal and re-contracting stage uses the insights and information gained from the above-mentioned phases. The researcher has drawn a lesson from these processes that 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**.** Of course, the process starts all over again**:** which means there needs to be a discussion of prerequisites, including the organization’s mission and strategic goals.

This is due to 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 sub- sequent stages, are consistent with the organization's strategic objectives Aguinis (2014)**.**

2.12. The importance of performance management system;

There are numerous preferences related with the usage of a PMS within the organizations. According to Aguinis (2009) a PMS can make the following vital contributions:

1. Motivation to perform is increased. Receiving input approximately one's execution increments the inspiration for future execution. Information almost how one is doing and acknowledgment of one's past successes give the fuel for future accomplishments.

2. Self-esteem is increased. Accepting input around one's performance fulfills an essential have to be acknowledged and esteemed at work. This, in turn, is likely to extend employees' self-esteem.

3. Managers gain insight about subordinates**.** Direct supervisors and other managers in charge of the appraisal gain new insights into the person being appraised.

4. The definition of job and criteria are clarified**.** The work of the individual being assessed may be clarified and characterized more clearly. In other words, employees gain a better understanding of the behaviors and results required of their specific position.

5. Self-insight and advancement are improved. The participants in the system are likely to develop a better understanding of themselves and of the kind of development activities of value to them as they progress through the organization. Participants in the system also gain a better understanding of their strengths and weaknesses, which can help them better define future career paths.

6. Administrative actions are fairer and more appropriate**.** Performance management systems provide valid information about performance that can be used for administrative actions such as

merit increases, promotions, and transfers as well as terminations. Organizational goals are made clear**.** The objectives of the unit and the organization are made clear, and the representative gets it the connect between what he or she does and organizational victory. Usually a commitment to the communication of what the unit and the organization are all almost and how organizational objectives cascade down to the unit and the person representative. PMSs can offer assistance progress worker acknowledgment of these more extensive objectives (i.e., organizational and unit level). employees by establishing developmental plans.

7. There is better protection from lawsuits**.** Data collected through PMSs can help document compliance with regulations. When PMSs are not in place, arbitrary performance evaluations are more likely, resulting in an increased exposure to litigation.

8. Employee misconduct is minimized**.** Employee misconduct is an increasingly pervasive phenomenon that has received widespread media coverage. Such misconduct includes accounting irregularities, churning customer accounts, abusing overtime policies, giving inappropriate gifts to clients and potential clients hoping to secure their business, and using company resources for personal use.

9. There is better and timelier differentiation between good and poor performers. PMSs allow for a quicker identification of good and poor performers. Also, they force supervisors to face up to and address performance problems on a timely basis (i.e., before the problem is too costly and cannot be remedied).

10. Supervisors' views of performance are communicated more clearly. *PMSs* allow managers to communicate to their subordinates their judgments regarding performance. Thus, there is greater accountability in how managers discuss performance expectations and provide feedback.

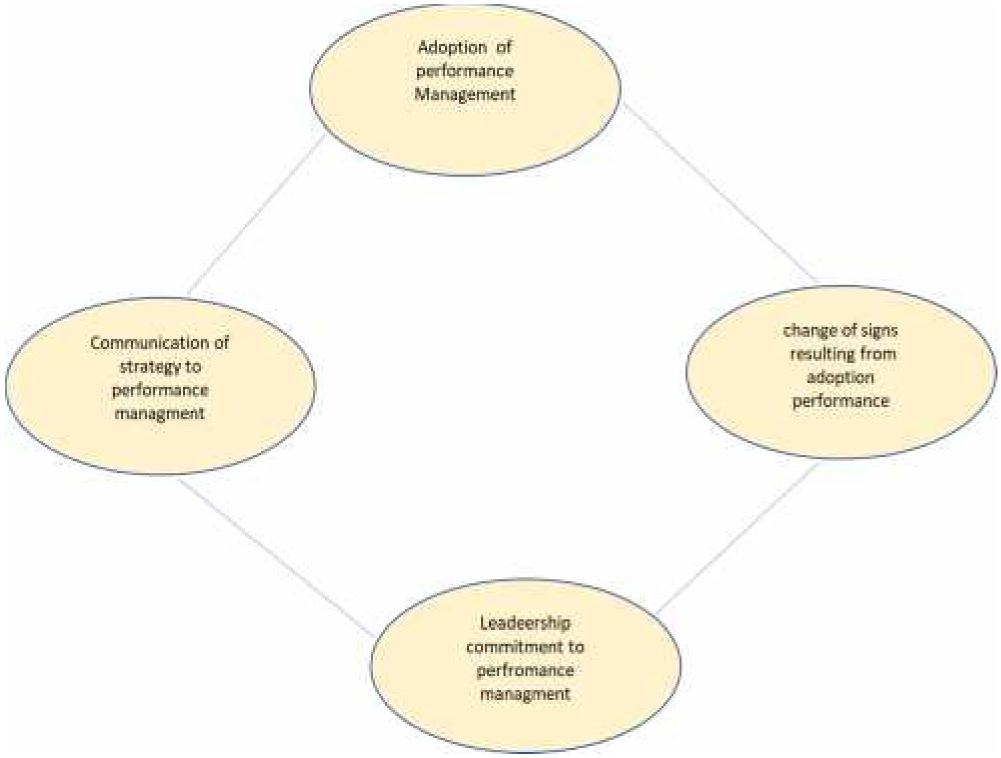
11. Organizational change is facilitated. PMSs can be a useful tool to drive organizational change. Employees are provided with training in the necessary skills, and are also rewarded for improved performance so that they have both the knowledge and the motivation to improve product quality and customer service. Finally, motivation, commitment, and intentions to stay in the organization are enhanced.

Conceptual Framework

Almost all the literature review and the existing 'Coaching for performance' model agree on areas that performance management is concerned with identification of organizational visions, missions and goals, bringing managers and employees on the same side towards the achievement of organizational strategic objectives/alignment, provision of coaching and periodic performance review, final performance evaluation, and attaching results with reward and/or punishment depending on the nature of result.

The variables under study have been represented diagrammatically to show the performance management as drawn from the literature review here under.

- Adoption of Performance Management: Developing the organization's mission statement and objectives. This is the performance planning process where individual objectives are
- linked to organizational goals, mission and objectives.
- Change signs from Performance Management: This is where individuals change their behaviors according to their expected satisfaction in attaining convinced goals. a good PMS increases motivation and self-esteem, helps improve performance, clarifies job tasks and duties, provides self-insight and development opportunities, decrease employee turnover and clarifies supervisors' expectations Aguinis (2013).
- Leadership commitment to performance Management- The success of performance management practices in any organization depend upon the commitment and involvement of the different stakeholders like top management, line managers and supervisors.
- Communication of strategy and Performance Management: Organizations often design a communication strategy to ensure that information regarding the performance management system is widely disseminated in the organization.



Source: Adopted from the literature,

Empirical Literature Review

There were extensive empirical studies in relation to performance management system. Therefore, in this section the most selected and related empirical finding of related literatures were presented.

Mark J. Hooper & David Newlands (2009) carried out study on performance management: survey evidence of appraisal and evaluation from Libyan corporations revealed that the system did not identify their work strengths and weaknesses besides it considered that their system is not a proper tool for promotion and training. The current performance appraisal of the organization characterized by bias, which negatively influenced employee's performance and it did not clarify how they can improve their performance. Again, the study indicated that no effective feedback on their performance and lack of common implementation i.e. It showed that there was no smooth relationship between employees and management. Its working environment is a significant factor inducing low performance and assures that stressful responsibilities, conflicts, working overtime without allowances, limited resources and company rules and regulations negatively affected their performance. Similarly, the study stated that they had never received any kind of formal training.

Hall (2002), reports that most American counties have institutionalized approaches for improving organizational performance. Performance management is one tool that provides idea for implementing Government Performance and Results Act (GPRA). GPRA is a law that focuses on interpreting strategies and resources to get the outcomes needed for unique missions. The focus of the GPRA through the President's Management Agenda (PMA) is a citizen-centered government that is accountable for results.

S. Machingambi, C. Maphosa, A. Ndofirepi, E. Mutekwe & N. Wadesango (2013) conducted an empirical study on Perceived Challenges of Implementing the Performance Management System in Zimbabwe high schools. The study found that lack of training on performance management (PM), abuse of the system by school heads, failure by school management to provide staff development programs, lack of meaningful reward as well as shortage of resources were the major obstacles affecting the implementation of performance management system. The study conducted by Hassan Danial Aslam (2010) on improving performance management practices in IT firms of Pakistan indicated that the organization needs to remind itself the crucial role of HR in employee's performance evaluation and development. The result of the research findings shown that there is high level of discomfort, job dissatisfaction or motivation is creating rigid gap between employees and management which is speedily leading the company towards performance decline.

M. Khasro Miah and Chowdhury Golam Hossan (2012) have conducted an empirical study on performance management system in UK retail industry found that implementation of performance management system is different what it is supposed to be. The top-level management acknowledges that they are not good in implementing their employee performance management system and most of their line managers are not trained enough to conduct the employee performance review. There is no performance management committee and no formal procedures for performance appraisal.

According to SHRM survey, the 2000 Performance Management Survey showed that performance management in organizations is evolving from a system dominated by the performance appraisal to a system that focuses on employee development. However, the transition is far from complete. Stronger executive support for performance management and increased employee participation in development activities is needed in order for performance management systems to truly become a tool to help attract and retain talent.

Reports from an Australian organization revealed that Performance Management System (PMS) had a more positive impact on performance than it did on employees. The work groups that were already performing well benefited from PMS, whereas those that were not, had a more negative attitude to PMS and was less positive about its impact on performance (Harper and Vilkinas, 2005).

Alwadael (2010) carried out a study on employee's perception of satisfaction with performance appraisal of electricity and water authority at kingdom of Bahrain and data were collected from 258 sample respondents. The descriptive finding of the study indicates that performance appraisal satisfaction is low with mean=2.66 and SD=1.14. This finding indicates that employees are dissatisfied in the existing performance appraisal system.

CHAPTER THREE

3. RESEARCH METHODOLOGY

The purpose of this research is to assess the employee performance management system of Awash Bank Share Company. This chapter provides an overview of the rationale and the theoretical justification for the study design, materials and methods that is used. It encompasses discussion on data type, source and collection techniques, methods of analysis and presentation used to qualify the data.

3.1. Research Approach

There are three different types of research methods; qualitative research methods, quantitative research methods and mixed methods. For this research purpose the student researcher used quantitative research approach. Quantitative research approach usually focuses on closed ended questionnaires.

3.2. Research Design

Research design is defined as;

> *"A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure". Kothari (2004)*

A descriptive survey is a design that involves establishing what is happening as far as a particular variable is concerned. For this purpose, both primary and secondary data has been conducted. Primary data sources were used that include managers, middle level management, and support employees in all. The descriptive research methods have been used to describe as well as explain the assessment of employee performance management system, in the case of Awash Bank Share Company.

The five-point Likert scales (i.e., Strongly Agree, Agree, Moderate Agree, Disagree, Strongly Disagree) have been introduced in the questionnaire to obtain and measure the responses of the respondents. Finally, based on the data type acquired, tables have been introduced to present the data in such a way that they will give meanings for the study. Based on the data type, tables have been introduced to present the data in such a way that they will give meanings for the study.

3.3. Data Source

Data was collected from primary sources using questionnaires. Secondary data was gathered from published and unpublished theoretical literatures. Books, research findings, internet sources, articles & journal have been reviewed as secondary sources to get various concepts and ideas related with study. Specifically, Primary sources have been used to acquire from the Awash Bank employee's response.

3.4. Method of Data Analysis

The study applied a descriptive type of analysis using SPSS software version 21. The collected data were coded and edited carefully. A descriptive analysis used to describe the features of variables. In order to posit the responses quantitatively, the study used percentage, frequency and mean using tabular form.

3.5. Data Collection Methods

Data was collected by way of a survey questionnaire that was adopted by the student researcher to allow responses gathered in a standard way, bringing out objectivity and to present data numerically. The questionnaire used a five-point Likert scale. The advantages of using the Likert is that it is simple to construct questionnaire, easy to read and complete.

3.6. Population of the study

According to Kohtari (1990) all items in any field of inquiry constitute Population. It is impossible to examine every item in the population because it consumes a great deal of time, money, etc. The same is true regarding this research. The total population considered under this study was all employees of Awash Bank S.C. ABSC has more than 366 branches stretched all over Ethiopia with its total 7881 employees; it was unrealistic to even consider that this study has to embrace all this branches or employees. Due to resource constraint, data inaccessibility and remote geographical location, the researcher focused only at the head office HR department and nine branches found in north Addis Ababa. Moreover, the other reason why the researcher focused only on certain limited bank branches, is the homogeneity of the service rendered in all branches and that of staff in terms of education, profession According to Human Resource data, ABSC employ 203 clerical employees in its head office HR department and those nine branches together. The researcher presumes the respondents in the sample used as representative of the total population as possible.

3.7. Sample Size

The total population considered under this study was all employees of Awash Bank S.C. ABSC has more than 366 branches stretched all over Ethiopia; the reason of taking sample from some specific branches is due to its homogeneity. Also, it will be unrealistic to even consider that this study used to embrace all this branches. The target population in this study included Awash Banks head office HR department and eight branches around north Addis Ababa which consists of 203 employees excluding non-clerical employees.

There are several methods for determining the sample size. In this paper the researcher was presented a simple formula from (Yamane 1967) to determine the sample size. This formula can be used to determine the minimal sample size for a given population size.

The formula from Yamane is:

$n = 1/1+N(e)2$

Where:

n = sample size

N = population size

e = the level of precision

This formula assumes a degree of variability (i.e. proportion) of 0.5 and a confidence level of 95%.

n= 203/1+203(0.05)2

n=134, Thus, the total sample size is 134.

3.7.1. Stratified Random Sampling:

Target population of the study were an employee of Awash Bank Share Company found in North Addis Ababa which comprised of about 203 staff; the researcher has used stratified random sampling methods to select samples from the bank's population. The study used this sampling technique for the purpose of making classification.

A random sample of specified size was drawn from each stratum of a population. Stratified random sampling is a method of sampling from a population, when sub-population vary considerably, it is advantageous to sample each sub population independently. Stratification is the process of grouping members of the populations into relatively homogenous subgroups before sampling. The list of the employees as per their category was collected from the HR department.

Table 3.1. Stratified sampling method for Sample size

S.No.	Division	Total Population	Sample size
01	Head Office HR Department	29	29/203*134=19
02	Hayahulet mazoriya branch	28	28/203*134=18
03	Traffic Tsihftbet branch	19	19/203*134=13
04	Megenanga Square branch	21	21/203*134=14
05	Megenanga Diaspora Square branch	23	23/203*134=15
06	Megenang 22 branch	20	20/203*134=13
07	Kotebe 02 branch	14	14/203*134= 9
08	Kotebe Branch	12	12/203*134=8
09	Sidest kilo branch	18	18/203*134=12
10	Kara Road branch	19	19/203*134=13
	Total	203	134

Source: ABSC Human Resource report 2019

3.8. Methods of Data Processing and Analysis

After collecting the required data, Statistical Package for the Social Sciences (SPSS) 21 version was used for the purpose of processing and analysis of the results. Descriptive statistics based on tables was used to analyze information on all factors/variables including respondent personal information. Five-point Likert scale; measurement was used on the basis of the survey;

5=strongly agree; 4=agree; 3=moderately agree; 2 = disagree; 1=strongly disagree. The variables were analyzed by using frequency counts, percentages, mean values and standard deviation. Finally, 35 information obtained through questionnaire and document review were analyzed and interpreted.

Data Reliability and Validity

According to Kothari (2004), sound measurement must meet the tests of validity, reliability and practicality. In fact, these are the three major considerations one should use in evaluating a measurement tool. Validity refers to the extent to which a test measures what we actually wish to measure. Reliability has to do with the accuracy and precision of a measurement procedure. Practicality is concerned with wide range of factors of economy, convenience, and interpretability. Therefore, the researcher briefly takes up the relevant details concerning these tests of sound measurement. To ascertain the data quality and reliability purpose of questionnaire was explained and respondent was supported at times of need of clarity, in order to make respondents comfortable in understanding the essence of the questionnaire. Therefore, the validity, reliability and practicality of this study are ascertained.

Table 3.2. Cronbach's Alpha

	Reliability Statistics		
	Cronbach's Al	Cronbach's Alph on Standardi Items	No of Items
Adoption of performance Management in ABSC	0.866	0.869	7
Change Signs Resulting from PM Adoption	0.801	0.801	7
Leadership Commitment to PM	0.903	0.903	7
Communication of Strategy and PM	0.908	0.908	6

Source: Survey questionnaire 2019/2020

As shown in the above table, the reliability of the Likert scale was determined by Cronbach's alpha method. According to (Bryman & Bell, 2003) the Cronbach's alpha result of 0.7 and above implies acceptable level of internal reliability. Therefore, the result indicated that the questionnaires of the study was internally consistent by 0.866, 0.801, 0.903 and 0.908 respectively. Hence the researcher found that it is acceptable level of internal reliability.

3.9. Ethical Considerations

Confidentiality - Respondents who have completed the questionnaire were informed about the purpose of data collection, analysis and the covenant to maintain privacy of their responses. Participants have informed about the purpose of the study and their privacy and dignity also

maintained. Confidential information of the bank has not disclosed and the collected data have used for the purposes of the study only.

Organizational approval **–** A written letter that explains the research ideas were provided to study the site. The researcher obtained approval prior to any research activity at the specified location is carried out.

CHAPTER FOUR

4. DATA PRESENTATION, DISCUSSION AND INTERPRETATION

4.1. Introduction

As it stated on the previous chapter, questionnaires were distributed for each nine branches and Head Office HR Department managers, supervisors, Senior, junior and other support employees. The questionnaire has two parts. Part I was used to gather general information about the respondents and in part II, five-point Likert scale questions were used to collect information that are related with subject matter regarding EPMS of ABSC. The researcher distributed 130 questionnaires to the target samples. Out of this, 101 sheets of paper were returned and analyzed accordingly. This means the study had a response rate of 75%.

4.2. Research Findings Presentation and Analysis

The student researcher studied ABSC in assessing employee performance management system. A total of 134 questionnaires were distributed to the organization but only 101 questionnaires were returned and 33 questionnaires were not returned or lost due to employee absenteeism and for different reasons.

Most of the results are presented in percentages, tables and descriptive form. The findings are based on 75.37% (101/134) respondents' rate. The table below provides description of the respondents included in the study.

4.3. Respondents' Background Information

This aspect is very important in obtaining the real picture of respondents below. The variables include gender, age, year of service, level of educational status and current position held in the bank.

Table 4.1. Demographic Characteristics

No.	Item	Variables	Frequency	Percent
1	Gender	Male	69	68.3
		Female	32	31.7
		Total	101	100
2	Age	21-29	64	63.4
		30-39	28	27.7
		40-49	9	8.9
		Total	101	100
3	Education	BA/BSC	84	83.2
		MA/MSC	17	16.8
		Total	101	100
4	Experience in ABSC	< 2 years	23	22.8
		2 to 5 years	38	37.6
		6 to 10 years	32	31.7
		> 10 years	8	7.9
		Total	101	100
5	Position	Manager	18	17.82
		Professionals	67	66.34
		Other support staff	16	15.84
		Total	101	100

Source: Survey Questionnaire 2019/2020

4.3.1. Gender

The student researcher intended to identify the gender of the study respondents. The findings presented in table 1 showed that 69(68.3%) of the respondents were males as compared to 32(31.7%) females. Thus, the findings indicate that most of the respondents were male, implies there is gender imbalance in ABSC.

4.3.2. Age

Regarding age group of the respondents, 64(63.4%) were between the age group of 21-29 years of age and 28(27.7%) of respondents were between the age of 30-39 years of age. The rest 9(8.9%) of respondents were between the age group of 40-49 years. This depicts that majority of the bank employees are within the range of 21-29 age group.

4.3.3. Educational status

With respect to the educational level of the respondents, 84(83.2%) of the respondents are BA/BSC, while the rest 17(16.8%) of the respondents were MA/MSC holders.

Depending on the response, it can be said that most employees of ABSC are qualified at bachelor degree level followed by master degree. This implies that ABSC has more qualified manpower that has potential for the development of both individual and organizational performance.

4.3.4. Work experience

Looking into work experience of the respondents, 38(37.6%) of the respondents have two to five years of experience while the rest 32(31.7%),23(22.8%) and 8(7.9%) of respondents have two to five, six to ten and more than ten years of experience respectively in ABSC. Therefore, the majority respondents who have two to five, six to ten and less than two years of experience which gives an opportunity to reflect their understanding clearly on the employee performance management system of the bank.

4.3.5. position

With regard to current position of respondents as shown in the table above, the majority of the respondents, 67(66.34%) are professional staff, followed by Managerial 18(17.82) and other support staff 16(15.84%). This reveals that most of the employees are professional staff who can understand and response the provided questionnaires easily.

4.4. Data Analysis on Employee Performance Management System

Table 4.2: Responses on Adoption of Performance Management in the Bank

No	Item		Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree
1	All employees are familiar with the organization's goals and are allowed to align them to individual goals.	F	1	4	15	56	25
		%	0.99	3.9	14.85	55.4	24.75
2	I have a clear job description and performance standards are clearly defined.	F	2	5	8	34	52
		%	1.98	4.95	7.92	33.76	51.48
3	Goals are set for activities to be achieved in a given period.	F	2	4	15	49	31
		%	1.98	3.96	14.85	48.51	30.87
4	Constructive feedback on performance appraisal is provided on a regular basis.	F	5	8	34	38	16
		%	4.95	7.92	33.67	37.62	15.84
5	My organization documents the progress related to performance standard for all targets.	F	-	10	20	40	31
		%	-	9.99	19.8	39.6	30.7
6	Information from performance evaluation can provide needed input for employee development.	F	5	7	29	33	27
		%	4.95	6.93	28.71	32.76	26.73
7	Results on performance evaluation link to reward of individual and motivates employees to perform better.	F	6	11	21	32	31
		%	5.94	10.89	20.97	31.68	30.7

Source: Survey questionnaire 2019/2020

The first question was targeted to know employee's familiarity with the organizations' goals and alignment to individual goals. As shown in table 4.2 above, 81(80.15%) of the respondents agreed that they are familiar with the organization's goals and are allowed to align them to individual goals. Only 5(4.95%) of them disagreed. The rest 15(14.85%) respondents were remain moderate agreed with the issue mentioned above. From this finding along with mean=3.99>3.00 (hypothetical average) and standard deviation=0.806, it can be said that all

ABSC employees are familiar with the organizations goals and are allowed to align them to individual goals. This implies that the management is in an agreement on the setting organizational goals and allowed to align with individual goals.

As shown in the 4.2 item 2, above table, out of the total 86(85.15%) of the respondents agreed with the availability of a clear job description and performance standards being clearly defined for each employee. On the other hand, 7(6.95%) respondents were disagreed. The rest 8(4.95%) respondents were answered moderate agreed. Hence the finding shows that with mean=4.28 and low standard deviation of 0.95 indicates that the data points tend to be very close to the mean shows that majority of the respondents have a clear job description and performance standards are clearly defined.

Table 4.2 item 3, the majority staff, 79.38% of respondents agreed that goals are set for activities to be achieved in a given period. On the other hand, some staff, 5.94% disagreed. The rest15 (14.85%) remain moderately agreed. Finally, the finding shows that mean= 4.02 and SD=0.894 which is low and the data points tend to be very close to the mean shows that majority of the employees agreed that goals are set for activities to be achieved in a given period.

As shown on the above table item 4, staff were asked whether Constructive feedback on performance appraisal is provided on a regular basis or not out of the total respondents 54(53.46%) agreed with the statement. On the other hand, 13(12.87%), 34(33.67%) votes were recorded for disagree and moderate agree respectively. The finding shows that it’s mean=3.5149 and SD=1.01601, implies that management should provide constructive feedback on performance appraisal on a regular basis.As indicated on the above table, item 5 most employees 71(70.30%) agreed with the sentence says: Organization documents the progress related to performance standard for all targets. In the meanwhile, 10(9.99%) disagreed, and the rest 20(19.8%) moderate agreed. No one of them responded strongly disagreed. As per the finding, it’s mean =3.911 and SD= 0.94973, indicates that, the organization documents the progress related to performance standard for all targets. As depicted on the above table 4.2 item 6, majority of the respondents or 60(59.40%) agreed with the statement ‘Information from performance evaluation can provide needed input for employee development’ while 12(11.88%) disagree. The rest 29(28.71%) responded moderate agree.

As per the findings, the mean =3.69 whereas the SD =1.0931, it can be said that even though the majority of respondents agreed and there are many staff members who are not in agreement. Therefore, the management should give attention to tackle the problems may arise due to the case. On table 4.2 item 7, the staff were asked to know whether results on performance evaluation link to reward of individual and motivates employees to perform better. Majority (62.38% of respondents agreed, (16.83%) disagreed and 21(20.97%) moderate agreed. The finding depicts that, its mean=3.703, comparatively higher standard deviation (1.1878), can be expressed even though the majority responded satisfied with the performance evaluation link to reward of individual and motivates employees to perform better others are not in agreement. Hence management shall work on the mentioned issue in order to fill the gap indicated in the performance evaluation with regard to reward of individual motivates employees to perform better.

Table 4.3: Responses on Change Signs Resulting from Performance Management Adoption

No.	Item		Strongly	Disagree	Moderately agree	Agree	Strongly agree
1	Employees in my organization experience a reduced degree of dissatisfaction arising from performance appraisal.	F	3	12	30	42	14
		%	2.97	11.88	29.7	41.6	13.9
2	Employees turnover are thoroughly/carefully minimized in my organization because of effective performance management.	F	5	21	28	31	16
		%	4.95	20.8	27.7	30.70	15.8
3	The tendency of employees in my organization to raising their voices against Customers/colleagues and neglect of responsibilities are highly reduced.	F	6	11	29	36	19
		%	5.93	10.9	28.7	35.6	18.8
4	In my organization, employee performance is on the increase.	F	5	6	27	42	21
		%	5	5.9	26.7	41.6	20
5	The quality of service delivery in my organization is encouraging.	F	3	3	18	46	31
		%	3	3	17.8	45.5	30.7
6	Customer satisfaction is a top priority in me bank.	F	2	5	12	29	53
		%	2	5	11.9	28.7	52.3
7	The errors associated with performance appraisal is very minimal in my organization.	F	3	9	33	43	13
		%	2.97	8.91	32.7	42.6	12.9

Source: Survey questionnaire 2019/2020

Question: Employees in the bank experience a reduced degree of dissatisfaction arising from performance appraisal.

As indicated on table 4.3, item 1 above, majority respondents, 42(41.6 %) and 14(13.9%) of respondents together agreed and strongly agreed respectively. On the other hand, 12(11.9 %) and 3(3%) disagreed and strongly disagreed. The rest 30(29.70%) of respondents moderate agreed. The finding indicates that the mean = 3.51and the SD=0.9758, even though there is an agreement on the reduced degree of dissatisfaction arising from performance appraisal, management should work strongly on employee performance management system. On the same table, item 2, the response for the question declares Employees turnover are thoroughly minimized in my organization because of effective performance management. The majority or 31(30.70%) and 16(15.8%) of respondents together agreed and strongly agreed. On the other hand, 5(5%) and 21(20.8%) respondents strongly disagreed and disagreed respectively. The rest 28(27.7%) respondents moderately agreed. This finding shows that the data indicates mean=3.3168 and the standard deviation=1.12188, which implies, even though the majority of respondents are agreed on the premise of employee turnover are thoroughly minimized in the organization because of effective performance management others were disagreed. Hence the bank needs to rework on the improvement of employee performance management system.

Question on table 4.3. Item 3, the tendency of employees in my organization to raising their voices against customers, colleagues and neglect of responsibilities is highly reduced. Regarding the above question, 55(54.45%) and of the respondents agreed. On the other hand, 16(15.99%) respondents disagreed. The rest 29(28.7%) respondents moderately agreed. As per the finding, the data shows, mean=3.505 and its standard deviation=1.1011, which implies that the tendency of employees in the organization to raising their voices against customers, colleagues and neglect of responsibilities is not highly reduced. It depicts that the management shall work on this regard in order to enhance employee's responsibility and the like. Table 4.3 item 4, requested the staff to know whether their organization employee performance is on the increase or not. Accordingly, 63(61.6%) of the respondents agreed and strongly agreed. On the other hand, 11(10.9%) respondents disagreed respectively. The rest 27(26.7%) respondent's moderate agreed. As per the finding, regarding the result of mean it shows 3.6733 and standard deviation=1.0306 respectively, that the finding indicates employee's performance increase is under question. Regarding the quality of service delivery in the organization, 77(46.2%) respondents agreed, while 6(6%) respondents disagreed. The rest 18(17.8%) respondents moderately agreed. The finding shows its mean=3.98 and standard deviation=0.938, shows that the quality of service delivery in the organization is encouraging.

Regarding, priority of Customer satisfaction in ABSC, most of employees 82(81%) agreed, On the other hand, 7(7%) respondents disagreed. The rest 12(11.9%) respondents moderately agreed. In terms of mean and standard deviation it shows 4.2475 and 0.9839 respectively, indicates that most employees agree with customer satisfaction being given a top priority in their bank.

As per the finding of errors associated with performance appraisal in the organization, most staff or 56(55.5%) respondents agreed, 12(11.9%) respondents disagreed. The rest 33(32.7%) respondents moderately agreed. When we test its mean and standard deviation i.e. 3.5347 and 0.933 indicates that the errors associated with performance appraisal are very minimal in the organization, indicates good trend.

Table 4.4: knowledge of Respondents on ABSC Leadership Commitment to PM.

No.	Item		Strongly disagree	Disagree	Moderately	Agree	Strongly agree
1	My Supervisor(s) encourage me to use different ways to improve my performance.	F	6	9	23	35	28
		%	5.9	8.9	22.8	34.7	27.7
2	Employees participate in goal alignment and identifying their career development needs.	F	5	6	19	56	15
		%	5	5.9	18.8	55.4	14.9
3	Appropriate efforts are exerted in the training and development of employees to ensure effective performance.	F	5	10	22	39	25
		%	5	9.9	21.8	38.6	24.8
4	Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management.	F	3	11	24	46	17
		%	3	10.9	23.8	45.5	16.8
5	Leaders recognize and reward performance appropriately in order to motivate employees.	F	5	12	16	42	26
		%	5	11.9	15.8	41.6	25.7
6	Awash Bank S.C. invests resources to ensure that employees and managers own the performance management system.	F	4	14	15	45	23
		%	3.96	13.9	14.9	44.6	22.8
7	The resources of the organization are committed thoroughly to enhancing performance and its management.	F	1	9	21	45	25
		%	1	8.9	20.8	44.6	24.8

Source: Survey questionnaire 2019/2020

Notably, as noted in table 4.5, item 1, most of the respondents i.e. 63(62.4%) argued that their supervisor(s) encourage them to use different ways to improve their performance. However, only 15(14.7%) of the respondents are in disagreement with the above statement. The rest 23(22.8%) of the respondents answered moderately agree with the issue.

In reviewing its data of mean and standard deviation it shows 3.693 and 1.1467 respectively, it indicates that their supervisor(s) do not encourage their employees to use different ways in improving their performance. For the question which request employees participate in goal alignment and identifying their career development need, most 71(70.30%) of respondents were agreed and strongly agreed respectively. On the other side 11(10.89%) of respondents disagree and the rest 19(18.81%) responses moderate agreed. In checking its mean (3.693) and standard deviation (0.967), indicates that employees participate in goal alignment and identifying their career development needs.

Appropriate efforts are exerted in the training and development of employees to ensure effective performance. Regarding the above question, majority, 64(63.35%) of respondents are agreed. On the other hand, 15(14.85%) of respondents are disagreed. The rest 22(21.78%) of respondents are moderately agreed. Further investigation of this finding shows that mean (3.683 and standard deviation (1.1039), that a higher standard deviation indicates even though majority of staff agreed on the question, others are not agreed with an effort exerted in the training and development of employees to ensure effective performance. Therefore, management has to rework in training and development of employees to ensure effective performance.

Regarding responses for the question stated ‘Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management’, most, 63(62.30%) and of respondents were agreed. On the meantime, 14(13.87%) of respondents are strongly disagreed and disagreed respectively. The rest 24(23.8%) of respondents are moderately agreed. Additional finding shows that its mean= 3.69 and its SD= 1.15, can be said that, management should concentrate on communication and performance management feedback enhancement.

Regarding question raised to know whether leaders recognize and reward performance appropriately in order to motivate employees, most, 68(67.3%) of respondents are agreed.

Some 17(16.9%) were disagreed and agreed. The rest 16(15.8%) respondents were moderately agreed. In comparing the above finding with the next one i.e. Mean (3.71) and higher standard deviation (1.1255) shows that leaders do not recognize and reward performance appropriately to motivate employees. Therefore, management shall work on the case in order to enhance the overall organizational goals and objectives.

The staff were requested whether Awash Bank S.C. invests resources to ensure that employees and managers own the performance management system or not. Accordingly, 68(67.4%) of respondents are agreed. On the other hand, 18(17.86%) of respondents are disagreed. The rest 15(14.9%) of respondents are moderate agreed. This finding shows that its mean=3.68 and its higher standard deviation=1.095, though most of the staff agreed on, the others are not in agreement with. Therefore, Awash Bank should invest resources to ensure that employees and managers own the system.

The final question forwarded for the staff is requesting whether the resources of the organization are committed thoroughly/methodically to enhancing performance and its management or not. Most 70(69.4%) are agreed and strongly agreed respectively while 10(9.89%) of respondents are disagreed. The rest 21(20.8%) of respondents are moderately agreed. As per the finding, its mean is 3.83 and standard deviation is 0.939, depicts that ABSC resources of ABSC are committed thoroughly to enhancing performance and its management.

Table 4.5: Analysis on Communication of Strategy and Performance Management.

No	Item		Strongly disagree	Disagree	Moderately agree	Agree	Strongly agree
1	Managers/supervisors communicate how the results of the employee's work contribute to the unit/organizations goals.	F	2	6	22	42	29
		%	2.00	5.9	21.8	41.6	28.7
2	Managers/supervisors provide ongoing performance feedback to prevent problem from arising.	F	3	7	30	37	24
		%	2.97	6.93	29.7	36.6	23.83
3	Managers/supervisors provide ongoing performance feedback to employees to recognize excellent performance.	F	3	6	27	45	20
		%	3.0	5.91	26.7	44.6	19.8
4	Managers/supervisors work with the employees to remove barriers to success and identify strategies to minimize barriers.	F	3	5	29	38	26
		%	3.0	5.0	28.7	37.6	25.7
5	Managers/supervisors gather feedback information from other sources – customer input, workplace survey, peer feedback, etc.	F	3	7	21	47	23
		%	3.0	6.9	20.8	46.5	22.8
6	The manager/supervisor communicates with the employees during the work period about job tasks, to prevent problem and keep current.	F	4	6	23	43	25
		%	4.0	5.9	22.8	42.6	24.8

Source: Survey questionnaire 2019/2020

The student researcher assessed whether staff knows that managers/supervisors communicate how the results of the employee's work contribute to the unit/organizations goals. The following responses are presented and analyzed as follows; most 71(70.29%) of respondents were agreed. Whereas only 6(7.92%) of respondents were disagreed. The rest 22(21.78%) respondents were remain moderate agreed. When we see its mean=3.89 and standard deviation=0.958, the lower standard deviation tends to close to the mean, shows there is an agreement that managers/ supervisors communicate how the results of the employee's work contribute to the organizations goals. Regarding table 5, item 2, staff were requested whether managers/supervisors provide ongoing performance feedback to prevent problem from arising.

As depicted on the above table, 61(60.39%) of respondents were agreed. In the meantime,10(9.90%) respondents were disagreed, and the rest 30(29.7%) respondents were remain indifferent or moderate agreed. The finding shows that the mean=3.713 and standard deviation=1.0033, we can say that managers/supervisors do not provide ongoing performance feedback to prevent problem from arising. Therefore, the company shall review an improving on providing ongoing performance feedback to prevent problem from arising. Regarding the question on table 5, item 3, employees were requested to know whether managers/supervisors provide ongoing performance feedback to employees to recognize excellent performance. Most of 65(64.35%) of respondents were agreed, while 9(8.91%) 6(5.94%) respondents disagreed. As usual the rest 27(26.73%) respondents were remain moderate agreed. In addition to this with mean=3.7223 and standard deviation=0.95, we can say that, managers/supervisors provide ongoing performance feedback to employees to recognize excellent performance. For the question forwarded on the above table, 64(63.36%) respondents together agreed, and the others 3(2.97%) and 5(4.95%) respondents were strongly disagreed and agreed. The rest 29(28.71%) respondents were remain moderate agreed. The finding with mean=3.78 and standard deviation=0.986, it can be said that managers/supervisors work with the employees to remove barriers to success and identify strategies to minimize barriers. Managers/supervisors gather feedback information from other sources – customer input, workplace survey, peer feedback. Most 47(46.53%) and 23(22.77%) of respondents were agreed and strongly agreed. On the other hand, 3(2.97%) and 7(6.93%) of respondents were disagreed strongly disagreed and disagreed. The rest 21(20.79%) were moderate agreed. From this finding along with mean=3.79 and standard deviation=0.973, it is understood that, managers/supervisors gather feedback information from other sources – customer input, workplace survey, peer feedback.

Managers/supervisors communicate with the employees during the work period about job tasks, to prevent problem and keep current. Most 68(24.75%) of respondents were agreed and strongly agreed respectively. On the other hand, 10(9.89%) respondents together disagreed. The rest 23(22.77%) respondents were moderate agreed. In further data analysis, it is found with mean=3.78 and its higher standard deviation=1.016, depicted that, managers and supervisors do not communicate properly with the employees during the work period about job tasks, to prevent problem and keep current. Thus, ABSC management team have to work on the issue in order to improve the intended organizational objective.

CHAPTER FIVE

5. SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0. Introduction

The following sections emphasized about the summary of findings, conclusions and recommendations.

5.1. Summary of Major Findings

As a result of having gone through the analysis and interpretation of the data obtained from the questionnaires, the researcher came up with the following summary of findings, conclusion and recommendation.

- It was discovered that 81(80.15%) of respondents were agreed that employees of Awash Bank Share Company are familiar with the organizations goals and are allowed to align them to individual goals, Also, most of the employees indicated that goals of the organization are set for activities to be achieved in a given period.
- About 54(53.46%) of the staff seems to be relatively better satisfied with the constructive feedback on performance appraisal is provided on a regular basis, as compared to others, who are not satisfied and doubtful.
- Even though 63.38% of the respondents agreed that the results on performance evaluation link to reward of individual and motivates employees to perform better, rest of the staff were not satisfied with.
- Even though, 54.56% of the respondents conformed that employees in the organization experience a reduced degree of dissatisfaction arising from performance appraisal, there are other respondents who are not satisfied and moderate agreed is 14 .85% and 9.70% respectively.
- Even though, 47% of respondents indicates that employee’s turnover is thoroughly minimized in the organization because of effective performance management, but still it indicates that the rate of employee turnover is questionable in ABSC.
- About 55% of respondents seems to be relatively better satisfied with employees in the

organization to raising their voices against customers/colleagues and neglect of responsibilities is highly reduced as compared to other respondents who are not satisfied indicates special attention to improve.

- Above 77% of the staff responded that the quality of service delivery in their organization is encouraging. This demonstrates that employees have been satisfied with quality of service delivery in their organization is encouraging.
- At least 82% of the staff responded that the Customer satisfaction is given a top priority in their bank.
- About 56% of the respondents seem relatively better satisfied with the errors associated with performance appraisal are very minimal in their organization as compared to other respondents who are not satisfied. Anyhow errors of performance appraisal shall need good attention to be enhanced.
- About 64(63.35%) of the respondents indicated that appropriate efforts are exerted in the training and development of employees to ensure effective performance. This demonstrates that employees have satisfied with training and development of employees to ensure effective performance.
- Even though 63(62.3) of the respondents agreed that Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management. The majority of respondents seem to be relatively better satisfied with the Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management, as compared to other staff are not satisfied and moderate is 13.86% and 23.76 respectively.
- Even though 67(67.3%) of the respondents are better satisfied with recognition and reward performance appropriately in order to motivate employees, there is still a dissatisfaction that needs more management work to be improved.
- About 68(68.40%) of the respondents agreed that ABSC invests resources to ensure that
- employees and managers own the system. It implies that most employees are satisfied with their organization investment of resources to ensure that employees and managers own the system.

- About 71 (70.30%) of the respondents indicated that managers and supervisors communicate how the results of the employee's work contribute to the organizations goals. However, as per some responses there is a gap of communication of supervisors with the result employee's work contribute to the organizations goals.
- 65(64.35%) of the staff indicated that providing feedback to employees to recognize excellent performance is satisfactory as compared to others who are not satisfied, depicted that recognizing excellent performance is under question.
- Finally, cumulative responses of 68(67.32%) of the staff indicated that, the way manager/supervisor communicates with the employee during the work period about job tasks, to prevent problem is questionable.

5.2. Conclusions

The following are the major conclusions of the study:

The main purpose of this study was to assess the EPMS in the case of Awash Bank Share Company. To this end, the current EPMS in this organization was examined in view of the performance management conceptual framework and literature. In order to explore all the necessary information that best describes the practice of the current performance management, descriptive survey research design was applied using quantitative approach.

- According to the findings result, leaders do not encourage their employees to use different ways to improve their performance and also, do not recognize and reward performance in order to motivate their employees. Therefore, it shows that there is no leadership commitment towards effectiveness of performance management. Hence it needs great attention on the leadership commitment to performance management in order enhance over all organizational objective.
- With respect to the knowledge of Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management, staff seem to be relatively better satisfied as compared to other staff who are not satisfied that need the management attention thoroughly.
- Moreover, the practice of effective performance management for training and development of employees need assessment is questionable.

- As per the cumulative result, the way manager/supervisor communicates with the employees during the work period about job tasks, to prevent problem is questionable.
- Moreover, it is obviously that, improving performance of employees can significantly improve the quality and efficiency of bank particularly Awash Bank.

5.3. **Recommendations**

5.4.Based on the findings and conclusions, the student researcher has forwarded the following practical recommendations.

- Awash Bank Share Company shall develop and implement employee performance management system, in order to achieve and enhance its intended overall organizational goals.
- There shall be constructive feedback on performance appraisal to be provided on the regular basis and conduct meeting with staff in order to create space for openness, transparency and clear communication to flow smoothly in all direction to get the desired result of performance management.
- There shall be a strong alignment of organizational and individual goals and objectives in order to enhance the employee performance management as well as the organizations' performance.
- Management should collect information from performance evaluation that can provide needed input for employee development, in order to enhance the performance of the organization.
- Results on performance evaluation link to reward of individual and motivates employees to perform better. ABSC management should work accordingly to enhance the overall performance of the company.
- Management should set and develop the modern employee performance management system in order to satisfy the employee that help increasing an experience degree of satisfaction arising from performance appraisal.
- Top management team plays a vital role in convincing the line managers that performance management can be instrumental in the achievement of business goals and thus ensure that they take this aspect seriously in their work front for maximizing

employee satisfaction and productivity. Accordingly, Awash Bank Share Company shall conduct a formal and non-formal training for managers in order to enhance their leadership commitment help them to serve as a model staff.

- Performance management will be enhanced when the development needs that are identified in a performance feedback session are implemented in an environment that supports formal and informal learning at the policy and local levels. Therefore, ABSC should build a learning experience that motivates staff to develop themselves and improve their performance by equipping managers on coaching skills, setting goals, providing career training, assigning staff training funds and making staff responsible for their own development etc.
- Awash Bank Share Company shall allocate an investment resources to forward appropriate training for employees and managers. When the bank commits to making the necessary,
  investment, the benefits that organization can realize could be very significant, i.e. it helps to enhance the intended objective the bank.
- ABSC management shall set and develop employee performance management system which could asses the all-rounded performance enhancement. In order to have sufficient information about employee's performance and development, ABSC should find effective means like adopting EPMS helps to analyze performance and conduct training need assessment along with manager to have free conversation with staff on all areas of performance management.
- Moreover, improving performance of employees can significantly enhance the quality and efficiency of bank particularly ABSC.
- The study recommends that effective feedback should be used by an organization to meet the organization target. There should be an effective performance feedback that would translate into improved employee productivity. Feedback enables the employees be aware of what exactly is expected from them. Therefore, managers of the organization should frequently give feedback to the subordinates.
- ABSC performance appraisals program should be flexible enough to review various factors which

influence performance and consider provision of counselling on further improvements. It is good to have multiple sources to gain accurate information about an

- employee’s performance rather than sticking only with supervisor’s feedback while rating. Therefore, managers should plan performance development strategies in a structured manner for each employee. In doing so, they should keep the goals of the organization in mind and aim at optimal utilization of all available resources, including financial.
- In order to have sufficient information about employee’s performance, development and report, ABSC should find effective means like technological device of performance management software to collect reliable performance data and conduct training need assessment along with creating space for manager to have face to face conversation with staff on all areas of performance management.

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APPENDICES

DATA GATHERING QUESTIONNAIRES

Addis Ababa University

College of Business and Economics

Department of Management

Questionnaire to be filled by: Employees of Awash Bank share Company

Dear respondents,

The purpose of this questionnaire is to collect primary data for conducting a study entitled, "Assessment of Employee Performance Management System" the case of Awash Bank S.C. as partial fulfillment to the completion of the Executive Masters of Business Administration (EMBA) at Addis Ababa University. This paper is purely for academic purpose & in no ways that affects the respondent's personality. It will be kept confidential. So that, your genuine view, frank opinion & timely responses are very valuable in determining the success of the study. Therefore, you are kindly requested to extend your cooperation honestly by providing relevant information & filling out the following questionnaires that are prepared for this intention.

Thank you, for your cooperation and timely response in advance!!!

General Instructions

- ❖ No need to write your name,
- ❖ For further information, please contact the student researcher by 0911-68-14-01.
- ❖ In all cases where answer options are available please tick (√) mark in the appropriate box.

Part I. General Background of Respondents (Demographic Information)

1. Gender;

A) Male ☐ B) Female ☐

2. Age;

A) 21-29 ☐ B) 30-39 ☐ C) 40-49 ☐ D) 50 and above ☐

3. Educational status;A) Diploma ☐ B) Degree ☐ C) Masters ☐ D) PhD ☐

4. Years of service in ABSC;
A) Less than 2 years ☐ B) 2 to 5 years ☐ C) 5 to 10 years ☐ D) More than 10 years

5. To which category does your position falls? A) Managerial ☐ B) Professionals ☐ C) Other support staff ☐
6. In which department/division of the bank you are currently working? -------------------------

Part II. Questions on Performance management practices,

- ❖ Rate each statement on the Likert point scale of 1-5 where 1=Strongly Disagree (SD), 2=Disagree(D), 3= Moderately Agree (MA), 4= Agree(A) and 5=Strongly Agree (SA).
- ❖ Adoption of Performance Management in Awash bank,

No	Item	Levels of Agreement				
		SD	D	MA	A	SA
1	All employees are familiar with the organizations goals and are allowed to align them to individual goals.	1	2	3	4	5
2	I have a clear job description and performance standards are clearly defined.	1	2	3	4	5
3	Goals are set for activities to be achieved in a given period.	1	2	3	4	5
4	Constructive feedback on performance appraisal is provided on a regular basis.	1	2	3	4	5
5	My organization documents the progress related to performance standard for all targets.	1	2	3	4	5
6	Information from performance evaluation can provide needed input for employee development.	1	2	3	4	5
7	Results on performance evaluation link to reward of individual and motivates employees to perform better.	1	2	3	4	5

❖ Change Signs Resulting from Performance Management Adoption.

No	Item	Levels of Agreement				
		SD	D	MA	A	SA
1	Employees in my organization experience a reduced degree of dissatisfaction arising from performance appraisal.	1	2	3	4	5
2	Employees turnover are thoroughly/carefully minimized in my organization because of effective performance management.	1	2	3	4	5
3	The tendency of employees in my organization to raising their voices against customers/colleagues and neglect of responsibilities is highly reduced.	1	2	3	4	5
4	In my organization, employee performance is on the increase.	1	2	3	4	5
5	The quality of service delivery in my organization is encouraging.	1	2	3	4	5
6	Customer satisfaction is a top priority in my bank.	1	2	3	4	5
7	The errors associated with performance appraisal are very minimal in my organization.	1	2	3	4	5

Leadership Commitment to Performance Management,

No	**Item**	Level of Agreement				
		SD	D	MA	A	SA
1	My Supervisor(s) encourage me to use different ways to improve my performance.	1	2	3	4	5
2	Employees participate in goal alignment and identifying their career development needs.	1	2	3	4	5
3	Appropriate efforts are exerted in the training and development of employees to ensure effective performance.	1	2	3	4	5
4	Supervisor(s) communicate expectation clearly, provided feedback and suggestion for performance management.	1	2	3	4	5
5	Leaders recognize and reward performance appropriately in order to motivate employees.	1	2	3	4	5
6	Awash Bank S.C. invests resources to ensure that employees and managers own the performance management system.	1	2	3	4	5
7	The resources of the organization are committed thoroughly to enhancing performance and its management.	1	2	3	4	5

❖ Communication of Strategy and Performance Management.

No	Statement	Levels of Agreement				
		SD	**D**	MA	A	SA
1	Managers/supervisors communicate how the results of the employee's work contribute to the unit/organizations goals.	1	2	3	4	5
2	Managers/supervisors provide ongoing performance feedback to prevent problem from arising.	1	2	3	4	5
3	Managers/supervisors provide ongoing performance feedback to employees to recognize excellent performance.	1	2	3	4	5
4	Managers/supervisors work with the employees to remove barriers to success and identify strategies to minimize barriers.	1	2	3	4	5
5	Managers/supervisors gather feedback information from other sources – customer input, workplace survey, peer feedback, etc.	1	2	3	4	5
6	The manager/supervisor communicates with the employees during the work period about job tasks, to prevent problem and keep current.	1	2	3	4	5