ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

The Assessment of Performance Management Practices: In Berhan International Bank S.C

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A thesis submitted to Addis Ababa University School of Commerce in partial fulfilment of the requirements for Master of Art in Human Resource Management

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DECLARATION

I PenelAdem, hereby declare that *"The assessment of performance Management Practices"* the case of BerhanInternational Bank S.C is my own work and it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has made in the text. It is submitted for the degree of Master of Arts in Human Resource Management to Addis Ababa University School of Commerce post graduate program.

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Acronyms

BA---Bachelor of Arts

HRM---Human Resource Management

MA--Master of Arts

RQ---Research Question

S.C. ---Share Company

SPSS--Software Package for Social Science

BRIB -- Berhan International Bank S.C

JD --- Job Description

KPI -- Key Performance Indicators

PMS --- Performance Management System

HR --- Human Resource

PMP --- Performance Management Process

Abstract

The purpose of this study is to assess the performance management practices of Berhan Bank Share Company. Accordingly, the research descriptively tested using a sample data collected from 206 clerical and professional employees. The performance management system is seen from the alignment direction. Where the organization vision, mission and goals are aligned with the employees and the performance management system. The processes of performance management system are duly discussed. The process are performance requisite, performance planning, performance execution, performance assessment, performance review and performance renewal and re contracting are also discussed. The effective implementation of performance management system has also been duly focused. In addition an interview made with different head office and branch employees of the organization. Finally the implementation problem is clearly solicited. The major challenges of applying performance management system are also raised, then the research comes to conclusion by pin pointing ways of improvement for effectively implementing the performance management system.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

If any organization wishes to be successful in whatever it intended to perform and stay competitive in the market share, it has to have capable, innovative, talented, motivated and committed human resources. One of the methods to achieve this is to apply performance management systems as a key tool to change employee's talent and motivation into a strategic business advantage.

Performance management is one of the key functions of HR. Performance management (PM) includes activities which ensure that goals are consistently being met in an effective and efficient manner. According to Armstrong (2006) 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. Strategic and integrated are being the two important words in this definition. When we say PM should be strategic it means it should visuals what influence the organization as a whole and integrated with the other organization functions. The integration can be which is linking or aligning business, team and individual objectives and core competences and horizontal integration by linking different aspects of human resource management, especially organizational development, human resource development and reward, to achieve a coherent approach to the management, development and motivation of people Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas.

The nature of PM is a continuous process between managers and the people they manage which are based on goal achievement, performance analysis and constructive feedback which leads to performance and personal development plans. Achievable and measurable goals are very important in the process of performance appraisal. The success of Performance appraisal depends on how clear the measurement of performance, how individual and organization benefit and contribute to it and identifying the organization to follow performance management as a system and to understand and implement PM as organization system. (Armstrong, 2006).

Performance Management System contributes to the overall achievement of organizational goals as it is a constant monitoring tool. As it acknowledged by Weatherly (2004)a great deal of theory concerned with human motivation and human development argues that an effective performance management system should be a key building block of every organization's human capital management system.

As it is stated Armstrong (2009) that performance management system cannot be treated as a static approach to management. The environment is changing all the time and thus the strategic assumptions must be modified and strategy should be tested and systematically validated. In turn, the changes in strategy must trigger off the changes in performance management which is finally oriented toward strategy execution. A lot of time and energy could be spent in getting the goals and measures right, reviewing performance, and appraising it. However, things could go wrong and the required effectiveness of employee performance may not be obtained because of a failure to do one or more of the main activities in the system with the expected quality and regularity.

Therefore, the objective of this study to examine the performance management practice, process and system of Berhan International Bank S.C. It identifies the key challenges that the organization currently facing on the implementation of its performance management system. The study tries to compare Berhan International Bank S.C performance management practice with modern practices in the field. The study also tries to site best/modern practices in performance management by going through some literature and identify key improvement areas.

1.2 Background of the Organization

Berhan International Bank S.C is a privately owned company established in 2009 in accordance with the Licensing & Supervision of Banking Business Proclamation no. 84/1994 of Ethiopia to undertake commercial banking activities. The Bank obtained its license from the National Bank of Ethiopia on 20 October2009& started normal business activities on 01 December2009.

It currently operates through its Head Office located in Addis Ababa & has 89 Area Banks (12 Offices and Departments in Head Office, 44 Area Banks in Addis Ababa and 45 out of Addis Ababa), and the bank has 4 Automatic Teller machines (ATMs) located inside of Addis Ababa and the number of permanent employees as at February 2016 is 1359.

Vision

To be a radiant and trustworthy bank in excellence

Mission

Provide diverse financial products by deploying motivated and qualified human resource as well as up-to-date technology with highest ethical standard to create maximum value to stakeholders.

Values

- Quality Service
- Utmost respect to customers
- Innovation, excellence and progress
- Integrity and loyalty
- Professionalism and team spirit
- Collaboration and partnership
- Public confidence and trust
- Fairness
- Confidentiality

Source: Annual Report

1.3 Statement of the problem

In today's highly globalized and turbulent environment companies should strive to build a sustainable competitive advantage which is based on their human resource. Basically it needs a proper assignment of the right people in the job. In the process, performance management plays the critical role by continuously assessing the actual performance of employees for the better performance of organizations. **(Denisi& Griffin 2008)**

According to Cokins (2004), an effective performance management system should be congruent with the organization's strategy. The performance management system should also be integrated with business, team and individual objectives. In addition the performance management system can provide accurate assessment of employee productivity and quality of work. The performance management system can motivate employees to higher level of performance by giving the employees helpful feedback. Performance management therefore, continues to grow and develop as an integrated business system, with strong links to business strategy, compensation, employee development, and other system.

When we come to the case of Birhan International Bank S.C, It has policy, procedure and guideline for the effective implementation of the performance management system but when it comes to its practice there are indications that there is problem with regard to performance management theories as mentioned above.

The researcher has observed that many employees don't have complete knowledge of bank's mission, strategic goal and their contributions to the overall organizational objectives; in a sense that having less knowledge means it will have a direct impact on their day to day activities. Employee's performance will be affected because of having less knowledge about the prominent bank's mission. So the performance management system cannot be applied and measured for positive outcome and to mention the problems arose because there is no clear understanding between employees about the organization. It was also noticed that there has been a number of complaints about lack of performance standard/criteria, ongoing performance feedback, trained appraisers, and fair performance ratings during performance assessment period. Some department heads and managers also mention about the problem on the implementation of the system when an informal discussion made with them. But no research has been done so far to identify where the real problem is and in what way the problem will be solved. It seems that the organization has not taken major action to prevent or solve this issue. But once the complaints are reported, the organization uses mediation as a possible resolution method for the problem. The mediation goes in a way that the division managers will mediate the complaint and the supervisor.

In order to clearly know the problem is existing the researcher has made a discussion with one of the division managers from the human resource department and with some clerical staff those who are working in some city branches of the bank.

From the discussion, it was observed there is an idea difference and disagreement on assessment and review period. Some of the disagreements were due to misconception of performance measurement process. They think performance evaluation is done only for the sake of organizational obligation and for paper work and nothing else. The supervisor also reported that the performance evaluation is the hardest and worst task from their entire job due to this disagreement. Furthermore, after looking further last year's assessment and evaluation data from human resources department, the division manager stated, 65% of the employees have wrote complaint on their rating and identified gaps which stated by their supervisors which shows the magnitude of the problem. As we can see from the data the problem needs an urgent response. But if the problem is not tackled early there will not be shared understanding about what is to be achieved and how it is to be achieved. There will not be improved individual, team and organizational performance.

Hence, this study uses evidence based approaches for a better assessment of the underlying problems which are observed on the organization's performance management practices and provide advice to the organization in order to tackle the problem.

1.4 Objectives of the study

As a research is guided by an objective, this section presents the intended outcomes of this study. The formulated main objective and the specific objectives that elaborate the research are presented below:

1.4.1 General Objective

The major objective of this research assessed is the practice of the performance Management system in Berhan International Bank S.C

1.4.2 Specific Objectives

The study has addressed the following specific objectives:

1. Explored whether there is an alignment between individual goal to overall organizational objective and partner organization expectation
2. Explored the details of practices of performance management system in BRIB.
3. Identified the processes of the performance management system in the organization.
4. Discovered the main challenges that BRIB confronts in the implementation of the PM system and thereby recommend possible ways of improving the Performance Management processes in BRIB.

1.5 Research questions

The research paper addressed the following research questions:

- What is the extent to which employees are similarly aligned to or have consistent lone of sight to the vision, goals and direction of the organization?
- What are the practices and processes of performance management system in BRIB?
- What are the main challenges that BRIB confront in the effective implementation of the PM system?
- What are the possible ways of improving the Performance Management processes in Birhan International Bank S.C?

1.6 Significance of The Study

This study tried to match modern best practices of performance management with Berhan International Bank S.C performance management practice. It also tried to identify key improvement areas and recommend ways to improve the current system. Therefore, the researcher identifies the major gaps of the existing

Performance Management System and recommends ways of improvement. This will also improve superior /subordinate relationship, by clearing the expectation, enhances the employee motivation, build confidence in performance assessment and measurement, encourage the employee to fully utilize their potential and finally it will increase the overall achievement of the organization objectives. It is also believed that it will be used as a resource for academic researchers. It is also believed that the study will be a starting point for further studies and investigations by the organization to solve other human resource related problems.

1.7 Scope of the study

The study area included all permanent employees including Department directors, division managers, head office employees and branch employees of Birhan International Bank S.C. Birhan International Bank S.C has eighty six branches out of which 41 city branches and others are outlying branches. The organization currently has 1359 clerical and non-clerical employees. For the sake of this research project the researcher focuses only on selected 9 city branches and head office permanent employees. The data to be used for the beginning of the research is the last two years data.The researcher could not study the entire population because of feasibility and cost consideration. Besides that the researcher excludes temporary staff because for temporary staff, their contract agreement is not long enough to make them part of the performance management system in the organization.

1.8 Organization Of the Study

This study was a combination of five chapters. The first chapter is an introductory part which contains a brief backgroundof the study, statement of the problem, basic research questions, objectives of the study, significance of the study and scope of the study is addressed. Chapter two deals with a detail review of literature. Chapter three discusses on research design and methodology that was used to undertake the research. In this chapter the design of the study, the sample size, source and tools of data collection are presented. Chapter four explains the results and discussion by summarizing the findings of the study and discus the findings and relate with the literature review. Finally chapter five presentsummary of findings, conclusions, and recommendations.

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CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

In this chapter, the researcher is looking at related literature review, in way that will analyse the performance Management's common definition, focusing on Performance Management Systems, processes, purposes and its challenges.

2.1 Performance Defined

In today’s competitive environment, performance management system is an important tool that guides the line managers and human resource practitioners (Armstrong, 2009). Most organization both business making and non-making firms have been implementing for the success of their organization.

As it is stated on (Dooren, 2010) performance can be associated with a range of actions from the simple and mundane act of opening a car door, to the staging of an elaborate re-enactment of the Broadway musical ‘Chicago’. In all these forms, performance stands in distinction from mere ‘behaviour’ in implying some degree of intent.

Performance is concerned with the required behaviour and result. Behaviours derive from the performed and transform performance from abstraction to action. These definitions of performance lead to the conclusion that when managing the performance of a team and individuals, both inputs (behaviour) and output (result) should be put in to consideration.

2.2 Performance Management Defined

Several authors in the area of performance management have provided different definitions of performance management. Some of the definitions are presented and discussed in the following paragraphs.

Performance management is a process for establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organizational performance (Armstrong, 2009). In a sense that there should be a common understanding that makes everybody think about the same thing through improving their performances. It is also described as a strategic and integrated approach to delivering sustained success to organizations that focuses on performance improvement and employee development (Armstrong, 2009). Therefore performance management is one of the core items for the development and achievement of organizational objectives.

Performance management is a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization” (Smither& London, 2009). This definition implies that performance management is not separated from the long term strategic goals of the organization because performance management is a systematic process that contributes a lot to the organization by developing and improving individual, team and organizational performance.

Performance management is the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards (Briscoe & Claus, 2008). This definition also shows that performance management is a continuous systematic process which will be operated throughout the year. It have different phases the will go phase by phase.

Performance management refers to a range of practices an organization engages in to enhance the performance of a target person or group with the ultimate purpose of improving organizational performance (DeNisi, 2000). As the definition tells performance management has a direct impact on organizational effectiveness because performance management has a target of developing and improving team or individual activities to the highest possible level.

Performance management is a broad set of activities aimed at improving employee performance (DeNisi and Pritchard, 2006). As the definition clearly implicit that performance management is a continuous process which has an ultimate plan of achieving successful change of employee performance.

2.3 Performance Management System

Performance management system refers to a set of interrelated activities and processes that are treated holistically as an integrated and key component of an organization's approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing organizational capability and the achievement of sustained competitive advantage (Armstrong, 2009). Because performance management can never be mechanistic, it is argued that performance management is essentially a process than a system (Armstrong, 2009; Price, 2000). Despite the availability of relevant and advanced models in other disciplines such as work motivation, however, it is usual that performance management is described in process terms wherein it starts from objective setting, through formal appraisal, to the start of the next cycle (Buchner, 2007). The definition also describes performance management system as it is all about process continuousness, measurements based on standards, strategic people development and organized and planned achievement focusing on individuals, teams and the organization in a constant manner.

2.4 Purpose of Performance Management System

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

According to Armstrong (2009), an important aim of performance management is to support the achievement of the business strategy. It is integrated in four senses:

1) Vertical integration: Linking or aligning business, team and individual objectives;
2) Functional integration: Linking functional strategies in different parts of the business;
3) HRM integration: Linking different aspects of human resource management, especially organizational development, human capital management, talent

management, learning and development, and reward, to achieve a coherent approach to the management and development of people; and

4) The integration of individual needs with those of the organization, as far as this is possible.

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

The real goals of any performance management system are threefold: To correct poor performance, to sustain good performance and to improve performance Lee (2005). So from the above statement we can understand that all performance management systems should be designed to generate information and data exchange so that the individuals involved can properly dissect performance, discuss it, understand it, and agree on its character and quality.

According to Smither and Manuel (2009) implementing Performance Management System has six purposes, and they are discussed in the following paragraphs.

A. Strategic Purpose

It links the organization's objective with individual goals, thereby reinforcing behaviours consistent with the attainment of organizational goals. Linking individual goals with organizational objectives serves as a way to communicate what are the most crucial business strategic initiatives.

Even if for some reason individual goals are not achieved, linking individual goals with organizational objectives serves as a way to communicate what are the most crucial business strategic initiatives. The researcher also understands that for the performance management system to become effective the first purpose of the system should be linked to the strategic purpose of the element.

B. Administrative purpose

Performance management systems are a source of valid and useful information for making administrative decisions about employees. The administrative decisions include salary adjustments, promotions, employee retention or termination, recognition of superior individual performance, identification of poor performers, and layoffs, and merit increases.

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

C. Communication purpose

A performance management system can be an excellent communication device. Employees are informed about how well they are doing and receive information on specific areas that may need to be improved.

Performance management systems are a conduit to communicate the organizations and the supervisor’s expectations and what aspects of work the supervisor believes are most important. Communication is one of the basic purposes of the performance management system as the researcher understands to have an effective relationship throughout the organizational structure.

D. Developmental purpose

Feedback is an important component of a well-implemented performance management system. Managers can use feedback to coach employees and improve performance on an ongoing basis. This feedback allows for the identification of strengths and weaknesses as well as the causes for performance deficiencies (which could be due to individual, group, or contextual factors).

Another aspect of the developmental purpose is that employees receive information about themselves that can help them individualize their career paths. Thus, the developmental purpose refers to both short-term and long-term aspects of development. Giving feedback creates a positive effect on the effectiveness of the organization by improving employee's performance.

E. Organizational maintenance purpose

Performance management systems are the primary means through which accurate talent inventories can be assembled. Assessing future training needs, evaluating performance achievements at the organizational level, evaluating the effectiveness of human resource management interventions and plan effective workforce (for example, whether employees perform at higher levels after participating in a training program). Another purpose of performance management system is the organizational maintenance purpose means giving focus on the loose parts of the organization that needs improvement and making a plan for changing those things.

F. Documentation purpose

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

2.5 Underpinning Theories of Performance Management

Buchner (2007) has enumerated various motivational theories that are substantial scholarly works and are closely related to the performance management. Included are Goal-Setting Theory (Lock & Latham, 1990), Control Theory (Carver &Scheier, 1998), Social Cognition Theory (Donovan, 2001), Self-determination Theory (Deci& Ryan, 1985), Feedback Intervention Theory (Kluger&DeNisi, 1996), and Self-Management Theory (Manz& Sims, 1980; Manz, 1986).

2.5.1 Goal Setting Theory

Goal setting theory, as developed by Latham and Locke (1979), highlights four mechanisms that connect goals to performance outcomes: 1) they direct attention to priorities; 2) they stimulate effort; 3) they challenge people to bring their knowledge and skills to bear to increase their chances of success; and 4) the more challenging the goal, the more people will draw on their full repertoire of skills. So the researcher understands that the theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed.

2.5.2 Control Theory

Given feedback has recognized as a crucial part of performance management processes, Control theory focuses attention on feedback as a means of shaping behavior. As people receive feedback on their behavior they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome it (Carver &Scheier, 1998). As the control theory explains one of the purposes of performance management processes is developmental purpose which is related with is theory, so the performance management process should give due focus regarding changing and improving employee’s action.

2.5.3 Social Cognitive Theory

Social cognitive theory was developed by Bandura (1986). It is based on his central concept of self-efficacy. This suggests that what people believe that they can or cannot do powerfully impacts on their performance. Developing and strengthening positive self-belief in employees is therefore an important performance management objective. The theory relates self-perception with the actions and performance of the employees is related to perform and achieve performance target.

2.6 Performance Management System Process

As noted earlier, A performance management system is a set of interrelated activities and processes that are treated holistically as an integrated and key component of an organization's approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing organizational capability and the achievement of sustained competitive advantage (Armstrong, 2009). Because performance management can never be mechanistic, it is argued that performance management is essentially a process than a system (Armstrong, 2009; Price, 2000). Despite the availability of relevant and advanced models in other disciplines such as work motivation, however, it is usual that performance management is described in process terms wherein it starts from objective setting, through formal appraisal, to the start of the next cycle (Buchner, 2007). As the scholars discussed performance management system is an interconnected practice for managing performance by using skills and competence of humans for achieving organization objective.

According to (Torrington, 2008), a typical performance management system, include both development and reward aspects, the main stages of which are: definition of business roles, planning performance, delivering and monitoring performance, and formal performance assessment. The above mentioned points should go in line with the performance management system.

Armstrong, (2009) described that performance management system operates as a continuous and self-renewing cycle that closely resembles the cycle of continuous improvement. It comprises four stages: plan, act, monitor, and review.

Performance management represents a more holistic view of performance in which performance appraisal or review is almost always a key part of the system (Torrington, 2008).

According to Smither and London (2009) when a performance management system is first implemented, the process follows the following six stages:

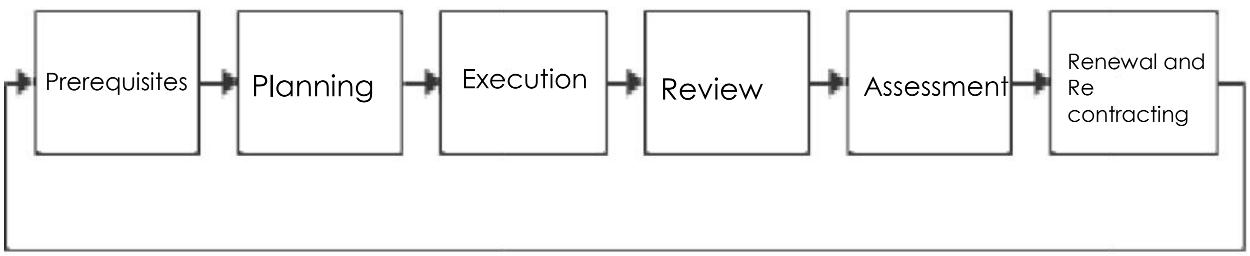

Figure 1 performance management process Source: James W. Smither&Manuel London (2009)

When performance management is seen in complete form it was seen like an all rounded process. So when we come to the application of the system it was a detailed process, therefore let's see each one step by step in detail.

2.6.1 Pre-requisites

There are two important prerequisites that are needed before a performance management system is implemented: knowledge of the organization's mission and strategic goals and knowledge of the job in question (Smither and London, 2009). If there is a lack of clarity regarding where the organization wants to go, or the relationship between the organization's mission and Strategies and each of its unit's mission and strategies is not clear, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there. An organization’s mission and strategic goals are a result of strategic planning, which allows an organization to clearly define its purpose or reason for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals. Once the goals for the entire organization have been established, similar goals will be cascaded downward, with departments setting objectives to support the organization’s overall mission and objectives. The cascading continues downward until each employee has a set of goals compatible with those of his or her unit and the organization (Smither and London, 2009).

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

2.6.2 Performance Planning

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

Performance planning typically involves a meeting between an appraiser and an appraisee. The agenda for this meeting includes four major activities:

1. Coming to agreement on the individual’s key job responsibilities

2. Developing a common understanding of the goals and objectives that need to be achieved

3. Identifying the most important competencies that the individual must display in doing the job

4. Creating an appropriate individual development plan (Grote, 2002).

2.6.2.1 Responsibilities of the Supervisors and Employees in Performance Planning

(Grote, 2002) in his book named The Performance Appraisal Question and Answer Book explicitly stated the responsibilities of the manager and the employee in performance planning.

a. Responsibilities of the supervisor in performance planning

The supervisor has six primary responsibilities:

- Review the organization's mission statement, or vision and values, and the department's goals.
- Read the individual's job description. Think about the goals and objectives the person needs to achieve in the upcoming appraisal period.
- Identify the most important competencies that he/she expects the individual to demonstrate in performing the job.
- Determine what he/she consider to be fully successful performance in each area.
- Discuss and come to agreement with the employees on the most important competencies, key position responsibilities, and goals.
- Discuss and come to agreement on the employee's development plan.

b. Responsibilities of the employees in performance planning

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

2.6.2.2 Constituents of performance planning

This performance planning includes a consideration of (1) results, (2), behaviors, and (3) development plan. (Cascio&Aguinis, 2008) and this points will be seen in detail below.

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

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

Table 2.1**the difference between results and behaviours**

Elements	Focus
Results	WHAT the individual achieved • Actual job outputs • Countable results • Measurable outcomes and accomplishments • Objectives achieved • QQCT Quantity/Quality/Cost/Timeliness)
Behaviors	**HOW** the individual performed • Adherence to organizational values • Competencies/performance factors • Traits/attributes/characteristics/ proficiencies • Personal style, manner, and approach • KASH(Knowledge/Attitudes/Skills/Habits)

Source: Dick Grote (2002) The Performance Appraisal Question and Answer Book, Pp.: 28

Therefore as the discussion seen above the researcher understands that results are the outcomes that the employee should generate but behaviors are capabilities and obedience to organizational values related how it is performed.

Development plan - An important step before the review cycle begins is for the supervisor and employee to agree on a development plan. At a minimum, this plan should include identifying areas that need improvement and setting goals to be achieved in each area. Development plans usually include both results and behaviors. Achieving the goals stated in the development plan allows employees to keep abreast of changes in their field or profession. Such plans highlight an employee's strengths and the areas in need of development, and they provide an action plan to improve in areas of weaknesses and further develop areas of strength (Reyna & Sims, 1995).

One of the components of planning is setting the objectives. According to Armstrong (2006), objectives describe describing something that has to be accomplished. Objective setting that result in an agreement on what the role holder has to achieve is an important part of the performance management processes of defining and managing expectations, and forms the point of reference for performance reviews.

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

i. Goals/objectives

The different types of objectives are:

- On-going role or work objectives – all roles have built-in objectives that may be expressed as key result areas in a role profile.
- Targets – these define the quantifiable results to be attained as measured in such terms as output, throughput, income, sales, levels of service delivery, cost reduction, reduction of reject rates.
- Tasks/projects – objectives can be set for the completion of tasks or projects by a specified date or to achieve an interim result.
- Behavior – behavioral expectations are often set out generally in competency frameworks but they may also be defined individually under the framework headings. Competency frameworks may deal with areas of behavior associated with core values, for example teamwork, but they often convert the aspirations contained in value statements into more specific examples of desirable and undesirable behavior, which can help in planning and reviewing performance.

Characteristics of effective goals/objectives

Many organizations use the following ‘SMART’ mnemonic to summarize the criteria for objectives:

- S = Specific/stretching – clear, unambiguous, straightforward, understandable and challenging.
- M = Measurable – quantity, quality, time, money.
- A = Achievable – challenging but within the reach of a competent and committed person.
- R = Relevant – relevant to the objectives of the organization so that the goal of the individual is aligned to corporate goals.
- T = Time framed – to be completed within an agreed time scale.

ii. Performance Standards

Performance standards are management approved expressions of the performance threshold(s), requirement(s), or expectation(s) that employees must meet to be appraised at particular levels of performance. Standards of performance are different from objectives. Objectives should be set for an individual, rather than for a job. Therefore, a manager who has several employees who do the same job will have one set of standards for the job but may have different objectives for each person (for mediocre or outstanding), based on that person's experience, skills, and past performance. Armstrong (2010)

iii. Performance measures

In addition to identifying what the key responsibilities of a position are; the manager and the individual need to discuss how the person's performance will be measured and evaluated. There is a difference between output measures and outcome measures. An output is a result that can be measured quantifiably, while an outcome is a visible effect that is the result of effort but cannot necessarily be measured in quantified terms. According to Grote, (2002) there are four general measures of output: Quality, Quantity, Cost, and Timeliness. Armstrong (2009) suggested that measures of outcome include: changes in behavior; completion of work/project; acquisition and effective use of additional knowledge and skills etc.

iv. Key Performance Indicators (KPIs)

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

2.6.3 Performance Execution

Once the review cycle begins, the employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process. Employee participation does not begin at the performance execution stage, however. As noted earlier, employees need to have active input in the development of the job descriptions, performance standards, and the creation of the rating form. In addition, at later stages, employees are active participants in the evaluation process in that they provide a self - assessment and the Performance review interview is a two - way communication process. Although the employee has primary responsibilities for performance execution, the supervisor also needs to do his or her share of the work. Supervisors have primary responsibility over the following issues: (Agunis, 2009)

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.

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).

Feedback; Feedback on progression toward goals and coaching to improve performance should be provided on a regular basis, and certainly before the review cycle is over.

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

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

When Agunis (2009) wrote about the determinants of evaluating employee performance he argued that a combination of three factors allows some people to perform at higher levels than others: (1) declarative knowledge, (2) procedural knowledge, and (3) motivation. Declarative knowledge is information about facts and things, including information regarding a given task ' s requirements, labels, principles, and goals. Procedural knowledge is a combination of knowing what to do and how to do it and includes cognitive, physical, perceptual, motor, and interpersonal skills. Motivation involves three types of choice behaviors: (1) choice to expend effort (" I will go to work today "), (2) choice of level of effort (" I will put in my best effort at work " versus " I will not try very hard "), and (3) choice to persist in the expenditure of that level of effort (" I will give up after a little while " versus " I will persist no matter what ").

Because performance is affected by the combined effect of three different factors, managers must find information that will allow them to understand whether the source of the problem is declarative knowledge, procedural knowledge, motivation, or some combination of these three factors. If an employee lacks motivation but the manager believes the source of the problem is declarative knowledge, the manager may send the employee to a company - sponsored training program so that he can acquire the knowledge that is presumably lacking. On the other hand, if motivation is the problem, then the implementation of some type of contingent plan plan may be a good intervention. This is why performance management systems need not only to measure performance but also to provide information about the source of any performance deficiencies, which is done in the performance assessment stage.

2.6.4 Performance Assessment

In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and whether the desired results have been achieved. Although many sources can be used to collect performance information (for example, peers or subordinates), in most cases the direct supervisor provides the information. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved.

It is important that both the employee and the manager take ownership of the assessment process. The manager fills out his or her appraisal form, and the employee should also fill out his or her form. The fact that both parties are involved in the assessment provides good information to be used in the review phase.

When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future. Specifically, the inclusion of self - ratings helps emphasize possible discrepancies between self - views and the views that important others (that is, supervisors) have. It is the discrepancy between these two views that is most likely to trigger development efforts, particularly when feedback from the supervisor is more negative than are employee self - evaluations.

The inclusion of self - appraisals is also beneficial regarding important additional factors. Self - appraisals can reduce an employee’s defensiveness during an appraisal meeting and increase the employee’s satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness and therefore acceptance of the system (Shore, Adams, and Tashchian, 1998).

2.6.5 Performance Review

The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance. In spite of its importance in performance management, the appraisal meeting is often regarded as the “Achilles’ heel of the entire process” (Kikoski, 1999). This is because many managers are uncomfortable providing performance feedback, particularly when performance is deficient (Ghorpade& Chen, 1995). This high level of discomfort, which often translates into anxiety and the avoidance of the appraisal interview, can be mitigated through training those responsible for providing feedback. Providing feedback in an effective manner is extremely important because it leads not only to performance improvement but also to employee satisfaction with the system.

In general, Grossman and Parkinson (2002) offer the following seven recommendations for conducting effective performance reviews:

- Identify what the employee has done well and poorly by citing specific positive and negative behaviors,
- Solicit feedback from your employee about these behaviors,
- Listen for reactions and explanations,
- Discuss the implications of changing, or not changing, the behaviors. Positive feedback is best, but an employee must be made aware of what will happen if any poor performance continues,
- Explain to the employee how skills used in past achievements can help him or her overcome any current performance problems,
- Agree on an action plan. Encourage the employee to invest in improving his or her performance,
- Set up a meeting to follow up and agree on the behaviors, actions, and attitudes to be evaluated.

Informal reviews are the process by which performance is managed throughout the year (Armstrong, 2009). Performance is reviewed as it occurs by the individual as well as the manager, comparing what happened with what should have happened. Informal feedback can take place whenever a manager comments on a piece of work or an action taken by an individual at work (Armstrong, 2009). Whenever appropriate, managers meet individual members of their teams to provide feedback, initiate coaching or other learning activities, and agree on revised goals or any corrective action required (Armstrong, 2009). The researcher understands that the supervisor will give an informal performance review to the employee whenever the individual is at work and the feedback goes on the same way.

Formal reviews are meetings in which performance is analysed more systematically. They include an overview and analysis of performance since the last review, comparing results with agreed expectations and plans (Armstrong, 2009). The researcher understands that the supervisor will have a formal performance review by relating current performance with the planned and the expected performance.

2.6.6 Performance Renewal and Re-contracting

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

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

2.7 Performance Management Best Practices

As it is stated on Dixit (2007), effective practice of performance management can start with clarification of organization goal. After the organizational goal is communicated, it will be translated to program, department, teams and individual goals. Finally this goal improves performance and brings the organization success. Superiors should rely on consensus and cooperation rather than controlling or coercion in performance management. He also indicated that superiors should promote self-management of individual’s performance and encourage an open and honest leadership style which makes two way communications between the manager and employee very smooth. This will ensure continuous feedback that enables the experience and knowledge gained on the job by individuals and teams to influence organizational objectives. Monitor and measure all performance against the jointly agreed goals. It also important to arrange training and development program for the employee according to gap or limitation observed on the process. Apply this practice to all employees’ helps the effectiveness of the system. Uses of performance management should not be limited only to financial rewards.

Even though an organization has the above mentioned performance Management system, there are certain practical factors that constraint which may not allow the organization to implement those system. Aguinis(2009) mentioned some examples like ‘there may not be sufficient funds to deliver training to all people involved, supervisors may have biases in how they provide performance ratings, or people may be just too busy to pay attention to a new organizational initiative that requires their time and attention’.

He also suggested we should strive to place a check mark next to each of these characteristics: the more features that are checked, the more likely it will be that the system will live up to its promise.

Strategic congruence - The system should be congruent with the unit and organization’s strategy. In other words, individual goals must be aligned with unit and organizational goals.

Thoroughness - The system should be thorough regarding four dimensions. First, all employees should be evaluated (including managers). Second, all major job responsibilities should be evaluated (including behaviors and results). Third, the evaluation should include performance spanning the entire review period, not just the few weeks or months before the review. Finally, feedback should be given on positive performance aspects as well as those that are in need of improvement.

Practicality - Systems that are too expensive, time - consuming, and convoluted will obviously not be effective. Good, easy - to - use systems (for example, performance data are entered via user - friendly software) are available for managers to help them make decisions. Finally, the benefits of using the system (for example, increased performance and job satisfaction) must be seen as outweighing the costs (for example, time, effort, expense).

Meaningfulness -The system must be meaningful in several ways. First, the standards and evaluations conducted for each job function must be considered important and relevant. Second, performance assessment must emphasize only those functions that are under the control of the employee. For example, there is no point in letting an employee know he or she needs to increase the speed of service delivery when the supplier does not get the product to him or her on time. Third, evaluations must take place at regular intervals and at appropriate moments. Because one formal evaluation per year is usually not sufficient, informal quarterly reviews are recommended. Fourth, the system should provide for the continuing skill development of evaluators. Finally, the results should be used for important administrative decisions. People will not pay attention to a system that has no consequences in terms of outcomes that they value.

Specificity - A good system should be specific: it should provide detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations.

Identification of effective and ineffective performance - The performance management system should provide information that allows for the identification of effective and ineffective performance. That is, the system should allow for distinguishing between effective and ineffective behaviors and results, thereby also allowing for the identification of employees displaying various levels of performance effectiveness. In terms of decision making, a system that classifies or ranks all levels of performance, and all employees, similarly is useless.

Reliability - A good system should include measures of performance that are consistent and free of error. For example, if two supervisors provided ratings of the same employee and performance dimensions, ratings should be similar.

Validity - The measures of performance should also be valid. In this context, validity refers to the fact that the measures include all relevant performance facets and do not include irrelevant performance facets. In other words, measures are relevant (include all critical performance facets), not deficient (do not leave any important aspects out), and are not contaminated (do not include factors outside of the control of the employee or factors unrelated to performance). In short, measures include what is important and do not assess what is not important and outside of the control of the employee.

Acceptability and fairness - A good system is acceptable and is perceived as fair by all participants. Perceptions of fairness are subjective, and the only way to know whether a system is seen as fair is to ask the participants. We can ask about distributive justice, which includes perceptions of the performance evaluation received relative to the work performed, and perceptions of the rewards received relative to the evaluation received, particularly when the system is implemented across countries.

Inclusiveness - Good systems include input from multiple sources on an ongoing basis. First, the evaluation process must represent the concerns of all the people who will be affected by the outcome. Consequently, employees must participate in the process of creating the system by providing input regarding what behaviors or results will be measured and how.

Second, input about employee performance should be gathered from the employees themselves before the appraisal meeting (Cawley, Keeping, & Levy, 1998). In short, all participants must be given a voice in the process of designing and implementing the system. Such inclusive systems are likely to lead to more successful systems, including less employee resistance, improved performance, and fewer legal challenges (Elicker, Levy, & Hall, 2006).

Openness- Good systems have no secrets. First, performance is evaluated frequently and performance feedback is provided on an ongoing basis. Therefore, employees are continually informed of the quality of their performance. Second, the appraisal meeting consists of a two - way communication process during which information is exchanged, not delivered from the supervisor to the employee without his or her input. Third, standards should be clear and communicated on an ongoing basis. Finally, communications are factual, open, and honest.

Correctability - The process of assigning ratings should minimize subjective aspects; however, it is virtually impossible to create a system that is completely objective because human judgment is an important component of the evaluation process. When employees perceive an error has been made, there should be a mechanism through which this error can be corrected.

Establishing an appeals process, through which employees can challenge what may be unjust decisions, is an important aspect of a good performance management system.

Standardization - Good systems are standardized. This means that performance is evaluated consistently across people and time. To achieve this goal, the ongoing training of the individuals in charge of appraisals, usually managers, is a must.

***Ethicality* -**Good systems comply with ethical standards. Operationally, this means that the supervisor suppresses his or her personal self - interest in providing evaluations. In addition, the supervisor evaluates only performance dimensions for which she has sufficient information, and the privacy of the employee is respected (cf. Eddy, Stone, & Stone - Romero, 1999).

2.8 Alignment and Performance Management

Alignment is defined as the extent to which employees are similarly connected to or have consistent lone of sight to the vision and direction of the organization and its customers, often encapsuslated within its current strategy (Smither and London, 2009). This would include three elements 1, the line of sight of employees' behaviors and result with unit, department, and overall organizational goal; 2, the line of sight to customers' need and expectations; and 3, behaviors that are sync with the organization's brand (Smither and London, 2009).

As Smither and London (2009) say, Other things being equal, the greater the total degree of congruence, or fit, among various components, the more effective the organization will be, or essentially the degree to which, work, people, structure, and culture are smoothly aligned will determine the organization's ability to complete and succeed.

When alignment is low, there are many cited effects on employees, employers and customers. One of the outcomes of low alignment is wasted time and energy. When individual (or teams or units) are well aligned with the vision, organizational goals, or what customer need and want, extra energy is required to reach the goals because time is often diverted to low or no value added activities. This often creates stress (related to work life balance: perceptions of time wasted) and other dysfunctional outcome, ranging from poor performance to turnover. The following are some of the business impacts of low alignment

- Confusing brand promise
- Many urgent but not important activities
- Non-competitive cost due to low productivity resulting from misdirected activities or talent
- Burnout- Working hard, but not smart
- Overstaffing, to compensate for time lost on low-value activities
- Slow strategy execution
- Low teamwork; high conflict across interdependent unit
- Talent loss

The seven drivers of high alignment include:

- A clear, agreed-on vision strategy
- Translation of the vision and strategy into clear, understanding goal measures
- Acceptance or passion for the vision, strategy, goals among those who are implementing them
- Clarity regarding individual roles and requirements in supporting the strategic goals and the extent to which these been effectively cascaded and interlinked across the organization

- Sufficient capabilities (talent, information, and resources) to deliver the behaviors needed to reach the goals
- Clear, timely feedback on goal attainment and the drivers of those goals
- Meaningful incentive to encourage employees to develop or deploy sufficient capabilities to achieve the goals

Weatherly (2004) wrote that aligning performance management system with job description is one of success factors for organizations. The performance management system should ensure that the employees can see the direct relationship between the job competencies they are required to bring to the job, their job descriptions, and the goals and objectives targeted in their performance plan. If the above mentioned links are unclear, this document should be brought into alignment and re-visited at least annually.

2.9 Effective implementation of performance management systems

Experienced practitioners uniformly agree that having effective tools and processes is a necessary but certainly not sufficient condition for having an effective performance system. This is because what really matters in any performance management system is how effectively it is used and how seriously managers and employees take it. This is why both the most challenging and the most important part of developing an effective performance management system is successful implementation (Armstrong, 2009).

Different articles suggested various components for successful implementation of performance management depending on the framework of various organizations (Price, 2000; Armstrong 2009). Some of the important components that should be taken into consideration have been discussed by different Authors as follows.

According to Buchner (2007), successful use of performance management system should include the conduct of cautious study regarding the existing performance management system and the identification of a relevant and strong theoretical support. Such a theoretical base must be in congruent with the circumstances of the organization, or to simply put, the culture of the organization. The integration of a well-founded and valid theory in the performance management system will result surely to the attainment of a highly performing organization.

Buchner (2007) has also described the need for organizations to create an open and active communication. To ensure an open and active communication there must be a clear communication of goals and job expectations, ongoing feedback, and finally suggested the need for participation of all involved parties.

It is important that the organizational vision and goals are crafted with the employees for them to clearly understand how their works fits into the organization, and how they could contribute to the achievement of such organizational goal (Buchner, 2007).

It must be a regular and frequent performance feedback process that will facilitate dialogue between the manager, supervisor and the employee. Consequently, it will foster better communication in the organization. An effective performance management system promotes regular checking of the strengths and weaknesses and allows the performer to participate in the exchange of views (Buchner, 2007).

Organization must foster a performance management system that must include manager, supervisor(s), and employees in the work planning, setting expectations, monitoring performance, developing the capacity to perform, rating and good performance must be rewarded. (Buchner, 2007)

According to Paulakos (2004), the corner stone for successful implementation of performance management system has explained as follows:

Ensure alignment with other HR systems: In developing a performance management system, it is important to ensure that it is aligned with other HR systems in the organization. For example, competencies used as the basis for performance management should be the same as those used for recruitment, staffing and training. This not only ensures that employees are being hired, trained and appraised on a consistent set of critical job requirements, but it also sends a strong message, internally and externally, about what is valued by the organization.

Get organization members on board: The literature on many different types of management programs shows that effective program implementation depends on the level of top management commitment. Management support means that the highest level managers follow all parameters of the system themselves and establish expectations for their direct reports to do so as well by including performance management as a critical aspect of their evaluations.

Communicate: Specially, in cases where new systems are designed, organizational members should also be provided with ample opportunities to comment on the new system, and their comments should be incorporated.

Automate: Performance management systems involve a considerable amount of paperwork, writing and exchange of documents. When the administrative demands are great, both employees and managers end up spending their performance management time pushing paper rather than discussing performance issues and development. Automation can greatly facilitate the performance management workflow and substantially reduce the paperwork associated with this process.

Train employee and managers: Employees and managers need to be able and motivated to use the performance management system effectively. When employees and managers are required to attend a structured performance management briefing or classroom training session, this sends a message that performance management is important. Evaluate and improve-performance management systems need to be evaluated and continually improved over time (Armstrong, 2009).

From the above literatures, notwithstanding effective design, effective implementation of performance management system, most importantly requires a culture of open dialogue and participation, clear communication of goals and expectations between managers and subordinates, exchange of ongoing feedback, and sort of motivational packages.

2.10Performance Appraisal and Performance Management

In most times people perceive that Performance Management and performance Appraisal are the similar but it is not true. According to Armstrong (2006) Performance appraisal can be defined as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. In contrast performance management is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges and focuses on the future.

There are many important differences between performance management and performance appraisal which is the systematic description of an employee's strength and weaknesses. First, in contrast to performance management, performance appraisal does not usually include strategic business consideration. Second also in contrast to performance management, performance appraisal system usually does not include extensive and ongoing feedback that an employee can use to improve his/her performance in the future. Third performance appraisal typically once - a- year event that is often driven by H.R department whereas performance management is a year rounded of way of managing business that is driven by managers. In short performance appraisal often seen as HRM department requirement does not typically include business and strategic consideration, whereas performance management (because its emphasis on strategic alignment) can be a tool that help management improve organizational performance (Aguinis& Pierce, 2008).

2.11 **Challenges in implementing Performance Management System**

Krishnan (2013) mentioned some of the major challenges in managing performance. These challenges are presented below:

A. ***Wrong Design:*** The performance management system and tools must fit with the specific needs of the organization. It cannot be a duplication of a system designed and implemented in another organization, even an organization in the same industry or the same business group. Intense consultation with various stakeholders and users of the system is necessary. User trust is an absolute necessity for the success of the system. The design should be tried out on a pilot basis before it is rolled out to the organization as a whole. All documents and forms must be in place. The system should be fair and equitable. Performance management should be viewed as a continuous process and not an activity conducted once or twice a year. The design should also include mechanisms for rewarding performance and handling poor performers.

B. ***Absence of Integration:*** The performance management system has to be integrated with the strategic planning and human resource management systems as well as with the organizational culture, structure and all other major organizational systems and processes.

C. ***Lack of Leadership Commitment:*** Leadership commitment and support is a must for smooth implementation of the system. Leaders must drive the process and make performance management an integral part of the management of the company. Leaders contribute not only in setting the strategic direction and performance measures but also in monitoring and reviewing performance 0across the organization. They also reinforce the performance cycle by recognizing and rewarding performance.

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

E. ***Incompetence:*** Competence to use the performance management system is necessary to ensure smooth implementation of the system. Some of the major skills would include:

- Defining strategic objectives, performance indicators, core competencies and performance contracts
- Defining performance measures that correspond to the KPIs
- Giving and taking feedback, conducting appraisal interviews, and active listening
- Performance coaching

2.12 Improving performance

Armstrong (2006) the improvement of performance is a fundamental part of the continuous process of performance management. The aim should be the positive one of maximizing high performance, although this involves taking steps to deal with underperformance.

It is tempting for managements to say that poor performance is always someone else's fault, never theirs. But poor performance may be a result of inadequate leadership, bad management or defective systems of work. It is not necessarily the fault of employees. The failure can be at the top of the organization because well-defined and unequivocal expectations for superior performance have not been established and followed through. And effective processes of performance management can provide a valuable means of communicating these expectations.

2.12.1 The Problems at Managerial Level

Managers, as Schaffer (1998) points out, sometimes use a variety of psychological mechanisms as described below for avoiding the unpleasant truth that performance gaps exist.

Evasion through rationalization - Managers may escape having to demand better performance by convincing themselves that they have done all they can to establish expectations. They overlook the possibility of obtaining greater yields from available resources. Or they may go to the opposite extreme and threaten workers with arbitrary demands, unaccompanied by specifications of requirements and deadlines for results.

Reliance on procedures - Managers may rely on a variety of procedures, programs and systems to produce better results. Top managers say, in effect, Let there be performance-related pay, or performance management or whatever and sit back to wait for these panaceas to do the trick – which, of course, they won't unless they are part of a sustained effort led from the top, and are based on a vision of what needs to be done to improve performance.

Attacks that skirt the target -Managers may set tough goals and insist that they are achieved, but still fail to produce a sense of accountability in employees or provide the support required to achieve the goals.

2.12.2 Dealing With The Problem – Overall Strategy

The following strategy for action was suggested by Schaffer to deal with these problems and get better results:

a) ***Select the goal***. Start with an urgent problem: costs in a department too high; a budget seriously overrun; a quality specification missed; a shortfall in meeting a sales target. Generate a feeling that achievement of the goal is imperative, not merely desirable.
b) ***Specify the minimum expectations of results***. Broad, far-reaching or amorphous goals should be narrowed to one or two specific, measurable ones.
c) ***Focus energy on one or two sharply defined targets***.
d) ***Communicate expectations clearly***. Share with all concerned, both orally and in writing, the nature of the goal, the allocation of responsibility for achieving it, the timetable and the constraints.
e) ***Allocate responsibility***. Allocate responsibility for achieving each goal to one person even though the contribution of that person's team may be essential for success. Ensure that the manager responsible for each goal produces a written work plan for steps to be taken to reach it. The plan should specify how progress will be measured and reported. Then monitor the project.
f) ***Expand and extend the process***. Once success has been achieved on a first set of demands, it should be possible to repeat the process based on new goals or an extension of the first goal.

2.13 **Conceptual Framework**

According to Freifeld (2013) One of the biggest challenges for any company lies in achieving organizational alignment: that desired state in which the entire enterprise is working together to achieve business goals. But just like the tires on a car, if just one piece isn't aligned with the others, there will be no forward movement. And unlike a car, creating full alignment in an organization can't be achieved just by tinkering around with a few key components. Instead, achieving alignment involves a top-to-bottom transformation, in which leadership communicates goals and expectations and everyone has an understanding of what is expected and what they must do to advance the organization.

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

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

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

Based on reviewed theoretical and practical study the following conceptual frame work isdevelop[ed.

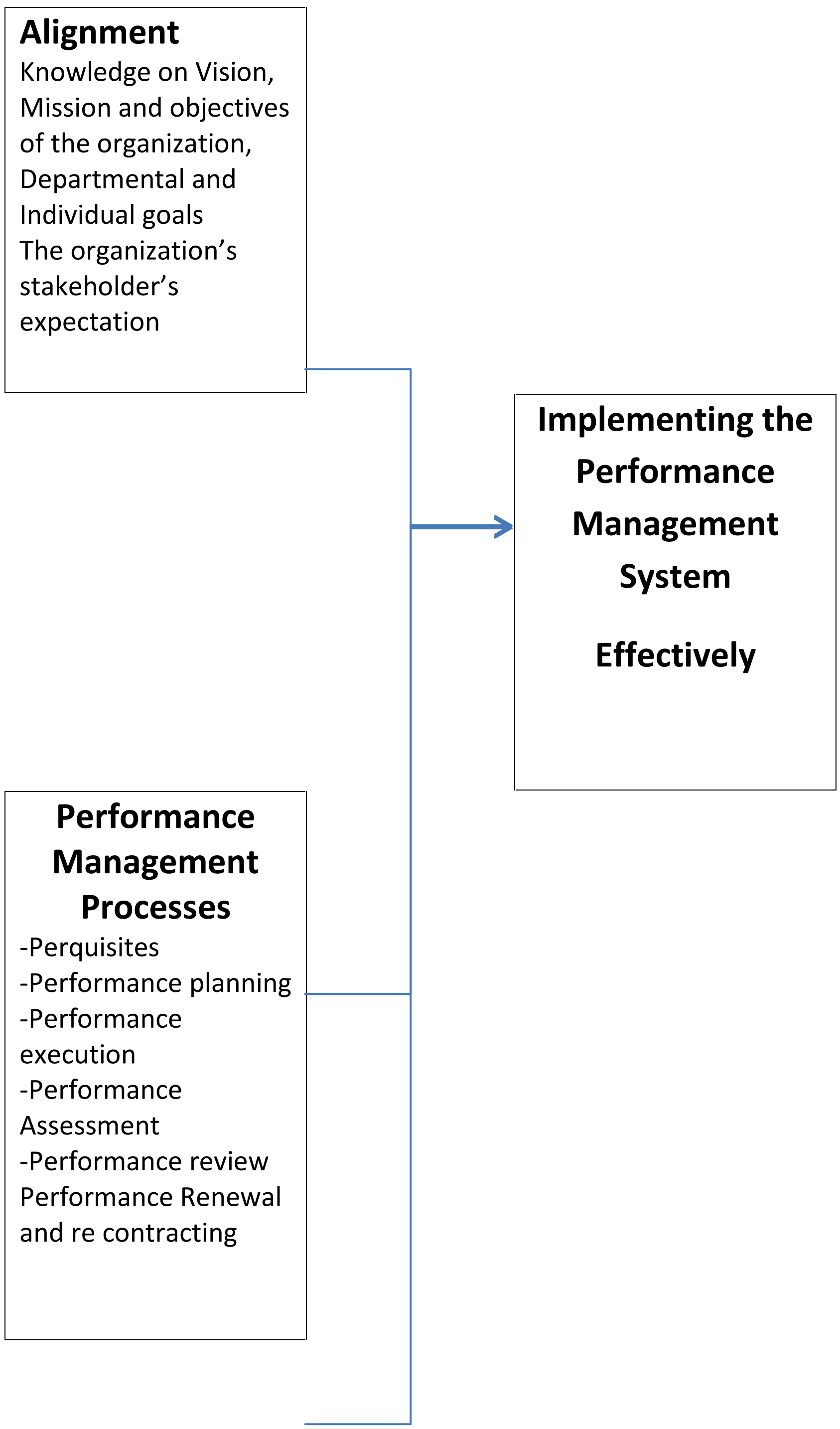

Figure 2: Conceptual frameworks, Source ***Researcher Schematic (2016)***

CHAPTER THREE

RESEARCH METHODOLOGY

The main purpose of this study assessing the practice of performance management system on Birhan International Bank S.C and identified the main challenges on implementation of the system. It also briefly explain the impact those gaps brings to the organization and suggest some solution so that the organization to use the system effectively and efficiently in order to accomplish its goal. The researcher believed that the collection of essential data in the research needs to best describe the practice of Birhan International Bank S.C.

3.1 Research design and Methodology

There are two basic approaches to research that is quantitative approach and the qualitative approach. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behaviour. Research in such a situation is a function of researcher’s insights and impressions (Kothari, 2004). Hence, the research approach to apply for this study was both quantitative and qualitative researches in order to get more relevant and reliable data for the study. The study was descriptive type as it presents the profile and describes the performance management system of Birhan International Bank S.C and also the study uses inferential statistics.

3.2 Sample size and Sampling techniques

The target populations of this study are all city branch (branches of the organization that are found only in Addis Ababa) permanent employees including Department directors, division managers, head office employees and branch employees of Birhan International Bank S.C. Birhan International Bank S.C has eighty nine branches out of which 41 city branches and others are outlying branches. The organization currently has 1359 clerical and non-clerical employees throughout the country. For the sake of this research project the researcher focuses only to nine Addis Ababa branches and head office permanent employees.

For purpose of making observation and statistical inference about the Performance management system of Birhan International Bank S.C representative sample will be taken. Therefore the target population is 420 employees taken from head office and nine Addis Ababa branches by considering the scope of the study.

Sample Size

To calculate the size of the sample for this study single proportionsample size determination formula was used.This sample size determining formula is developed by Jeff (2001) in his book “How to Determine a Sample Size” (sited from http://www.extension.psu.edu/evaluation/pdf/TS60.pdf). Hence this formula is developed and widely acceptable in social science researches, it is also adopted in this research work.

According to Kothari (2004), for the 420 population size, desired precision the researcher choose ±5 with 95 confidence level, and the sample proportion is 0.5, ‘n’ will be the maximum sample which will yield the desired precision will be:

$N_0 = Z_\alpha^2 P*(1-P)/\alpha^2 = (1.96)^2 (0.5)*(0.5)/(0.05)^2 = 384$

The sample size will be implemented for the finite population using the following formula

$N = N_{0/} 1 + N_{0/} N1$ = 384/(1+384/420)= 201+5% non-response rate = 206 respondent

Therefore, this study will collect data from 206 employees

Where:

N_0-number which comes from single proportion formula

N1-the size of the study population

N= sample size required for the study

‘e’, is acceptable error (the precision)

‘Z’, is standard variant at a given confidence level

‘P’, is standard proportion, q=1-p

Source: C.R. Kothari, (2004)

The researcher also selected five management staff, (Human resource management Director, Operation management Director and three branch managers) for interview purposively. According to Cohen (2007) purposive sampling is used to access those people who have in depth knowledge about the organization problem. These management staffs are responsible for the organization's performance Management system. Because they have deep knowledge about the organization is that making policy and making operationalize these performance management system is on the hands of those people those who have been mentioned above.

Sampling Technique

A combination of sampling techniques was used to conduct the study. Stratified sampling technique will be used to classify based on the job position and number of employees in head office and branches. The stratified sampling is chosen over simple random sampling method it ensures employee from each offices are included may therefore be more reliably representative unlike simple random sampling.

Once it was made sure each offices (head office and branches) of the organization are reliably represented, simple random sampling technique was used to make sample from the different stratums. A sample is random if it is just as likely that it will be picked from the population of interest as any other sample of that size. Strictly speaking, statistical inference is not possible unless random samples are used (Stanley, 2004). Using systematic random sampling technique, random numbers will be generated according to the required sample size from each stratum. The 206 questionnaires will be distributed manually and by using Microsoft outlook through internal office process.

3.3 Source of Data

Both primary and secondary sources of data were used in order to address the research objective. The primary data will be obtained from the self-administered structured questionnaires that will be distributed to the selected employees in each office manually and through Microsoft outlook for internal process by which the questionnaire is based on a standardized performance management questionnaire.The questionnaire is adopted and customized to the current study from Minnesota Satisfaction questionnaire prepared by University of Minnesota and has been proved for its validity and reliability (David J., Rene V., George W. & Lloyd H. 1967) and the questions that assess the performance aspect are developed by the researcher. Focus group discussion and semi-structured interview will be conducted to the Department directors and division managers.

Quantitative data was collected from questionnaires. As it was mentioned abovethe primary data for this research was collecting self-administered questionnaires which were distributed to the sample participants in the presence of the researcher for city offices to minimize the number of invalid questionnaire from being returned. A Five point Likert scale questionnaire ranging from 1(strongly disagree) to 5 (strongly agree) wasalso developed.

Whereas qualitative data was obtained from focus group discussion (FGD) and interviews. Regarding focus group discussion five employees participated in the focus group discussion from randomly selected city branches and head office. The positions of the employees are customer service officers, senior customer service officer, accountant, branch manager from selected branches. From head office employee’s junior officers, credit analyst, division managers, department directors, import and export senior officers. The researcher also arranged an interview program withtwo head office directors and three branch managers for the semi-structured interview to be made to collect data.

Secondary sources of data such as organization’s published literatures, document of Birhan International Bank S.C on this regards policies and principles, performance evaluation reports of Birhan International Bank S.C, books and websites was used. The combination of data sources was used since according to Maxwell, (2005) gathering data from different sources can maximize the trustworthiness of the information and minimize limitation.

3.4 Data Analysis and presentation

Quantitative data was collected using self-administered questioners. Questionnaires were distributed to sample respondents, and after respondents filled the questionnaires the researcher himself collected while checking the completeness. The collected data was coded, entered and cleaned using SPSS version 16 for analysis purpose. The collected questionnaires analysed through descriptive statistics such as mean and frequency distribution. In line with it, percentages are also computed; tabulation presentations were alsoused.

Data analysis made by categorizing data in to meaningful groups, interpreting specific occurrences and use triangulation through interview and focus group discussion.

3.5 Reliability and Validity

Reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Geoffrey M., David D. & David F. 2005).

Cronbach’s alpha is a measure for the internal consistencies of the items that together cover the specific factor. It measures internal consistency of items to the concept (Raigama R. 2010).

Hence, before administering the questionnaire on the sample selected, it was tested and checked on a pilot scale for its reliability and the value of Cronbach’s α (alpha) was calculated.

3.6 Ethical Consideration

The ethical issues will be considered in the study: informed consent (by informing the respondents regarding the background of the study, including the importance of the data to be gathered from them) and issues of confidentiality (by ensuring the respondents that all of the information in this study will solely be used for academic purposes only.

In addition, the researcher was sure that all of the responses from the sample are given merit, whether the student researcher agree or not to their individual responses. The researcher did not disclose any personal information of the respondents, which was explained in the conduction of the questionnaire and interview directly to the respondents.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

As it stated on chapter three discussion over the focus group/ interview with Head of department and branch managers and questionnaire were distributed for each offices. The questionnaire has three parts Part –I was used to gather general information about the respondents, in part II and III 5 point Likert scale questions were used to collect information that are related with subject matter and part IV contain one open question in order to allow respondent to answer the challenges that they are facing regarding PMS in BRIB freely.

Two hundred one questionnaires were distributed to each offices of the organization and it was distributed proportionally depending on the size and the number of employees the office has. The researcher include all permanent employee of BRIB because all of have passed through the processes and practice of Performance Management System in BRIB. From the total only nine questionnaires were not returned. From the selected Addis Ababa branches 9 questionnaires were not returned respectively. Since the head of the department and branch managers didn't fill out the questionnaire because there were interviewed, from the sample size one respondent deducted from each selected Addis Ababa branches (for branch Managers) and two for Head office (Department Heads).

Respondents' response were measured using five point Likert scale from '1' being 'strongly disagree' to '5' being 'strongly agree'. Once collected the data were tested for internal consistency using the commonly used statistical tool –Cronbach's Alpha coefficient. The result indicated that the collected data are highly reliable with Cronbach's alpha coefficient as shown in the table below. The closer the coefficient is to 0.7 the greater the internal consistency of the data, which implies that the data is qualified for further analysis. (Nunnally, 1978)

Table 2 Reliability Statistics

Cronbach's Alpha	No of Items
.961	46

Source: own survey (2016)

4.2 Characteristics of Demographic Variables

Table 3

Variables	**Descriptions**	**Frequency**	**Percent**
Gender	Male	128	67%
	Female	63	33%
	Total	191	100%

Age Group	Under 25	26	13.6%
	25-30 years	111	58%
	31-35 years	38	20%
	36-40 years	12	6.4%
	41-45 years	3	1.5%
	46-50 years	1	0.5%
	Total	191	100%
Education Level	Diploma	31	16.3%
	First Degree	158	82.7%
	MA/MSc	2	1%
	Total	191	100%
Work Experience	0-1 Years	5	3%
	1-2 Years	33	17%
	2-4 Years	44	23%
	4 Years and above	109	57%
	Total	191	100%
Offices and branches	Head Office	46	24%
	Bole	19	10%
	HayahuletMazoria	17	9%
	AmedeGebeya	16	8.3%

	Kality	19	10%
	Genet	15	8%
	Legehar	17	9%
	Megenagna	14	7.3%
	Dirtera	16	8.3%
	Meshualekia	12	6%
	Total	191	100%

Source: Survey Questionnaire 2016

As can be seen in the above table 3 a total of 191partipants participated in this study of which 128 (67%) were male and the rest 63 (33%) were female participants. This data raise a question to see the whole population in BRIB data base. According to the data based most of the work forces are male employee. Regarding work experience of participants, the majority of participants, 109 (57%), were having 4 years and above in their work experience. 44 (23%) and 33 (17%) of participants were having work experience of 2-4 years and 1-2 years respectively. The rest, which is the minority of participants 5 (3%), were having work experience of 0-1 years. This figure shows most of the respondents has passed through at list one cycle of the Performance Management process and this indicates that the researcher collected information from employees who has the experience on the organization's PMP. Regarding the age group of respondents, the largest group was employees whose age is between 25 to 30 holding 58 percent (111) following this employees whose age is between 31-35 years holding the second with 20 percent (38). Then follow employees with age less than 25 years with 13.6 percent (26). It was interesting to note that 91.6% of the respondents in the sample were aged below 35 that show the majority of the workforce is energetic and young. Employees whose ages between 36-40, 41-45 and 46-50 covers 6.4%, 1.5% and 0.5% respectively that shows the experienced workforce. As shown in the table, employees with first Degree constitute 82.7% (158) of the total respondents, 16.3% (31) are college Diploma holders and only two respondents are MA/MSc graduate. Participants were represented from head office and nine branch offices. Relatively the majority of participants, 46 (24%) which is almost quarter of the total participants, were from head office. Next to head office, participants from bole and kality branches, 38 (20%), takes the second position in proportion. 34 (18%) participants represented from hayahuletmazoria and legehar branches. 16 (8.3%) and 16 (8.3%) participants were also represented from dirtera and amide gebeya branches respectively. 15 (8%), 14 (7.3%) and 12 (6%) participants were also represented from genet, megenagna and meshualekia branches respectively.

4.3 **Alignment of individual objective with the organization's objective**

Alignment is the extent to which employee are similarly connected to or have a consistent line of sight to the vision and direction of the organization and its stakeholders, often summarized with in the current strategy of the organization.

Table 4.Descriptive statistics about Alignment of objectives

No	Alignment items		Response rates				
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**I clearly know BRIB's mission, strategic goal and objectives**	N	55	45	50	25	16
		%	28.8	23.56	26.18	13.09	8.38
2	**I know how my job supports the overall organization's strategic goal and objectives**	N	40	56	43	30	22
		%	20.94	29.32	22.51	15.71	11.52
3	**I have accountability that are aligned with the goal of BRIB**	N	45	63	40	24	19
		%	23.56	32.98	20.94	12.57	9.95
4	**I understand the other department's goals and we support each other in order to attain the overall organization goal**	N	47	51	46	28	19
		%	24.61	26.7	24.08	14.66	9.95
5	**I understand the expectation of BRIB's partners and stakeholder**	N	53	47	41	32	18
		%	27.75	24.61	21.47	16.75	9.42

6	**I know in what way my performance is linked to organization partners and stakeholders**	N	49	56	32	31	23
		%	25.65	29.32	16.75	16.23	12.04
7	**I feel my effort contributes to the organization success**	N	45	58	36	27	25
		%	23.56	30.37	18.85	14.14	13.09

Total Mean = 2.57 Standard Deviation = 0.67 *Sources: Survey Questionnaire 2016*

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

Among 7 items of alignment, three items (item number 1, 2, 3, 5and 7) were relatively rated as 'strongly disagree' by large number of participants.

Therefore, in the alignment section on table 4, item 1 intended to consider the awareness of BRIB's mission, vision and goal. The result indicates that 100 (52.36%) of participants are not aware of the organization vision, mission and goal; whereas 41(21.47%) of the participants agree with the statement and 50(20.18%) of them said neutral. Therefore, it can be concluded that the majority of participants don't have clear knowledge about the organization vision, mission and goal.

Regarding item number two on table 4 (I know how my job supports the overall organization's strategic goal and objectives) indicates that the majority of participants 96 (50.26%) reported disagree. Whereas minority of participants 52(27.23%) reported as they agree that their job supports the overall organizations strategic goal and objectives. 43 (22.51%) said neutral. This result shows that most participants don't have clear knowledge about their contribution toward the achievement of the organization goal. They only perform tasks which came on their table.

As far as accountability is concerned, the above table 4 shows on item 3, the majority of participants 108(56.54%) reported that they disagree. On the other hand the minority of participants 43(22.52%) reported that they agreed. 40(20.94%) reported neutral. From this, it can be inferred that most participants doesn't know whether they are accountable for the achievement of organization goals. The failure of one of his/her employee performance negatively contributes to the overall of the organization performance.

On Item number 5 on table 4 ask the participants whether they understand the expectation of BRIB's partner organization; 100(52.36%) of the participants don't know their expectation and 50(26.17%) agreed with the idea and 41(21.47%) said neutral. This indicates most of participants don't have information about the expectation of their partner organization.

Alignment item number 7 which asks percipients precipitation about their effort contributes to the organization success, the above table 4 indicates that, the majority of participants 103(53.93%) reported disagree. This means they don't know how their effort contributes to the organization success. Small percentage of participants 52 (27.23%) reported that they agree that their effort contributes to the organization success and 36(18.85%) reported neutral. This result shows that in the current study, most participants don't fully understand that how their effort contributes to the organization success.

The total mean regarding alignment is below the average; if there is minimum alignment in the organization it will affect the overall performance of the organization. If employee doesn't have a clear understand about what the organization objective they might waste their time and energy doing tasks which don't not having much relevance for achievement of the department/program at the same time the organization goal. It is also bringing frustration to the employee because their efforts are not bringing any success. Therefore, Top Management (since they are resp1onsible) of BRIB should take the responsibility and establish a strategy how to communicate the organization vision, mission and objective to all employee and make them understand very well. They should be also monitoring strategy is place whether the system, worked or not to make corrective action on time.

4.4 Performance Management Cycle –Pre-requisite

Performance pre-requisite is the first step in implementation of the organization's performance management process. This process allow the organization to clearly define its purpose or reason for existing, where it needs to be in the future, the goals it wants to be achieved and the strategies it will use to attain those goals. It is also the stage of implementing of job analysis.

Table 5 Pre-requisite

No	Prerequisite		Response rates

			Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
1	**I know my department goals are based on the organization's strategic goal**	N	11	123	15	39	3
		%	5.76	64.40	7.85	20.42	1.57
2	**I know my goals are based on our department's strategic goals**	N	14	99	33	41	4
		%	7.33	51.83	17.28	21.47	2.09
3	**My objectives support the overall mission, strategic goals and objectives of BRIB**	N	21	85	31	50	4
		%	10.99	44.50	16.23	26.18	2.09
4	**I have a clear understanding of how my job is related to the overall goal of the BRIB**	N	29	92	33	32	5
		%	15.18	48.17	17.28	16.75	2.62
5	**My duties and responsibilities are clearly defined to my understanding**	N	15	34	34	89	19
		%	7.85	17.80	17.80	46.60	9.95
6	**My superior encourage me to participate in my goal setting process**	N	66	50	50	13	12
		%	34.55	26.17	26.17	6.80	6.28
7	**Job analysis has been done by my superior before the duties and responsibilities has given to me**	N	69	88	17	14	3
		%	36.13	46.07	8.90	7.33	1.57
8	**I have a clear knowledge about the job I do**	N	22	62	44	50	13
		%	11.52	32.46	23.04	26.18	6.81

Total Mean 2.81 Standard deviation: 0.72

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

The researcher chose five items from prerequisite column which have higher percentage on disagree and these items also answer the most relevant points which should be raised on this stage.

Participants were asked whether they know their department goals are based on the organization's strategic goals. It can be seen from the above table 5 item 1 that the participants 134 (70.16%) reported disagree. This indicates that most of the participants don't know their department goals are based on the organization's strategic objective. The minority of participants, 42(22%), on the other hand knows that their department goals are based on the organization strategic objective. 15(7.85%) reported neutral. This implies that in general, on the current study most participants don't know their department goals are based on their BRIB's strategic objective. Developing a reasonable level of agreement among senior officials, managers, staff, and other key stakeholders on agency or program goals (including outcome-related goals) and on the resources, activities, and processes required to achieve the overall the organization objective. Wholey (1999)

On Table 5 item number 5 raised to measure the knowledge of participants regarding their understanding about their duties and responsibilities and Majority 108(56.54%) of them confirmed that they understand them well. 49(25.65%) of them disagreed. And 34(17.80%) reported neutral. Therefore this implies BRIB work well in providing the duties and responsibilities (JD) of the employee.

On item number 6 the question was raised for the participant whether their superior encouraged them to participate on setting their goals. Participants replied 140(73.3%) disagree and 25(13.09%) agreed about the statement, 26(13.61%) reported neutral. This shows majority of participants didn't get the encouragement from their superior to involve on the process of setting their goals. According to Armstrong (2009) one of the acceptances of goals is achieved by encouraging and arrangement of employee to participate in goal setting. In addition he stated participatingin goal setting improves performance, not because participation by itself is inherently motivating, but because it provides the employee with an increased understanding of expectations and strategies for goal accomplishment.

Superior should also provide the information which required for individual objective setting like organization mission, vision and goal, department goal. They should also set together to discuss and review the goals, strategies and tactics. Therefore BRIB should work more with its superiors in order to make them informative and supportive for their subordinates on this stage.

Finally on item 7, they were requested to answer whether job analysis has been done by their superior before the job description is given to them. The above table 5 shows that, the majority of participants 157(82.5%) reported disagree whereas the minority of participants 17 (8.9%) reported agree and 17(8.90%) said neutral. From this result it can be concluded that most participant's job description is given to them without proper studying of their job (Job analysis). As it is stated on Smither and London (2009) a job analysis is a fundamental prerequisite of any performance management system. Without a job analysis, it is difficult to understand what constitutes the required duties for a particular job. If we don't know what an employee is supposed to do on the job, we won't know what needs to be evaluated and how to do so. From this result it can be concluded that the organization used tailor made job descriptions for its employee. It is recommend that BRIB should make analysis about overall tasks of the organization and develop its own Job description for its employee in order to be more effective on implementation of performance management system

Based on the aggregate result of this process is satisfactory. Therefore, BRIB should work more on communicating the organization's goals to its employees besides it should encourage and enforce its department heads to field managers to develop their department and program objectives and make sure those objectives are communicated to each teams so that they have a better understanding on what they are doing. Employee should be highly involved on setting the department/program objective in order to have saying on the objectives (if there is an involvement of subordinates in planning of departmental goal it help the manager not to set unrealistic goal because they are the one who is doing the actual job). It also creates self-belongingness and motivation. Besides, it will be very easy for them to set their own goals.

4.5 Performance Management cycle - Performance Planning

On planning stage the superior and the employee meet to discuss and agree on what needs to be done and it should be done so as to let employee have a though knowledge about his/her objectives. According to Armstrong (2006) it is also concerned with developing people helping them to learn and providing them with the support they need to do well, now and in the future. The plan deals with how their managers will provide the support and guidance they need.

Table 6 Performance Planning

No	Planning	Response rates					
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**BRIB's Performance Management system objectives are described to me**	N	47	44	51	43	6
		%	24.61	23.04	26.70	22.51	3.14
2	**My superior and I set goals and KPI at the beginning of every fiscal year**	N	32	77	33	36	13
		%	16.75	40.31	17.28	18.85	6.81
3	**My superior gives me the opportunity to participate in performance planning and agreed on my job goals, objectives and measurement standard**	N	27	76	41	39	8
		%	14.14	39.79	21.47	20.42	4.19
4	**My superior clearly explains to me what is the expected performance**	N	30	88	22	44	7
		%	15.71	46.07	11.52	23.04	3.66
5	**My objectives are SMART (Specific, Measurable Attainable and Realistic and Time bounded) and challenging**	N	55	74	29	24	9
		%	28.80	38.74	15.18	12.57	4.71

6	**I reach an agreement with my superior on how my performance is measured**	N	52	66	37	26	10
		%	27.23	34.55	19.37	13.61	5.24
7	**The standard that are used to evaluate my work are explained clearly by my superior**	N	34	80	37	31	9
		%	17.80	41.88	19.37	16.23	4.71
8	**On the development plan meeting, my supervisor and I discuss both on my strength and areas which I need improvement and we set goal to achieve in each area.**	N	17	88	44	36	6
		%	8.90	46.07	23.04	18.85	3.14
9	**I get rewarded (bonus/other benefits) for accomplishing my development plan goals/objective**	N	27	91	33	36	4
		%	14.14	47.64	17.28	18.85	2.09
10	**My superior and I uses the previous performance assessments to set the current goals/objectives**	N	24	78	48	39	2
		%	12.57	40.84	25.13	20.42	1.05

Total mean 2.78 Standard deviation 0.86 ***Source: Survey Questionnaire 2016***

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

The first question in this category was intended to assess whether objectives of PMS is described to the participants 91(47.64%) disagree, 49(25.65%) agreed to this point and 51(26.70%) said neutral. The result shows that performance management system of the organization is described for some of the employee. BRIB should give training about the organization performance management system for its entire employee regardless of the position they have.

As indicated in table 6 item 2 to identify whether participants set objective and Key performance Indicators (KPI) at the beginning of every fiscal year. In this regard 109(57.06%) of the participants disagree whereas 49 (25.66%) agreed with the statement and 33(17.28%) said neutral. The result shows most of the participants don't have the experience on both goal settings and identifying key performance indicators to measure their performance. According to Armstrong (2009) key performance indicators are the results or outcomes that are identified as being crucial to the achievement of high performance and provide the basis for setting objectives and measuring performance. And the purpose of objectives is to communicate clearly the kind of work to be performed. Therefore, these two basic items are essential in performance management system.

The result from the study as depicted in table 6, regarding item number 4 (My superior clearly explains to me what is the expected performance) indicates that the majority of participants said 118(61.78%) disagree; whereas minority of participants 51(26.70%) reported as their superior clearly explained their expected performance. 22(11.52%) said neutral. This result shows that most superiors didn't provide their clear expectation regarding their staff performance. Clear expectation is very vital for goal achievement. Performance standards also needed to evaluate how well employees have achieved each objective. Therefore, some effort should be exert to improve the provision of clear performance expectations in consistent manner.

As far as item number 5 is concerned about setting SMART, challenging but achievable objectives, the above table 6 shows that, the majority of participants 129(67.53%) reported as they disagree. On the other hand the minority of participants 33 (17.28%) reported agree and the rest 29(15.18%) said neutral. From this, it can be inferred that most participant's objectives were not SMART and challenging. SMART objectives are very mandatory for the achievement of individual, departmental and organizational objective. If this is not implemented well, the whole performance management will be facing difficulties in cascading it effectively.

As indicated in table 6 item number 8 concerning the development plan meeting with superiors majority of participants 105 (54.97%) reported disagree and 42 (21.98%) reported agree and the rest 44 (23.04%) said neutral. This indicates that very few employees have a chance to discuss about their developmental plan with their superior. As it stated on Aguinis, (2009) Developmental plan should include identifying areas that need improvement and setting goals to be achieved in each area. Achieving the goals stated in the development plan allows employees to keep abreast of changes in their field or profession. In addition to this, the basic aim of establishing performance management system in the organization is for developmental purpose.

Looking the overall result, total mean value of this process is below average. Therefore, BRIB should work more on the implementation of performance planning process. Management team together with human resource department (since they are responsible) should create the awareness about the organization's PMS. Every employee should get the orientation/training about the system at the beginning of every year or during placement of new employee. There should be support from human resource on clarification about PMS whenever there is a need from the employees. There should be controlling mechanisms which enforce every employee to pass through this stage like the assessment period. The standard for measuring their performance should be set together with their objectives.

4.6 Performance Management cycle – Execution

Although the subordinates have primary responsibilities on this stage, the superiors also need give continuous feedback and guidance on their employees' performance so that they can go towards to their objective. The major responsibilities of superiors are observation of their employee performance documentation and coaching.

Table 7 Performance Execution

No	**Performance Execution**		**Response rates**				
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**I get positive, constructive and negative feedback on my performance regularly and timely from my superior**	N	22	63	28	58	20
		%	11.52	32.98	14.66	30.37	10.47
2	**The constructive feedback I get from my superior is based on my performance gaps to the point where the way to further development and improvement**	N	31	64	36	47	13
		%	16.23	33.51	18.85	24.61	6.81

3	**The feedback I get from my superior is presented in a way that enables me to recognize and accept its factual nature (with based on the facts, collected information, result, behavior)**	N	19	86	38	31	17
		%	9.95	45.03	19.90	16.23	8.90
4	**I have the opportunity to give my opinion /feedback to my superior freely**	N	47	67	37	31	9
		%	24.61	35.08	19.37	16.23	4.71
5	**I get recognition whenever I done a very good job**	N	43	65	24	48	11
		%	22.51	34.03	12.57	25.13	5.76

Total mean 2.89 Standard deviation 1.02

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

The above table 7 item number 1 investigated the ongoing communication during the execution period. In this respect, the majority of participants 85(44.5%) disagree. Whereas 78(40.87%) said agree and 28(14.66%) reported neutral. This implies some of the participants receive continuous feedback from their superiors about their performance on a timely manner.

Regarding item number 4, it can be seen from the above table 7 that the majority of participants 114(59.68%) reported that they disagree with the idea of having the opportunity to give their opinion to their supervisor. The minority of participants, 40(20.94), on the other hand said they have the opportunity to give their opinion to their supervisor freely. 37(19.37%) reported neutral. This implies that most of participants didn't get the chance to give an answer on their own performance freely when they discussed with their superior.

Participants were asked on item number 5 on tables 7 whether they get recognition on their job. 108 (56.54%) participants disagreed and whereas 59 (30.89%) participants agree that they get the recognition whenever they have done a good job. The rest 24(12.57%) said natural. This indicates that the most of BRIB employees didn't get any recognition on time when they have done a very good job.

Therefore, the whole result shows BRIB doesn't have uniform way of communication system on the execution period. These practices might discourage the BRIB employee to do better job everyday finally they will lose interest on their job and start to look for another job. Constructive feedback should be given when gap on performance is observed by superior appropriately and on time so that the employees take the necessary step to improve those gaps before it is too late for correction.

4.7 Performance management cycle- Assessment

On this stage both the superiors and subordinates are responsible to do the assessment. This stage is very easy for both them if the above mentioned processes implemented properly. In most literatures it is advisable to do self-assessment because it reduce the employee's defensiveness during the assessment meeting and increase the employee's satisfaction with the performance management system as well as enhance perception of accuracy and fairness and therefore acceptance of the system.

Table 8 Performance Assessment

No	**Performance Assessment**		**Response rates**				
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**My performance is measured based on the agreement I reached with my superior**	N	43	52	54	23	19
		%	22.5	27.2	28.3	12.0	9.9
2	**My performance assessment covered those issues which were very important in performing the**	N	40	59	58	23	11
		%	20.9	30.9	30.4	12.0	5.8

	job						
3	**There is a performance rating standard for all employees**	N	42	47	47	33	22
		%	22.0	24.6	24.6	17.3	11.5
4	**My performance is rated based on the standards established**	N	42	52	53	19	25
		%	22.0	27.2	27.7	9.9	13.1
5	**Chance is given to me to assess my performance**	N	40	43	47	35	26
		%	20.9	22.5	24.6	18.3	13.6

Total Mean:2.93 Standard deviation: 1.08

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

As portrayed on table 8 participants' perception about the BRIB performance assessment process. Hence, on table 8 Item No. 1 participants were asked to rate whether their performance measured based on the agreement they reach with their superior. Accordingly, though 42 (21.9%) participant agree with idea, 95 (49.7%) participants disagree with the idea that their performance is measured based on the agreed points with their supervisor. 54(28.3%) reported neutral. This indicates on BRIB's performance assessment process there is lack of standard and it was not based on agreed measurement.

Participants were asked on item 3 whether there was a performance rating standard for all employees. It can be seen from the above table 8 that the majority of participants 89 (46.6%) reported that there was no standard for rating their performance. The minority of participants 55 (28.8%), on the other hand said there is standard developed for rating their performance. The rest 47(24.6%) reported neutral. This implies that in general participants in the current study, standards are established for only few employees for their performance rating but not for all. The presence of biased-free evaluation is in question mark. As, biasness of ratings have different effects, this issue needs further investigation.

Regarding item 4, the above table 8 shows that, the majority of participants 94 (49.20%) reported that their performance rating was not based on how well they do their job whereas the minority of participants 44 (23%) reported that their performance rating was based on how well they do their job. 53(27.7%) said neutral. From this result it can be concluded that most of participants said their performance rating is not based on the actual result of the performance. This shows that the practice of implementing the assessment in BRIB has biasness and subjectivity for majority of the employee.

The last enquiry for the performance assessment was made to assess whether the participants were given a chance to assess their own performance and 61(31.9%) of the participants agreed, but the majority 83(43.40%) respondents disagreed. The rest 47 (24.6%) said neutral. As discussed by Armstrong (2009)the main advantage of using a self-assessment approach is that it reduces defensiveness by allowing individuals to take the lead in reviewing their own performance rather than having their managers' judgments thrust upon them. It therefore helps to generate a more positive and constructive discussion during the review meeting, which can focus on joint problem solving rather than attaching blame. Therefore, BRIB should start giving the opportunity for its entire employee on this regard.

Looking in to the overall result, BRIB should use its performance management system fully and very effectively in order to tackle the challenges at it is stated above. If it implements effectively the employee's performance is measured accurately and the true gap should be identified for future improvement and development since the main purpose of the system is developmental. BRIB management team should also stress the fact that both parties (both superior and subordinate) are involved in the assessment which provides good information to be used in the review phase.

4.8 Performance Management cycle -Performance Review

On performance review cycle, both the superior and subordinate has to meet and review the assessment together by holding a positive thought in their mind and should strive for the performance recognition (if the positive performance observed) and improvement (when gaps are observed. It has to review the past that is what has done (result) and how it was done (behavior) at the same time it should include a discussion of the employee's development progress as well as plans for the future.

Table 9 performance Review

No	Performance Review	Response Rate					
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**I received formal appraisal once in a year**	N	-	-	15	110	66
		%	-	-	30.9	34	35.1
2	**There is mid / quarter year performance review in BRIB**	N	15	69	38	46	23
		%	7.85	36.13	19.90	24.08	12.04
3	**The performance review focus only on my past performance**	N	2	11	33	102	43
		%	1.05	5.76	17.28	53.40	22.51
4	**The performance assessment and review incorporates future Training & development plan**	N	15	25	43	79	29
		%	7.85	13.09	22.51	41.36	15.18
5	**My views are respected and summarized by my superior**	N	23	79	31	48	10
		%	12.04	41.36	16.23	25.13	5.24
6	**My development progress as well as plans for the future are discussed on the review**	N	35	75	22	45	14
		%	18.32	39.27	11.52	23.56	7.33

	meeting						
7	**If I don't agree with my rating, there is an appeal process**	N	20	63	38	59	11
		%	10.47	32.98	19.90	30.89	5.76
8	**The performance result I received has helped me for improving my performance**	N	51	59	45	21	15
		%	26.70	30.89	23.56	10.99	7.85
9	**I have attended training which is based on my performance gap identified**	N	48	51	31	38	23
		%	25.13	26.70	16.23	19.90	12.04
10	**I get reward/incentive/salary increase/promotion based on my performance**	N	26	70	28	56	11
		%	13.61	36.65	14.66	29.32	5.76
11	**In BRIB performance result provides basis for pay decision**	N	13	33	20	91	34
		%	6.81	17.28	10.47	47.64	17.80

Total mean: 3.5 Standard Deviation: .82

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree" .

For Performance review, 11 measures were set whose responses are summarized as follows.

BRIB has performance assessment and review period once in a year. Therefore for item number one on table 9 all of the participants have agreed with the statement.

With regard to availability of mid/quarter year performance review on item 3 on table 9 the majority of participants 84(43.98%) disagreed and 69(36.12%) said that they have agreed with the statement. 38(19.90%) said neutral. This result implies that there is mid/quarter year performance review in BRIB but it not fully practiced. As it is stated on Armstrong (2006) mid-year review is informal performance assessment and it is important when there is a change needed on the objective of the employee and it is one of the mechanisms of giving the performance feedback about the progress.

Item number four asked about whether the assessment and review incorporates future training and development plan. The table 9 above indicates that most of the participants 108(56.54%) reported agree. Whereas 40(20.94%) of participants reported disagree. 43(22.51%) said neutral. This result shows most of BRIB employee will plan about their training needs and developmental plan on the review period with their superior. Training need analysis could be conducted to address both organizational & personal development needs which can enable the organization to address employee performance gap and develop capability on skills needed for future requirements, respectively. Therefore it can be concluded that BRIB has good practice on planning training and development to its employee.

On Item 8 where ask percipients if their performance result has helped them to improve their performances. The above table 9 indicates that, the majorities of participants 110(57.59%) reported disagree. This means that participants didn't agree with the idea of their performance is improved by the performance result they have received in the past. Small percentage of participants 36(18.84%) reported that they agree that the performance feedback they get on the review period has helped them to improve their future performance. 45(23.56%) said neutral. This result suggests that most of participants perceived that the feedback they get about their performance from their superior doesn't have that much relevance on improving their performance.

Respondents were asked on item 9 whether they have attended trainings which are planned on a review meeting, the above table 9 shows that, the majority of participants 99(51.83%) disagreed that employees didn't go through such training. On the other hand the minority of participants 61(31.94%) said they have attended the trainings. And the rest 31(16.23%) said neutral. From this it can be inferred that most participants haven't received the agreed training which were selected on the review meeting with their superior. Mone (2011) found on their research that informal and incidental learning, which lead to greater learning in the workplace. It can also enhance employee engagement. It is added that employee engagement is enhanced when managers offer their employees on-the-job learning opportunities as well as the autonomy to pursue those learning opportunities.

For item number 11 on table 9 majority of participants 125(65.44%) agreed with idea of BRIB pay decision is based on performance result and the small amount of participant 46(24.09%) disagree. 20(10.47%) said neutral. Therefore this implies BRIB uses performance result for basis of pay decision.

4.9 Performance Management Cycle- performance Renewal and Re-contracting

Table 10 performance Renewal and Re-contracting

No	Performance Review	Response Rate					
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	**All stages of PMS go in line with the overall organizational wide goals**	N	43	52	54	23	19
		%	22.5	27.2	28.3	12.0	9.9
2	**Unrealistic goal is planned when you look back to the stages of PMS**	N	40	59	58	23	11
		%	20.9	30.9	30.4	12.0	5.8

Total Mean:2.93 Standard deviation: 1.08

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree" .

For performance renewal and re-contracting there are two measures prepared. As Armstrong said performance renewal and re-contracting is the final stage of the PMS. It is also a stage where the cycle to be transferred to pre-requisite stage. In this stage the system checks that organizational wide goals are achieved, unrealistic goal planned in the beginning of the system, whether unambitious goal is planned or not and also checks that all stages of PMS go in line with the overall organizational wide plans. So this stage is more of supervisors and directors aspect but in order to know the respondents response there are two measures. On the table 10 item 1 discussed that all stages of PMS go in line with the organizational goals and the response is that 99 (51.8%) of them said the process applied in BRIB are not going in line with the organizational goals. 58 (30.4%) of them are neutral for such questions. 34 (17.8) of them said that we agree that BRIB stages of assessing performance is going in line with the organizational goals. So we can understand that the process applies in BRIB is not helping to achieve organizational goals. Respondents think that 99 (51.8%) of them think unrealistic goal is planned when they look back to the process. 58 (30.4%) of them make themselves neutral. But 34 (17.8%) of the respondents agree that the goal planned is realistic for being achieved. So we can say that the process of managing performance in BRIB shows unrealistic goal is planned when we look back to the processes.

To conclude this analysis, even though every employee received performance review once in a year, the result they are getting from the review is not satisfactory because other cycles are not implemented properly. Therefore, BRIB should work more on implementing all the performance management system processes in order to be more effective and achieve the organization goal.

4.10 **Effectiveness of implementing performance Management System**

Table 11 Effectiveness of implementing performance Management System

No	**Dimensions**		**Response rates**				
			Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
	I know that PMS improves	N	43	52	54	23	19

1	**individual performances**	%	22.5	27.2	28.3	12.0	9.9
2	**I understand that PMS improves employee retention**	N	40	59	58	23	11
		%	20.9	30.9	30.4	12.0	5.8
3	**I know that PMS Makes change easier**	N	42	47	47	33	22
		%	22.0	24.6	24.6	17.3	11.5
4	**I understand that performance management training is given before applying PMS**	N	42	52	53	19	25
		%	22.0	27.2	27.7	9.9	13.1
5	**I understand that PMS is strategically integrated with the overall organizational objectives**	N	47	44	51	43	6
		%	24.6	23.0	26.7	22.5	3.14

Total Mean:2.93 Standard deviation: 1.08

Source: Survey Questionnaire 2016

Note: For analysis purpose strongly agree and agree merged in category called "agree" and strongly disagree and disagree merged in category of "disagree"

On the table 10 the researcher tries to look at the points for measuring effective implementation of PMS. There are six items presented for the respondents. On the first item the question raised is

Employees know that PMS improves individual performance and then 95(49.7%) of the respondents replied that employees does not have knowledge that PMS improves individual performance, 54(28.3) of the response is neutral and 42(21.9) agrees that PMS improves individual performance. So most of the employees does not have the knowledge that PMS improves individual performance. The second item presented is PMS improves employee retention. 99(51.8%) of the respondents replied that PMS does not improve to retain employees in the organization. 58(30.4%) of the respondents are neutral in their response. 34(17.8%) of the respondents said PMS do improve employee retention. So it implies that most of the respondents said PMS does not improve employee retention. The third item in this category is PMS makes change easier. 89(46.6%) of the respondents said that PMS does not make change easier. 47 (24.6%) of the total respondents said they are neutral from such response. 55(28.8%) of the respondents replied that PMS makes change easier. So the researcher concludes that PMS makes change easier. The fourth item in this dimension is that performance management training is given before applying PMS. 94(49.2%) of the total respondents replied that there is no training given on performance management before applying PMS. 53(27.7%) respondents out of the total respondents are neutral for their answers. 44(23%) respondents out of the total respondents said performance management training is given prior to applying PMS. Therefore the researcher understands from the response that most of the respondents are having no training before applying PMS. The final item in this category is that does respondents understands that PMS is strategically integrated with the overall organizational objectives. 91(47.6%) respondents said they did not understand that PMS is strategically integrated with the overall organizational objectives. 51(26.7%) respondents said they are neutral from such response. 49(25.64%) respondents said that they clearly understand that PMS is strategically integrated with the overall organizational objectives. So the above analysis the researcher understands most of the employees does not have knowledge about PMS is strategically integrated with the overall organizational objectives, this is a major problem for the organization so the organization should give due care for the effective implementation of the PMS measurement.

4.11 Focus Group Discussion (FGD)

Focus Group Discussion (FGD) was also used to assess the challenges the organization faces when implementing performance Management System. Three focus group discussions were held in head office, bole and genet branch offices. Due to time and budget constraint the student couldn’t include other branch offices.

Participants were asked to discuss on the challenges of BRIB performance Management system. The discussion was made on the alignment and detail process of the system.

4.11.1 Challenges on Alignment

According to FGD participants, theorganization mission, vision and objective are communicated on induction course for clerical employees therefore it can be said that it is partially done. The FGD participants also stated that induction course is not enough to notify them, therefore, other mechanism should be created; for example one of the participants said *“the mission statement should be posted on the wall so that everybody could see it”*. For the reason why they don’t eager to knowing the BRIB mission, vision and goals one of participants said “*Since the organization doesn’t give that much emphasis on communicating the mission, vision and objective, we feel that it is not that much important to know them*”. Only the management staff of BRIB knows and understands the expectation and the requirement of partner organization.

As understood from the FGD, the top management is the one who developed the organization mission, vision and goals and design the strategies. The branch managers and department heads doesn’t have saying on this process their only responsibility is implementing the planned goal by developing program and department goal. Based on that they develop departmental objective and it goes to individual goal. But this process excludes support staffs; they only do tasks that come from the program unit.

For support staff, the expectation of their superior was not clear because they don’t set individual goal and there is lack of communication on planning stage. In addition, the criteria for measuring performance are not clearly stated.

4.11.2 Challenges on Pre-requisite and Planning processes

One of the participants also mentioned Performance Management Process (PMP) of the organization is not included in the induction course as one part of introduction session; some of them didn’t know its existence. Participants from genet branch added that there is lack of knowledge about the performance management process in the organization this is because the training is given to superior by the headquarters and there is no follow-up mechanisms whether they have implement the process. One participant said “*the management like the idea of PMP but performance evaluators does not really understand what Performance Evaluation is. It should be taken seriously in constructive manner.*

Regarding prerequisite and planning, department’s objective is not communicated to the employees. Except very few departments, every department and units only gives Job description once the selected candidate is placed in his/her assigned department. One participant stated “The *job description I* *received from my superior and the work I'm currently doing is different therefore this bring different results on performance measurement period*". The same participants continued that since the job description are very general and similar; they couldn't differentiate the responsibility given to Officers and senior officers. Individual objective is not set and employees are evaluated based on their job description and that is the reason why the assessment/ evaluation part is made more difficult.

4.11.3 Challenges on Performance execution

The participants said when it comes to execution time, communication and coaching is minimal. They added that some supervisor's record when they see good and/or bad performance and on the assessment and evaluation period they use that to give the rating. Continuous follow-up and feedback is very minimal. Supervisors rarely follow up and give advice only when they observe big mistakes. Regarding coaching one participant said "*coaching is very mandatory but due to busy schedule of the supervisor and budget constraint we couldn't get the required training*".

Participants from bole branch office discussed about their experience on execution they said that constructive and negative feedback for bad performance is given on the spot orally but continuous follow up on the progress, feedback and performance development is few for the employee during the execution period. All the wrong doing and mistakes will be kept in the superior's record and those points will be used on the performance assessment and review time.

4.11.4 Challenges on Performance Assessment and Review

On performance assessment and review period, since the expectation and measurement of performance is not clear due to lack of objective setting, there is argument on the assessment session. One participant said "*Subordinates become very defensive and the superior doesn't have any clear justification for rating them on that specific way. So the superior create other excuse so that the subordinates accept rating on the evaluation form. One of the reasons is that there is quota on rating so they couldn't give "excellent" or "superior" beyond that quota the management permit".*

The FGD participant specified that on the performance assessment process assessment talk (review meeting) is only one way; subordinate doesn't have a saying. One participant added "*after the superior fill out his/her part on the performance evaluation form the subordinate is only allowed to sign on the form.* They also added that promotion opportunity is very rare. This is because there is lack of capacity building training and development programs. This is because BRIB prefers to hire a new employee with the required skill rather than educating and building the capacity of existing staff.

The head office FGD participants stated that *"Subjective impression of the assessor plays a big role. Challenges, even if they are of use for the official job performance, are not that much appreciated. Instead, sycophantic and timid behavior (of those to be assessed) and personal favor towards the superior matter (positively) are not few cases".*

Regarding the performance rating they said the PMP in BRIB is done on quota basis and great emphasis is given to be mathematically correct. That is; it tries to put majorities of employees in a certain rating level (successful) thus, may not reflect the right individual performance level.

The FGD participants concluded that since backward feedback will start very soon, it may bring change by giving superiors a wakeup call provided the feedback is filled by subordinate without fear and reluctance.

The suggestions from FGD participants to improve the implementation of performance Management system are as follows;

- Even though the banks objective is known by employees on the branch offices, every employee should also have the knowledge of organization's mission, vision and objectives and performance management system so that everyone can acquire the bigger picture of BRIB.
- Everybody has to have a good understanding about BRIB's performance management system and some strategy should develop which enforce employee and monitor the process for implementation.
- Top management staff should not be the only ones setting individual objective rather everybody has to set his/her objective in order to have clear expectation and criteria on performance measurement. The individual objective should be SMART and it has to be done at the beginning for all employees.
- There should be mid or quarter year review meeting for all employees in order to notify the employee where he/she stand,
- Two way frequent communications should be developed. The relationship between superior and subordinates should be strong. Superior has to coach and build the capacity

of their staff which enables them to develop professionally. In addition to that superior of every branch and departments has to take the main role in bringing a change on developmental process by compiling the training needs of their staff and communicating to HR department and top management and frequently follow-up about the progress.

- The training needs on the evaluation form should be summarized and analyzed, and based on that training need and training opportunities has to be communicated to all employees on a timely manner. HR department should take this role.
- Clear measurement of performance should be placed and should be with evidence. Evaluator should minimize subjectivity and be free from bias. They should only assess and evaluate performance and no other criteria must interfere on measuring performance. The assessment/ evaluation form shouldn't be generic; rather it should be specific to the position/profession.
- The assessment/evaluation form should be revised and place should be there in order for the subordinate to write about the task he/she performed. Besides that, since there are different positions and experts in the organization the duties and responsibilities and measurements are different from one another. Therefore, evaluation should be specific to the position.
- Quota for getting "excellent" "Superior" rates should be excluded from the system. Everyone has to get his/her reward based on their performance result not based on quota
- The rating scale should be more specific, clear and self-explanatory.
- Reward should be based on real performance measurement also include other non-monitory rewarding mechanism. To get the reward an employee shouldn't wait a year. Other rewarding instruments should be there over the year when good performance is observed.
- Performance Management system shouldn't be for punishment rather it should be used for developmental purpose.

4.12 Interview with Head of department and Branch Managers

As stated on many literatures, Interview is one of the commonly used primary data collection method. This method enables to obtain relevant information for highly targeted audience. Interview also provides the respondent with the opportunity to express their feeling and opinions.

4.12.1 Findings from the interview

Regarding the practice of alignment in BRIB most of them said they have fair knowledge of BRIB's vision and mission of the organization. But the branch managers said they have better knowledge of their branches objective since they participated in planning process of their specific branches and their position requires further reading. About their staff, they are not sure if their staffs are aware of the mission, vision and objective of the organization because the orientation organized is given only for specific positions where as lower positions that are non-clerical didn't get this opportunity. One of the interviewee said that the head office should take the responsibilities for organizing this course for all employees. They also suggested it also should use different mechanism to make them aware of the organization's objective. But HR head has argued that this induction course is prepared twice a year and the reason for excluding non-clerical employees is because it is prepared in English which would be very difficult for them to understand.

All the managers and head of departments said that only top management staffs (they are President and V/Presidents) has the role of developing organization mission vision and objectives of BRIB. One branch Manager said "*once it is developed based on the organization objective, we develop our branch objectives and action plans*"

The performance management system is placed in the organization to measure performance of every employee and to give feedback on employee performance so that they can continue to work on their strength and improve their weaknesses and consequently improve the overall organization's performance.

But coming to the BRIB practice, all of them said the PMS is partially implemented in the organization. The Head of H.R said that "*I said partially because SMART objective is not practiced mostly and this shortcoming should be improved in the future*". Only assessment, review and rewarding employees on monetary form based on the assessment result is mandatory. So every superior has to do it. We know planning is very important but there is no controlling mechanism to monitor the processes (whether everybody has done the planning or not).

Even though all of the processes and stages of performance management system is found in policy of BRIB, the practice is only performance appraisal. HR Head added that "*In* BRIB *policy, planning, ongoing communication/feedback regarding employee performance is mandatory but there is no controlling mechanism. Besides that the practice is not prevalent. Assessment and evaluation is done once a year. There is mid-year review evaluation meeting only when there is a change in superior. Finally, performance related salary increase will be done at the beginning of each fiscal year"*

When the researcher asked about the effectiveness of PMS on identifying good and bad performer in BRIB, they said that it provides feedback for good and bad performer but is more subjective which is the result of lack of implementing the two process/stages on the system. One branch manager said *"I can't definitely say that it identifies good and bad performer because the existing practice is done partially, for example superiors and employees are not aware of the organization's mission and objective thus can't set their department goal based on the organization objective. If they don't do that I can't say the system is implemented effectively and the above mentioned gaps bring disagreement during the performance assessment and evaluation time*."

According to HR head BRIB is using "Bell curve" system to control the rating system; most employees misperceived this system and think as BRIB is quotas for rating performance. When positive performance is observed it is linked with the monitory reward based on the rating he/she got. Staff gets salary increase based on the percentage decided by management every year. And when negative performance is observed there is no salary increment for that year. Based on the gap observed, improvement measures will be identified but there is no follow-up and controlling mechanism is practiced and major action taken to improve the employee performance is minimal.

One branch manager said 'there is record for saying "room for improvement" but no action is taken either to terminate the employee or improve the performance"

The performance Management system training is provided only for superior once a year; furthermore, reading materials about the system is disseminated by the H.R department to all employees by email for those who have email access.

For the question "Do you or the organization facilitate or send training opportunities to employees based the training need observed on the assessment and evaluation period?

All of them said HR department record all the training on its data every year after the evaluation form is collected from each program offices and departments before it is filed in the respective employee personnel file. But they haven't identified and send the training opportunities to the staff. It is the employee's responsibility to find and attend the required training.

For the reason why the opinion differs on the assessment talk and evaluation time, they said measurement of employee performance is not based on individual objective for most employee as there is lack of goal setting) There is also lack of continues communication/feedback during the year and the expectation is not clear, evaluation is based on J.D and J.D is developed for a position not for an individual and the current practice of BRIB only focuses on performance assessment review and is done at the end of the year.

One of the department head said "There *is no common ground for conducting the staff's assessment talk. Even though planning and setting goal is a requirement in PMS of* BRIB*, when we come to actual practice it is not obligatory and there is no monitoring and controlling mechanism to oversee the implementation. Therefore, most organizational units do not plan, set objective or encourage its staff to set theirs. This results in lack of common ground to measure performance which finally results in dissatisfaction and belief that the evaluation is conducted only for paper work*.

But one branch manager said " *This being the case, when we come to employee, most of the times staff doesn't want to hear their weakness sometimes, they are more ambitious and the other reason is since the reward is based on the evaluation, the subordinates doesn't want to lose the salary increment."*

4.12.2 Solution suggested by Head of the department and Branch Managers

- It is better if managers and Head of departments have roles in establishing the vision, mission and objective of BRIB because it creates self-belongings for them and they will have saying.
- Individual objective setting in some of the program is practiced but it should be uniform to all employees. The objectives should be SMART. HR department should encourage superiors to set together with their subordinates on objective setting time to bring common understanding and expectation. Monitoring and controlling mechanisms should be placed in implementing the stated stage/process,
- Induction course or orientation should be organized to all employees. For non-clerical employees it should be presented at least in Amharic,

- Continuous Training on PMP should be given to all employees at the beginning of the year and on induction course so that every employee has clear understanding,
- Mid-year review meetings and continuous feedback and communication should be encouraged to minimize the idea difference between superior and subordinate. It also makes the employee alert and informs the status the employee's performance. HR department should take the initiative to follow –up the proper implementation of the Mid-year review meetings,
- Since the main purpose of PMP is developmental, superior and HR department jointly should take the responsibility for staff development training and development. They should straggle for budget acquisition for training and development,
- HR department should use training needs assessment data to search for training opportunities (custom made and job related) inside and outside of the country,
- Evaluation form should be translated in to local language for every branch offices so that non-clerical employees have better understanding how they are being evaluated.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Result and discussion of the study were presented in the previous chapter. This chapter first presents a brief summary of the study followed by conclusion, limitation of the study and recommendation.

The researcher of the study started the research having a general objective to assess employee Performance Management System of BRIB.

Mix of quantitative and qualitative research methods were used to collect and analyze data related to the research questions and the research objective. To gather relevant data for the study questionnaire, FGD, in-depth interview, and document analysis were used. SPSS-version 16 was used to analyze quantitative data collected through questionnaire. Information gathers from FGD and interview and document analysis was presented qualitatively.

5.2 Summary of major findings

- Regarding service year - 97.4% of the respondent's response that they have stayed in BRIB for a year and above indicating that most of the employees have passed through at list one cycle of performance management system.
- The mean value of alignment measures indicated that participants have slight agreement with awareness of the organization's vision, mission and goal. To see in detail, the analysis indicated that majority of the participants confirmed they don't have clear knowledge about the organization objectives. They also added that they don't understand how their job supports to the overall organization's goal, the other program and department's goals. Regarding expectation of BRIB's partner organizations, it is not clear to employee. Plus they don't know if their performance linked to BRIB partner organization and BRIB itself. They also don't how their effort contributes to the organization success. The focus group discussion result also supports the finding which is found from descriptive analysis by stating that BRIB communicated the organization's vision, mission and goal on the induction course which is implemented twice in year. But this induction course incorporates only clerical and managerial positions. And it is conducted in English language. On the interview session, they have said that they have fair knowledge about BRIB mission, vision and goal and this is due to lack of involvement on strategy development of the organization. The branch manager indicated that they have better knowledge about their program goal than BRIB as a whole since they involve in planning process and so does their employees.
- Concerning on pre-requisite stage, major finding were; the majority of participants confirmed that they don't know whether their objective are based on strategic departmental goal. It is also indicating that most of participants don't understand the clear linkage between the individual goal to organizational objectives and values. They also indicated that they have job description but their superiors don't encourage them to participate in setting their objectives. Regarding job analysis, the majority said their job description didn't pass through to job analysis process. Member from focus group

discussion and interviewee response stated that their department goal is not communicated well except for very few branch offices and due to this majority of employee couldn’t understand the linkage between the department goals to their work. Besides that their job description they received from their superior and the work they have been doing has difference and this is due to lack of job analysis. Thus, indicating similarity in the findings that there is lack of linkage between the organization objective, department goal and individual goals. Plus the employees are not familiar with the job analysis practice.

- The result indicated on the planning phase the organization’s performance management system is not communicated to all employees and individual objective with performance standard measures and key performance indicator (KPI) is not set. Only few participants agree that they participated in performance planning, developmental planning meeting and have a clear understanding of what they are expected to do along with the measures. The descriptive statistics also indicating that most of employees didn’t get the opportunity to reach with agreement with their superior on how their performance is measured. The result also shows that most superior don’t use pervious performance assessment to set the current individual objective. Beside SMART objectives are not set to all employees. The FGD and interview result also shows that there is lack knowledge in BRIB Performance Management System because the introduction of this system is not included on the orientation rather superiors gets PMS training from the headquarters one month before the assessment and review period. The experience of setting individual SMART objectives is rare. From the interview it is found out that very few branch Managers have the experience of setting their subordinate’s objective as well as theirs based on their department objective. It is because there is lack of knowledge and experience about the process and the perception that the process is overwhelming and time taking. Besides, there is no follow-up mechanism whether they have implemented this process of PMS. The interviewee also agreed with FGD participants by saying the BRIB’s PMS is implemented partially.
- It is found that getting on going (both positive and constructive) feedback about the progress of the performance on a timely manner is minimal on the execution period. Most participants stated the constructive feedback they get from their superior is not based on

facts, result and behavior and performance gaps. Few participants get the opportunity to give opinion on the performance freely. Besides lack of recognition and coaching was identified as a gap. The FGD and interview finding also shows that the practice of continuous follow-up and feedback about the progress of performance is insignificant. The past trend on execution period is superior records when good or bad performance is observed and uses the recorded information on assessment and evaluation period. Regarding coaching, the practice is seen in some program offices. On the interview, Head of H.R stated that according to BRIB policy on going communication about the progress of the performance is encouraged in order to improve the individual performance. The practice however, is not fully being implemented.

- It is also found that chance is given occasionally for employees to assess their own performance on the assessment cycle. The analysis also indicates that performance is not rated based on the standards established and most of the participants agree that their performance is not based on how they do their job. The focus group also confirmed that even though performance assessment and review is done once in year with proper follow –up by H.R department, on the assessment/review meeting there is idea difference among subordinate and superior. Since clear expectation and standard measurement for performance are not set in most cases, the assessment becomes subjective and bias. Mid-year review is provided in rare cases where new superior enter in to organization. The Interviewee also stated that the current practice of performance management system used to identify good and bad performer but it has some subjectivity and this is because the above mentioned processes are not applied properly and strategies are not build to control the implementation.
- Participants also indicated that the performance review focus on past performance. Majority of the participants agree that the training & development need are discussed and planned on the review meeting but most of them didn’t attend those planned trainings. About the performance result they have received majority of participants perceived that it didn’t improve their performance. It also indicated that most participants’ view on performance are not summarized and noted by their superior. But most of them confirmed that there is appealing opportunity when there are idea differences with superior on evaluation time. In relation to reward majority of participants indicated that

BRIB uses performance based pay decision. They also added that salary increase, promotion, incentives are based on the performance result which is provided by their superior. Both the FGD and interview result support this descriptive finding by saying BRIB organize and cascade soft skill trainings but job related trainings are minimal. They also added that training and development needs are discussed and placed on the evaluation forms but most of them are not taken. And there is always budget issue on approval of the trainings. Concerning the assessment and review, the interview stated that regarding training and development plan, the training needs are identified on the performance evaluation form and they are recorded on HR data base but it lacks follow – up and giving those job related trainings. This is due to not giving appropriate consideration on the issue, limitedness of this job related training in the country and budget constraints.

- When they discussed about the practice of performance review meeting, the participant specified that the result already predetermined by the superior before the meeting without their involvement. Similarly, the assessment and rating is written on the evaluation form before the meeting was held. This signifying that there is one way communication. The interviewee when they discuss about the performance review meeting, when positive performance is observed, monetary reward will be given. The percentage for the salary When they discussed about the practice of performance review meeting, the participant specified that the result already predetermined by the superior before the meeting without their involvement. Similarly, the assessment and rating is written on the evaluation form before the meeting was held. This signifying that there is one way communication. The interviewee when they discuss about the performance review meeting, when positive performance is observed, monetary reward will be given. The percentage for the salary increment is decided by top management. When gaps are identified, improvement plan is discussed and written on the evaluation form but there is no follow-up on performance improvement is done.

  The opinion differences occur on the assessment and review meeting because the expectation and performance measurement is not specific and clear, the communication between superior and subordinates are minimal, the development plan is not implemented according to the plan. In addition, since the assessment result bring salary increment, every employee focus on the increment rather than their performance development.

- Finally on performance rating, most participants understood that the rating based on quota and they believe this quota system couldn't show the real performance of the employees. The HR head has indicates his different perception about this issue by saying that BRIB uses "Bel curve" to control the rating. As it mentioned on the literature review it is one of appraisal mechanism which control rating of performance by differentiating good, moderate, bad performer using percentage. In relation to the rating, the interviewee also stated that BRIB has 1 to 5 rating categories on the performance evaluation form. Poor, scope for improvement, successful, superior and Excellent are standard rating. Superiors are only required to write justification for giving "Poor" and "excellent". When the overall performance result become "poor" and "room for improvement" no administrative major is not taken for either to improve performance or terminate the contract.

5.3 Conclusion

This research consisted of the assessment of performance management system practice at Berhan International Bank S.C. The main purpose of the research study was to assess the practice of a performance management system at the BRIB. This was done in detail in Chapter 4, which included a thorough review of documentary evidence, interview, focus group discussion and questionnaire to provide a detailed description and analysis of the implementation of the performance management system. This was followed by an assessment challenges on implementing the system and identifying of potential areas for future development of the BRIB's performance management system. Now in this part, based on the major findings stated above, the following conclusion has been reached.

5.3.1 CONCLUSION ON THE PROCESSES, PRACTICES AND CHALLENGES OF PERFORMANCE MANAGEMENT SYSTEM

The study shows that BRIB has had a well written performance management policy in place since November of 2010 but the procedures on the policy are not fully utilized. The specific points with regard to this are organized as in the following paragraphs.

It is reasonable to conclude that BRIB mission, vision and objectives are understood by limited number of employee. This is because the orientation which is given by the organization restricted non clerical position and besides that once it is given, there is no other way of reminding the employees. Alignment of the organization goal to their individual objective is not clear to the majority employees. In addition to that, all the communication regarding this process is implemented in English. Department heads and branch managers don’t have role in developing the organization goals rather when the approved goals are communicated to them by the top management their responsibility is only implementing those goals as per the specified procedure. Therefore it can be conclude that the alignment part is partially done. Since alignment is the foundation of performance management system the organization should give due attention to improve this process.

Based on the study findings regarding prerequisite process one can also conclude that there is lack of awareness on performance management system. And it is because this is not included in the induction course. Department and branch goals are communicated to some of the employees. Similarly, it is highly likely to conclude that branch managers and department heads working in the bank have better understand about their program because they involved on planning system. BRIB’s job analysis practice is very minimal.

On planning process it can be concluded that there are few practices on department and individual goal setting. Similarly, it is high likely that the practice of setting SMART objectives is not well executed. There is also no controlling mechanism for the implementation of this process. Since this process is not implemented effectively some subordinates doesn’t have clear expectation about their performance. As Goal setting is vital on review of employee performance, performance expectations including both the behaviors employees are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle should be stated clearly.Individual should get the opportunity to establish their individual objective based on their department goal.

Employees do not get timely and continuous performance feedbacks. In addition to that, coaching and the performance progress follow-up were not regularly performed. These practices are found to the drawbacks of superior in the application. The practice of documentation of major performance events is witnessed partially on the superiors. Recognition when positive performance is observed is rare. It is known that setting individual goals is not going to be effective if there is no opportunity for feedback and chance to correct and clarify performance progress before the goal have been reached to the end. Therefore, top management, superior need to give due attention for implementing of this process.

From the study findings it can be concluded that self-evaluation by subordinates in the organization is not practiced. At the performance review time superiors seem to dominate employees. Most superior in BRIB don't encourage two way communications. Since there is clear expectation and performance standard are not there for most employees, there is idea difference on the performance result during the performance assessment period. But if the review meeting discussions couldn't narrow the thought discrepancy, there is an appeal procedure which employees can follow in the organization. Besides that training needs were identified on the development meeting but, the statistics indicates that developmental activities like coaching and training are very weak in the organization due to unavailability of job related trainings and budget constraint. There is mid-year review meeting for some cases. Most employees perceive the assessment is subjective and the evaluation form doesn't allow employee to state their justification on their performance result. In BRIB, there is annual salary increase based on performance result. Regarding the rating employee understood that the performance rating is decided on quota basis.

5.4 Recommendation

Performance management systems can assist an organization to achieve synergistic results. Therefore, based on the analysis and the above mentioned conclusions, the researcher recommends the below mentioned recommendation so as BRIB enable to implement its employee performance management system in the essence of its purpose and bring about the desired organizational change.

- Every employee of BRIB should know the Organization's mission, vision and objectives regardless of level of the position they have. Besides regarding to the induction course, BRIB should use other mechanism to make its employee aware of the vision, mission objectives such as preparing broachers, flyers and hanging mission statements on the organization wall to convey the information. They should be translated to the local language to ensure everybody understand it. A special induction course program should be organized for non-clerical employees which will be conducted with their local language. The induction should also incorporate PMS of the organization so that the employee has an adequate knowledge about the system and how to implement it.

- BRIB should implement its Performance management system effectively. All of the process of PMS which are clearly stated on the policy should be implemented. A controlling and monitoring mechanism should be designed for the implementation of the system.

- Performance Planning should be done at the beginning of every fiscal period and make sure all employees are part of the planning process. Employee should also involve in setting the department goal since it bring self-belongingness and motivation. Training about how to set SMART objectives should be given to all employees. In addition to that every employee should set their own individual objectives based on their departmental goal and Job description. The superior should also be encouraging, informative and highly involve during the time of goal setting to make sure the goals are SMART and challenging but achievable. A controlling system should be placed in order enforces employees to set their objectives. A superior and subordinate should have time to discuss and set the objective together; there should be common understanding between them about the objective, the expectation should be clear for both them and the agreed objective should be documented. Job analysis should also be done in order to get clear job description and to ensure the employees understand their job very well.
- Performance standard with the expected performance result should be set and identified at the beginning in order to reduce subjectivity and personal judgment on the performance assessment and review period.
- Communication between superior and subordinate should be frequent so that there is continues feedback about the progress of the employee performance. Training opportunities should be revealed by the HR department. Custom made, job related training should be organized instead of general training. The training opportunities should also include lower level employees in order to improve their performance and increase motivation. Based on the training need, enough budgets should be allocated for training and development.
- BRIB requires putting in place ways in which employee conduct self-evaluations on the assessment period and a culture should be create which brings open/two way communication so that employees able to discuss frankly/freely about their performance.
- Assessment and review forms should be translated in the local languages so that non-clerical employees have better understanding how they are being evaluated.

- Performance measurement standard guideline should be designed so that all can participate and follow it during planning, setting goals and upon measurement. This decrease the degree of subjectivity on the rating stage.
- BRIB performance ranking system “Bell Curve” should be explained to all employees in order to minimize the misunderstanding.
- Introduce other non-monitory performance recognition mechanism for employee like posting “employee of the year” on the organization newsletters and notice board , sending the employee for other branches which BRIB working for experience sharing, short term assignment in different branches so that employees will be more motivated.
- Since it is very difficult to implement the performance management system without highly involvement and intervention of top management, the system should get high emphasis from management staff for effective implementation.

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Annex I

ADDIS ABABAUNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MA-PROGRAM IN HUMAN RESOURCE MANAGEMENT

RESEARCH QUESTIONNAIRE

(TO BE FILLED BY EMPLOYEES)

THE ASSESSMENT OF PERFORMANCE MANAGEMENT SYSTEM IN BIRHAN INTERNATIONAL BANK S.C:

This questionnaire is primarily intended as preliminary criteria for the partial fulfillment required for the award of **THE DEGREE OF MASTERS OF ARTS IN HUMAN RESOURCE MANAGEMENT (MA).** The general objective of the study is to assess the Performance Management System of Birhan International Bank S.C (BRIB) through this questionnaire to get firsthand information.

All data and information that will be gathered through this questionnaire are for the sole purpose of the research and remain confidential. Therefore, you are kindly requested to respond to the questions with utmost good faith, freely and to the best of your knowledge.

There is no need to write your name on the questionnaire.

The questionnaire has three different parts, part I is used to gather general information about the respondent, part II and Part III questions with 5 point Likert scale are provided to collect information that are related with the subject matter and Part IV contains open ended questions so as to enable you to describe your say in your own words.

I would like to extend my heart full gratitude in advance for being a volunteering to devote your valuable time in filling this questionnaire.Your painstaking and genuine responses are reliable and relevant for the success of the study .All the information given will be kept confidential.

Thank you in advance for your cooperation

Penel Adem

Remarks:

1. Put an X or √mark wherever blank boxes are provided.
2. State your answers for the blank spaces provided, briefly.
3. Please feel free to write any response.
4. Read all the questions before you answer.

Part I. General Profile (Please put X or √that best represent you)

General Information

1. Sex: a. Male b. Female
2. How many years have you worked with BRIB?
   A. 0-1 years B. 1-2 years C. 2-4 years
   D. 4 years and above
3. Age (years) A. < 25 B. 25 – 30 C. 31 – 35

D. 36 – 40 E. 41 – 45 F. 46-50

4. Educational status: A. MA/MSCB. Firstdegree C. Diploma

5. Designation/ position of employee ____________________

6. Branch/ Department ______________________

Part II questions on practices of performance Management System

Dimensions	strongly disagree	Disagree	Neutral	Agree	Strongly agree
Alignment	**1**	**2**	**3**	**4**	**5**
I clearlyknow BRIB's mission, strategic goal and objectives					
I know how my job supports the overall organization's strategic goal and objectives					
I have accountability that are aligned with the goal of BRIB					
I understand the other department's goals and we support each other in order to attain the overall organization goal					
I understand the expectation of BRIB's partners and stakeholder					
I know in what way my performance is linked to organization partners and stakeholders					
I know how my effort contributes to the organization success					
Performance prerequisites					
I know my department goals are based on the organization's strategic goal					
I know my objectives are based on our department's strategic goals					
My objectivessupport the overall mission, strategic goals and objectives of BRIB					
I have a clear understanding of how my job is related to the overall goal of the BRIB					

My duties and responsibilities are clearly defined to my understanding					
My superior encourage me to participate in my objective setting process					
Job analysis has been done by my superior before the duties and responsibilities has given to me					
I have a clear knowledge about the job I do					
Performance planning					
BRIB's Performance Management system objectives are described to me					
My superior and I set objectives and KPI (key performance indicators) at the beginning of every fiscal year					
My superior gives me the opportunity to participate in performance planning and agreed on my job goals, objectives and measurement standard					
My superior clearly explains to me what is the expected performance					
My Objectives are SMART (Specific, Measurable Attainable and Realistic and Time bounded) and challenging					
I reach an agreement with my superior on how my performance is measured					
The standard that are used to evaluated my work are explained clearly by my superior					
On the development plan meeting, my supervisor and I discuss both on my strength and areas which I need improvement and we set goal to achieve in each area.					
I get rewarded (bones/other benefits) for accomplishing my development plangoals/objective					
My superior uses the previous performance assessments to set the current goals/objectives					
Performance Execution					
I get positive, constructive and negative feedback on my performance regularly and timely from my superior					

The constructive feedback I get from my superior is based on my performance gaps to the point the way to further development and improvement					
The feedback I get from my superior is presented in a way that enables me to recognize and accept its factual nature (with based on the facts, collected information, result, behavior)					
I have the opportunity to give my opinion /feedback to my superior freely					
I get recognition whenever I done a very good job					
Performance Assessment					
My performance is measured based on the agreement I reached with my superior					
My performance assessment covered those issues which were very important in performing the job					
My performance is rated based on the standards established					
My performance rating is based on how well I do my job					
Chance is given to me to assess my performance					
Performance Review					
I received formal appraisal once in a year					
There is mid / quarter year performance review in BRIB					
The performance review focus only on my past performance					
The performance assessment and review incorporates future Training & development plan					
My view are respected and summarized by my superior					
My development progress as well as plans for the future are discussed on the review meeting					
If I don't agree with my rating, there is an appeal					

process					
The performance result I received has helped me for improving my performance					
I have attended training which is based on my performance gap identified					
I get reward/incentive/salary increase/promotion based on my performance					
IN BRIB performance result provides basis for pay decision					
Performance Renewal & Re-contracting					
All stages of PMS go in line with the overall organizational wide goals					
Unrealistic goal is planned when you look back to the stages of PMS					

Part III questions on measuring the effectiveness of implementing performance Management System

Dimensions	**strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
Effectiveness of PMS	**1**	**2**	**3**	**4**	**5**
I know that PMS improves individual performances					
I understand that PMS improves employee retention					
I know that PMS Makes change easier					

I understand that performance management training is given before applying PMS					
I know that PMS activates culture of employee engagement					
I understand that PMS is strategically integrated with the overall organizational objectives					

Part IV

1. What do you think are the major challenges of the performance management system in BRIB? And what do you think are the solution. Please specify on the space below.

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Annex II

ADDIS ABABAUNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MA-PROGRAM IN HUMAN RESOURCE MANAGEMENT

RESEARCH QUESTIONNAIRE

(TO BE FILLED BY EMPLOYEES)

THE ASSESSMENT OF PERFORMANCE MANAGEMENT SYSTEM IN BIRHAN INTERNATIONAL BANK S.C:

Interview questions to Supervisor and Management staff of BRIB

(Managers, Directors and department heads including H.R)

The following interview questions are addressed to you who are responsible for the effectiveness of the performance Management System of BRIB. The purpose of this interview is to collect primary data for conducting a study on a topic called “The assessment of performance Management practice in BRIB” as partial fulfillment to the completion of MA in human Resource Management Program at Addis Ababa University.

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

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

1. Do you and your employees(Subordinates) know the organization’s mission, vision, strategic goal and objective? If yes what mechanism do you use for notifying? And who is responsible?
2. What are the objectives/purposes of performance Management System of the company?
3. Can you say you used the organization’s Performance Management System effectively? Please state your reasons for saying so?
4. What roles do you and your employees (Subordinates)haveinvolved planning the organization goals as well as theirs?
5. What are the stages of performance management system of BRIB?
6. Do you think performance Management system of the company identifies good & bad performer?
7. What measure step the organizations take when positive and negative performance is observed?
8. Does the organization give training to it superior and department heads about it performance Management system? If yes when and How?
9. Does the organization gives training for its employees based on their gap observed by superior? If yes please describe the process.
10. What are the practice, process and procedures of performance assessment /review in BRIB?
11. Do you think there is an employee/superior opinion difference on assessment, evaluation rewards period? If yes, what do you think are the reasons?

12. What challenges have you faced in implementing the system? What solution do you suggest?