



Practices and Challenges of Employee Performance Management

A Case of Selected Private Banks in Ethiopia

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Practices and Challenges of Employee Performance Management

A Case Study of Selected Private Banks in Ethiopia

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DECLARATION

I, the undersigned, declare that the thesis work entitled “**Practice and Challenges of Employee Performance Management in Selected Private Banks in Ethiopia**” is my original work and has not submitted before for a degree ,and that all sources of material used for the work have been duly acknowledged.

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Acronyms

BoA	-	Bank of Abyssinia
BrIB	-	Berhan International Bank
HR	-	Human Resource
HRD	-	Human Resource Development
HRM	-	Human Resource Management
KSA	-	Knowledge, Skills and Ability
MA	-	Master of Arts
PMS	-	Performance Management System
SD	-	Standard Deviation
UB	-	United Bank

Abstract

Effective implementation of Performance management have many advantages to an organization, but to what extent employee performance management is practiced is needed to be studied, as a result the main purposes of this study is to assess the practices of employee performance management and challenges faced on its implementation in selected private banks in Ethiopia (Bank of Abyssinia, Berhan International Bank and United Bank). The study tries to address the basic research questions by using descriptive survey research design and 357 questionnaires were distributed for the three banks proportionally and 308 were returned and interview was conducted with department heads and managers, the data gathered from the questionnaire were compiled by using SPSS software. Descriptive statistics method was used for analyzing data obtained from questionnaire and data gathered from interview were analyzed contextually. The result of the analysis was presented using tables. In general the finding of the study revealed that, participation of employee's in the planning stage of performance management is not across all staff, lack sufficient resources, regular feedbacks and supports, lack of uniformity in gathering information about employee's performance and lack of discussion after employee performance assessment was made. From the interview conducted with BoA, BrIB and UB managers and department heads employee performance result is used for bonus pay, for rewarding employees and for a training need assessment purpose and it is rarely used for punishment and related administrative actions. Having this in mind the researcher concluded that even though employees know the bank mission, vision, strategic goal but a lot have to be made in making performance management system more useful for the organization. In order to fill the identified gap, recommendations were forwarded to create equal understanding to all employees about the organizations goals and objectives, to set clear and realistic goal, to create a room for employee participation in performance management, to discuss about performance standard that used to evaluate employee performance and development plan, to provide sufficient resources, feedbacks and support to employees, to gather information about the performance of an employee from different sources and to discuss on the performance result of employee.

Key words: Employee Performance Management, Practices and Challenges of Performance Management, Bank of Abyssinia (BoA), Berhan International Bank (BrIB) and UB (United Bank)

CHAPTER ONE

INTRODUCTION

This chapter contains Background of the study, Background of the Organization, Statement of the Problem, Objective and Significance of the Study, Scope and Limitation of the study and finally Organization of the Study.

1.1. Background of the study

Presently, organizations are faced with new competitive conditions, and have to cope with dynamic environments; an organization can succeed if it has a sustainable competitive advantage. Therefore, organizations need the kind of resources that will give them such an advantage. Human resources are a key resource that is valuable, rare, cannot be imitated and have no good substitutes. (Noe, Hollenbeck, Gerhart and Wright, 2011)

Human Resource Management practices can generate increased knowledge, motivation, synergy, and commitment of a firm's employees, resulting in a source of sustained competitive advantage. As a one of Human Resource Management Practice; according to (Armstrong, 2006) Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements, from this definition we can easily understand that, organizations are highly benefited and advantageous from the implementation of effective Performance Management System because it can help in establishing a shared understanding about what is to be achieved, and for managing and developing employees performance.

Mostly, Performance Management and Performance Appraisal interlinked but (Armstrong, 2009) stated, Performance Management focuses on future performance planning and improvement and personal development rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time. It provides the basis for regular and frequent dialogues between managers and individuals about performance and development needs based on feedback and self-assessment. It is mainly concerned with individual performance but it can also be applied to

teams. The emphasis is on development, although performance management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth. It may be associated with performance or contribution-related pay but its developmental aspects are much more important. Based on the above definitions we can understand that Performance management is a broad concept and its successful implementation in the organization, can help in keeping competitive advantage by creating a shared understanding with employees about the goal and objective of the organization, identification and development of employee performance and it is also a basis for fair and equitable human resource related actions and decisions, smooth and open communication between employees and managers and development of positive attitude towards the overall system and process of performance management system.

Today, in Ethiopia there are 16 private banks, competition between participants in the banking sector has been growing rather markedly over the years particularly in mobilization of local as well as foreign currency deposits, aggressive expansions across service delivery channels, product diversification, and intensive promotion. Therefore, Human Resources of the banks are the one who transform the mission and vision of the bank into practice and produce a sustainable competitive advantage by using their knowledge, skills and abilities. Employee Performance Management is one of the basic human resource management practices takes place to keep the competitive advantage of the organization in the intense competition and improving organizational productivity. That's why; the researcher chose to assess the practice and challenges of Performance Management focusing on privately owned banks in Ethiopia (BoA, United Bank and Berhan International Bank).

Therefore, the objective of this study is to assess the Practices of Employee Performance Management in selected Ethiopian private banks (BoA, Berhan International Bank and United Bank) and identifying challenges currently facing on its implementation and tries to compare the banks Performance Management practices with modern practices in the field.

1.2. Background of the Organizations

Private Banks in Ethiopia participate in the industry under the supervision and regulation of National Bank of Ethiopia. Monetary and proclamation No 84/1994 and the Licensing and Supervision of Banking Business 84/1994 are the bases for their establishment. The major services that provided by this banks are saving account service, current account service, loan and credit service, promissory notes, foreign exchange services, local and international money transfer service, import- export service, ATM (Automated Teller Machines) payment services, non interest bearing service, mobile and agent banking services.

Almost all banks in Ethiopia implement Employee Performance Management and it is the base for their HR related action and decision. However, this study mainly focuses on Bank of Abyssinia, Berhan International Bank and United Bank Employee Performance Management Practices and its Challenges.

1.2.1. Bank of Abyssinia S.C

Bank of Abyssinia established by private shareholders on February 15, 1996, and its vision is to be the bank of choice for customers, employees and shareholders by providing customer-focused financial services through competent, motivated employees and modern technology, in order to maximize value to all stakeholders with a network of 258 city and outline branches, and 35 head office departments by 5,005 employees, in BoA performance evaluation of employees takes place twice in a year.

1.2.2. Background of United Bank S.C

United Bank S.C also established on September 10, 1998. Over the years United Bank built itself into a progressive and modern banking institution, endowed with a strong financial structure and strong management as well as a large and ever-increasing customers and correspondent base. Today, United Bank is a full service bank that offers a wide range of commercial banking services to its customers through a network of 192 city and outline branches and 15 head office departments with 3505 employees, in United Bank performance evaluation of employees takes place twice in a year.

1.2.3. Background of Berhan International Bank S.C

Berhan International Bank S.C officially inaugurated for public services on October 10, 2009. At this time Berhan International Bank provide financial services to its customers through a network of 170 and 14 Head office departments with 3080 employees, in Berhan International Bank employee performance evaluation takes place differently as compared to the two banks, because head office departments and branches evaluate the performance of employees differently, Head office departments evaluate the performance of employees twice in a year however, branches evaluate the performance of employees every month.

1.3. Statement of the problem

Recently, the banking industry in Ethiopia is characterized by intense competition; as a result improved performance of individuals and teams is vital to achieve organizational goals and objectives. Performance Management plays the critical role by developing individuals and teams with the required commitment and competencies for working towards the shared meaningful objectives of an organization and building a high performance culture by improving both individual and organizational performance through identifying performance requirements, providing regular feedback and assisting employees in their career development. It may be said that the main objective of a Performance Management System is to achieve the capacity of employees to the full potential by defining the expectations in terms of roles, responsibilities and accountabilities, required competencies and expected behaviors. Therefore, it is an integral part of most organizations because properly developed and implemented performance management processes can help an organization to achieve its goals by developing productive employees (Decenzo & Robbins, 2010).

When we come to BoA, Berhan International Bank and United Bank, they are actively participating in the competition of Ethiopian banking industry. They have policies, guidelines and procedures for the effective implementation of Performance Management System as a one of their human resource management practices. However, studies in Ethiopian banking industry (Metasebiya Boru Lelissa and Tesfaye Boru Lelissa, 2016 “ The link between Performance Management System and Employee Effectiveness case of Ethiopian Banks”), practical experience, discussion with those concerned employees, supervisors and human resource managers indicates that Performance Management has long been regarded as one of the most critical yet troubling areas of HRD as well as HRM such as low understanding and knowledge of employees towards the overall objectives of the organizations, employees not participate on the system and process of performance management, a communication gap between employees and supervisors, lack of standardized system of

performance measurement, understanding and accepting performance management system as ritual activity takes place once or twice in a year for the sake of organizational obligation, and issues like the purpose of performance management is not well used are raised. Studies mainly focus on one bank performance appraisal and performance management system were made before, but this study may differ with those studies, because it mainly focuses on assessing three privately owned banks Employee Performance Management and tries to identify where is the real problem and recommending on what way the problem will be solved.

By considering the very importance of Employee Performance Management to the organization and major challenges that face on its implementation, the researcher mainly aim to assess the Practices and Challenges of Employee Performance Management in the selected Ethiopian private banks (BoA, Berhan International Bank and United Bank) to answer the following questions.

1. Does the objective and goal of the banks aligned with the employees' performance objective?
2. Does the banks employee performance management system allow the participation of employees?
3. How the planning and execution phases of employee performance management system carried out in the banks?
4. How employees' performance measurement is conducted in these banks?
5. What is the purpose of using employee performance management in Bank of Abyssinia, United Bank and Berhan International Bank?

1.4 . Objective of the study

1.4.1. General objective

To Asses Employee Performance Management Practices and challenges of selected Ethiopian Private Banks (Bank of Abyssinia, United Bank and Berhan International Bank.)

1.4.2. Specific objective

- To assess the alignment and integration of organizational objectives to individual goal and objective.
- To assess the participation of employees in performance management.

- To assess the planning and execution phases of employee performance management on the banks.
- To identify the performance measurement criteria of the banks.
- To assess the purpose of employee performance management on BoA, United and Berhan International Bank.
- To identify those challenges that hinders employee performance management in the banks.

1.5. Significance of the study

This study mainly focuses on assessing the Practices and Challenges of Employee Performance Management in selected Ethiopian private Banks (Bank of Abyssinia, United Bank and Berhan International Bank). The most significance of this study:

- To broaden the knowledge of the researcher about employee performance management.
- To clearly show the performance management gaps of the banks.
- To compare the practices of the banks with modern practices in the field by going through some literature and providing the necessary feedback and recommends way of improvement on employee performance management to the banks.
- To help other researchers to use this paper as a source document for further study on this area.

1.6. Scope of the study

The scope of the study was limited to assess the Practice and Challenges of Employee Performance Management on three privately owned banks (Bank of Abyssinia, Berhan International Bank and United Bank) permanent and clerical employees who are working at Addis Ababa branches and Head office departments, besides the study was not include other elements of human resource management programs and elements of the organizations overall business practice, based on the time-period the study conducted it was cross sectional type of study because, the data was collected at a single point in time.

1.7. Limitation of the study

Currently, two governments owned and sixteen private commercial banks operate in Ethiopia. Because of limited time and budget to assess other banks performance management practices, the researcher selected BoA, BrIB and UB as a targeted banks this implies that the findings of the study

may not be generalized for those banks not included in the study and employees work in outline branches under study. The researcher purposively selected BoA because the researcher is an employee on this bank and based on the aim of to studying the employed system effectiveness and identifying those implementation challenges but BrIB and UB selected by using simple random sampling technique from other private banks

1.8.Organization of the study

The study composed of five chapters. The first chapter deals with the introductory part, Chapter two has included related literature where detailed discussion about the topic has been undertaken, the third chapter has presented the research design and methodology, the forth chapter data presentation, analysis and interpretation has been discussed, The fifth and the final chapter covers summary of major findings and conclusions drawn from the findings and also the possible recommendations forwarded by the researcher.

CHAPTER TWO

REVIEW OF LITERATURE

In this chapter, reviews of related literature and lessons from international as well as domestic practices are presented. To be more specific concepts of Performance Management, Purposes of Performance Management, Characteristics of an Ideal Performance Management System, Process and stages of Performance Management, Performance Management and Performance Appraisal and Empirical Literature Review and the Conceptual Framework of the study, have been discussed briefly.

2.1. Theoretical Literature Review

2.1.1. Performance Management

Performance management is a continuous, forward looking, flexible and all the year round activity that applied to all staffs by the line managers, it mainly focuses on organizational and individual objectives, by covering both outputs (results) and inputs (competencies), it may not have rating but mainly focuses on development, performance improvement of employees and minimization of paper work (Armstrong, 2010), and (Noe, Hollenbeck, Gerhart & Wright, 2011) also stated Performance Management as a process through which managers ensure those employees activities and outputs contribute to the organization's goals and this process requires knowing what activities and outputs are desired, observing whether they occur, and providing feedback to help employees meet expectations, in the course of providing feedback managers and employees may identify performance problems and establish ways to resolve those problems. Therefore, performance management is a continuous process and forward looking activity that helps an organizations to achieve its goals and objectives through aligning organizational goal and objective with individual and team goal and objective, and it also improve the performance of individuals and teams that can increase the productivity and efficiency of the organization, it also helps individuals and managers to share information and understanding by creating a communication channel this can help managers to guide the performance of their employees.

Performance management is strategic according to (Aguins, 2013) which means, it is concerned with the broader issues facing a business, and it highly contributes to the achievement of culture change and it is integrated by linking or aligning business, team and individual objectives with core competences through *vertical integration* and with other key HR activities, especially human capital management, talent management, learning and development and reward management through *horizontal integration*. Therefore, linking the organization objective with the teams and individual core competences as well as integration of different aspects of human resource management including, organizational development, human resource development, reward and recognition to ensure excellence in the management and development of people are the main aims of performance management.

Today, Performance Management as practiced incorporates processes such as management by objectives (a process or a system designed in which manager and his subordinate sit down and jointly set specific objectives to be accomplished within a set time frame and for which the subordinate then held directly responsible) and performance appraisal (the formal assessment and rating of individuals by their managers at or after a review meeting that usually takes place once a year) therefore, performance management is much broader concept than appraising individuals. (Armstrong, 2009)

2.1.2 Purposes of Performance Management System

According to (Smither & London, 2009) implementing performance management system has six purposes.

Strategic: It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals, linking organizational objective serves as a way to communicate. By a cascading process objectives flow down from the top and at each level team or individual objectives are defined, which means everything people do at work leads to outcomes that further the achievement of organizational goals. Performance management is associated with an approach to create a shared vision of the purpose and aims of the organization and helping each employee understand and recognize their part in the organization. Objectives not only flow down from the top but also it should be a bottom-up process, according to (Armstrong, 2006) which means individuals and teams being given the opportunity to formulate their own goals within the framework provided by the defined overall purpose, strategy and values of the organization.

Objectives should be *agreed*, not set and this agreement should be reached through the open dialogues that take place between managers and individuals throughout the year. In other words, it can serve as a way to communicate critical business strategic issues and needs to be seen as a partnership in which responsibility is shared and mutual expectations are defined.

Administrative: Performance management system can help in gathering important information for making decisions about employee including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases. (Noe, Hollenbeck, Gerhart & Wright, 2011) also agreed on that performance management provide information for day-to-day decisions and support the decision making. As a result, the information in a performance appraisal can have a great impact on the future of individual employees which is the reason managers may feel uncomfortable in conducting performance appraisals when the appraisal information is negative and likely lead to a layoff, disappointing pay increase, or other negative outcomes. Which means, if an organizations does not have proper performance management system administrative decisions will be affected by personal attitude and other biased way of administrative decision making.

Information: Performance Management System can serve as a communication tool to transfer information. Employees informed about how well they are doing, to receive information as a feedback from their supervisors on specific areas that may need improvement, it gives them an opportunity to learn about the organization's and the supervisor's expectations.

Developmental: Feedback can be useful by which employees know their weakness and its causes, strengths and areas could be better through effort to enhance performance, and also based on the information obtained the necessary training and development plan is designed this can help to improve the performance of employees on an ongoing basis.

Organizational maintenance: It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level and evaluating the effectiveness of human resource interventions (for example, whether employees perform at higher levels after participating in a training

program). In other words, without having Performance Management System it is difficult to conduct talent inventory and to evaluate the effectiveness of HRM interventions.

Documentation: It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions and any human resource related action towards employee including promotion, termination and demotion made by the management, which means any administrative decisions related to human resource should be made based on human resource records and documents, this information can be especially useful in the case of litigation.

Therefore, we can say that individuals and organizations highly benefited from performance management because, the purpose of implementing performance management in the organization is to get better result, by creating a shared understanding and agreed framework of planned goals, standards and competency requirements, providing information and helping in the creation of communication channel between subordinates and managers, documentation and proper uses of human resource records.

2.1.3. Characteristics of an Ideal Performance Management System

A good performance management system with the aim of improving the performance of an organization by helping individuals and teams to develop their capacity must possess certain particular characteristics, In absence of these essential traits, a PMS will fail to satisfy the very reason for which it is in place. By characteristics, we imply criteria like the way a PMS should be implemented, the way its result and data should be used, the reviewers that should take part in the process, the range of employees that need to be covered by the PMS, timing of the assessments, ethical issues etc. According (Aguins, 2013) an effective performance management system must possess the following characteristics:

- **Strategic and Context congruence.** As stated by (Noe, Hollenbeck, Gerhart & Wright, 2011) PMS should be congruent with the unit and organization's strategy, it can help the alignment of organizational goals and objectives with individual goals and objectives and the assessment phase also establish strategic congruence between employee actual performance and organizational performance. Which means, If a company emphasizes customer service, then its performance management system should define the kinds of behavior that contribute to good customer service

and the performance appraisals should also measure whether employees are engaging in those behaviors.

- ***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, review period refers to the entire period that's supposed to be evaluated and finally, feedback should be given on positive performance aspects as well as those that are in need of improvement, which means managers may often focus on the negative or weak areas of employees that intended for improvement and attention but feedback should be given also on positive performance aspects of employees and he/she must also be pointed out and appreciated because feedback only focuses on negative aspects of employee may bring down the moral and motivation of employees. Therefore, PMS should evaluate everyone major responsibilities in the organization during the entire period and feedback also provided on strengths as well as weakness of employees.

- ***Practicality.*** Good, easy-to-use systems should be available for managers to help them in decision making. Finally, the system should be not so expensive such that the benefits accrued through its usage (e.g., increased performance and job satisfaction) are outrun by its cost of implementation and cost of use. (e.g. time, effort, expense etc).

- ***Meaningfulness.*** The system must be meaningful in several ways. First, PMS should clearly state performance standards by which the performance of employee evaluated. Second, the performance evaluation of employee focus on tasks that is under the control of employees. Third, evaluation of employee performance must takes place at regular interval and at appropriate moments, informal quarterly reviews are recommended. Fourth, the system should provide for the continuing skill development of evaluators. Finally, the results should also be used for important administrative decisions.

- ***Specificity.*** A good system should be specific: means that it should provide detailed and concrete guidance to employees about what is expected of them and how they can meet these expectations, in other words; the system should clearly specify the expected behavior and result to employees and should guide their performance and shows them the way in achieving those standards and targets.

- ***Identification of effective and ineffective performance.*** The performance management system should provide information that allows for the identification effective and ineffective performance

by clearly put down performance standards and expectations, 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, which means a PMS needs to ensure that the assessors know how to identify the levels of performance, how to differentiate a more effective performance from a lesser one in other words it can help to identify the levels of performance between the most superior and most inferior level.

- **Reliability.** A good system should include measures of performance that are consistent and free of error because it describes the consistency of the results that the performance measure will deliver. (Noe,Hollenbeck,Gerhart & Wright, 2011) states that reliability can be described as an **Interrater reliability** that is consistency of results when more than one person measures performance and **Test-retest reliability** that refers to consistency of results over time, If a performance measure lacks test-retest reliability, determining whether an employee's performance has truly changed over time will be impossible, in other words Reliability in performance management implies consistency of results and absence of inaccuracies and biases, an employee will get similar rating and feedback from any of assessors at a given point of time.

- **Validity.** It refers to measures of performance should be relevant and covering all important aspects, while filtering out the irrelevant ones or those that are beyond an employee's control, which means performance management should only measure what is valid to the tasks at hand by avoiding those beyond the control of the employee's.

- **Acceptability and fairness.** Whether or not a measure is valid and reliable, it must meet the practical standard of being acceptable to the people who use it. For example, the people who use a performance measure must believe that it is not too time consuming. Likewise, if employees believe the measure is unfair, they will not use the feedback as a basis for improving their performance, according to (Noe,Hollenbeck,Gerhart & Wright, 2011) therefore, the system should be acceptable and perceived as fair by all participants. Perceptions of fairness are subjective and the only way to know if a system is seen as fair is to ask the participants about the system, such perceptions include **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. **Procedural justice**, which includes perceptions of the procedures used to determine the ratings as well as the procedures used to link ratings with rewards. **Interpersonal justice**, which refers to the quality of the design and implementation of the performance management system, employees'

perceptions regarding how they are treated by their supervisors during the performance review meeting. **Informational justice** refers to fairness perceptions about performance expectations and goals, feedback received, and the information given to justify administrative decisions, explanations perceived to be honest, sincere, and logical.

- **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, which means 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, therefore, when we say an ideal PMS needs to be participative, it should encourage employees to freely communicate their concerns, which means necessary inputs and feedback must be solicited from employees who are being assessed as well as all other relevant or concerned employees who can either make important contributions about the employee's performance, or who are likely to get affected by the assessment decisions.

- **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. This means PMS needs to be transparent; employees need to know about their actual performance and employees get an opportunity to participate on the design and process of PMS.

- **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 we say an ideal PMS should be correctible, it should be flexible enough to allow for future changes or corrections in case problems or difficulties are encountered without the necessity of spending much time and effort.

- **Standardization.** Good systems are standardized, which means performance is evaluated consistently across people and time, to achieve this goal ongoing training of the individuals in charge of appraisals usually managers is a must; this means under standardized system appraising individuals with different appraisers generates the same result.

- **Ethicality.** Good systems comply with ethical standards; which mean the supervisor suppresses his/her personal self-interest in providing evaluations. In addition, the supervisor evaluates only performance dimensions for which he/she has sufficient information, and the privacy of the employee is respected, an employee does not become a victim of reviewer's personal biases against him/her.

2.1.4. Performance Management Process

As noted earlier performance management system is an ongoing process, a set of interrelated activities that are treated holistically, according to (Aguins, 2013) Performance management does not take place just once a year rather it is a continuous process including several components, these components are closely related to each other and the poor implementation of any of them has a negative impact on the performance management system as a whole, the most common and widely used performance management system processes: Prerequisite, Performance planning, Performance execution, Performance assessment, Performance review and Performance renewal & Recontracting briefly discussed as follows:

1. Prerequisite Stage

The first stage in Performance Management System is the prerequisites stage; at this stage knowledge of the organization's mission and strategic goals and knowledge of the job in question is very important (Smither & London, 2009).

Knowledge of the organization's mission and strategic goals is a result of strategic planning, the strategic planning process may take place after the mission and vision statements are created; thus, there is a constant interplay between mission and vision and strategic planning. Strategic planning 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 cascade downward with departments and 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 the

organization. Unfortunately, it is often the case that many organizational units are not in tune with the organization's strategic direction.

The second important prerequisite before a performance management system is implemented understand the job in question, this is done through job analysis. Job analysis is a process of determining the key components of a particular job, including activities, tasks, products, services, and processes. A job analysis is 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. As a result of a job analysis, we obtain information regarding the tasks carried out and the knowledge, skills, and abilities (KSAs) required of a particular job. Knowledge includes having the information needed to perform the work but not necessarily having done it, Skills refer to required attributes that are usually acquired by having done the work in the past, Ability refers to having the physical, emotional, intellectual, and psychological aptitude to perform the work, but neither having done the job nor having been trained to do the work is required. The tasks and KSAs needed for the various jobs are typically presented in the form of a job description, which summarizes the job duties, needed KSAs, and working conditions for a particular job.

Therefore, prerequisite stage define the organization goal, objective and strategy and cascading downward toward employees, it also define the job and determining the necessary knowledge, skills and abilities needed in the job through job analysis, this stage make individuals familiar with the organization and their job before another stages of performance management system process takes place.

2. Performance Planning Stage

According to (Smither and London, 2009), employees should have a thorough knowledge of the performance management system. In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss and agree upon what needs to be done and how it should be done. This performance planning discussion includes a consideration of results and behaviors as well as a development plan.

2.1.Result

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. This information is typically obtained from the job description. A discussion of results also includes specific objectives that employee will achieve as part of each accountability; Objectives are statements of important and measurable outcomes. Finally, discussing results means discussing performance standards, performance standard is a yardstick that provide

employees with specific performance expectations for each major duty and its main purpose is communicating expectations and helping employees to evaluate acceptable and unacceptable performance (e.g., quality, quantity, cost, and time)

2.2. Behaviors

Behaviors, or how a job is done, thus constitute an important component of the planning phase. Results from a survey indicated that in addition to sales figures, salespeople would like to be appraised on such behavioral criteria as communications skills and product knowledge. A consideration of behaviors includes discussing competencies, which are measurable clusters of KSAs that are critical in determining how results will be achieved. Examples of competencies are customer service, written or oral communication, creative thinking, etc. Therefore, behavior measure what employees do rather than measuring what employees produce or employee results.

According to (Grote, 2002) Results include actual job outputs, countable products, measurable outcomes, accomplishments and objectives achieved. Results deal with what the person achieved. Whereas, Behaviors include competencies, skills, expertise, proficiencies, the individual's adherence to organizational values, the person's personal style, manner, and approach; it deals with how the person doing the job. On the table below we can clearly understand the difference between result and behavior.

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

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

Table 2.1: the different between Results and Behavior

2.3. Development Plan

An important step for the supervisor and employee before the review cycle begins is to agree on a development plan, which sets out the actions people intend to take to develop themselves in order to extend their knowledge and skills, increase their levels of capability, and improve their performance in specified areas. (Armstrong, 2000) 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.

Therefore Performance planning is a discussion; it is the major step of an effective performance management process. Performance planning typically involves a meeting between an appraiser and an appraisee to discuss and coming to agreement on major areas and issues including key responsibilities of individuals, reaching to a common understanding on the goals and objectives that need to be achieved, identifying the most important competencies that the individual must display in doing the job and creating an appropriate individual development plan

3. Performance Execution Stage

Once the review cycle begins, the employee strives to produce the results and display the behaviors agreed upon earlier as well as work on developmental needs. The employee has primary responsibility and ownership of this process but Employee participation does not begin at this stage; however, employees need to have active input in the development of job descriptions, performance standards, and the creation of the rating form. According to (Grote, 2000) the major responsibilities of employees in the performance execution stage are;

Solicit performance feedback and coaching: Employee is responsible to ask the feedback of his/her manager on how he/she actually doing and open the way for his /her manager to communicate if there is a gap between how he/she performed and what is actually expected.

Communicate openly with appraiser on progress and problems in achieving objectives: It is important for employees to let managers know when they are running into obstacles, when deadlines are in danger, when customers are not happy and it is important for managers to respond appropriately when bad news is announced.

Update objectives as conditions change: The individual usually knows sooner than the manager does when an objective needs to be revised. Conditions change, other priorities interfere. Letting the manager know that a goal needs to be revised ensures the subordinate that he/she will not be appraised against an objective that is not important or one that was abandoned months before.

Complete the development plan: the individual is responsible to complete the development plan and for letting his/her manager knows about any significant changes in the development plan.

Keep track of achievements and accomplishments: individuals have a responsibility to maintain their own records of their hits and misses. Many managers ask their subordinates to provide a list of their accomplishments at the start of the assessment phase of the performance management process.

If the individual is diligent about keeping records of what he or she has accomplished over the course of the year, it will be easy to respond to this request. Keeping good records of one's own performance is also helpful in case there is a significant difference of opinion between the individual and the manager during the performance appraisal discussion. If the individual can point to a series of genuine accomplishments that the manager has overlooked in creating the performance review, the odds go up that she/he may be successful in negotiating an upward change in the final rating.

Actively participate in the midterm review meeting: If the manager conducts a midterm review, individuals can get significant benefits by being able to find out exactly how their performance is perceived before it becomes a matter of formal record (and an element of the permanent personnel record) at the time of the final year-end review.

As noted earlier, employees are responsible for performance execution; the supervisor also needs to do his or her share of the work. Supervisors have primary responsibility over the following issues according to (Grote, 2000)

Maintaining Performance Records: Managers and Supervisors must observe and document the performance of employee on daily basis. Records should include examples of both results and behaviors.

Updating Objectives as Conditions Change: As the organizations goals, initial objectives, standards and key accountabilities and competency areas may change it needs to get together and revise with the individual who's responsible for it and explain the new requirements.

Providing Feedback and Coaching for Success: Providing routine and ongoing feedback and coaching to improve the performance of the employee on regular basis before the review cycle is over.

Providing Developmental Experiences and Opportunities: Managers can accelerate the development of their people by making sure that they are intentionally presented with situations that will force them to learn and grow.

Reinforcing Effective Behavior: Reinforcing the individual's strengths and encouraging him/her to make even more use of those skills that were particularly well developed.

Conducting a Midterm Review: While ongoing, informal feedback is essential for effective job performance, a more formal midterm review is a powerful technique for ensuring that people's performance stays on track.

Therefore, we can say that the performance execution phase needs the active participation and commitment of both employees and managers, employees are majorly responsible to monitor their

daily progress, to be active participant and be open to feedback, talk to the manager about progress as well as any obstacles to improvement and to seek out coaching and other training opportunities, managers is also responsible to monitor the progress of their employees and providing the necessary resources and timely feedback and to create an improvement opportunities to their employees.

4. Performance Assessment Stage

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 (e.g., peers, 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 employee and the manager take ownership of the assessment process. The manager fills out the appraisal form and the employee should also fill out his form. The fact that both parties are involved in the assessment provides good information to be used in the review phase. When both the employee and the supervisor are active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future. Specifically, the inclusion of self-ratings helps emphasize possible discrepancies between self-views and the views that important others (i.e., supervisors) have on our behavior. 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.

Basically, performance assessment involves evaluating just how good a job the individual has done and filling out the appraisal form. Too often, people think that performance appraisal is an event a once a year drill required by the personnel department in which the manager fills out the form and then uses it to give feedback and justify raises. Evaluating someone's performance is one of the last activities in an effective appraisal system, not one of the first. In sum, both the employee and the supervisor have their own responsibilities in this phase, employee involvement in performance evaluation is a must because employee involvement in the process increases employee ownership and commitment to the system. In addition, it provides important information to be discussed during the performance review. (Grote, 2000)

5. Performance Review Stage

In spite of its importance in performance management, the appraisal meeting is often regarded as the most difficult of the entire process. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his/ her performance.

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. According to (Grote, 2000) both the manager and individual have their own responsibilities in the performance review phase.

The major responsibilities of managers in this phase:

- Review the agenda and time frame for meeting.
- Review and discussing the performance appraisal and the individual's achievements list, which is the heart of the meeting.
- Review the performance appraisal written by the manager and individual if individual has completed one.
- Listen and respond appropriately to the individual's perceptions and feedback, that means the conversation needs to be a dialogue, not a monologue (the manager needs to explain how he came to various judgments and assessments that he made in the writing of the appraisal and then listen to the individual's reactions and comments) its main objective is to end the meeting with a common understanding on the individual's performance.
- Discuss the assessment of the individual's performance against objectives over the entire cycle, especially: Strengths/achievements, Weaknesses/deficiencies and Development needs.
- Ensure full understanding of the core message.
- Conclude the performance review discussion by scheduling the performance-planning meeting by setting a time to get back together to talk about the performance expectations, goals, and development plans for the next twelve months.
- Handle all administrative requirements, all performance appraisal procedures call for the individual to sign a copy of the form, allowing the individual to write comments about his/her reaction to the review.

Employee's responsibility in the performance review phase is to:

- Discuss the achievements list he/she wrote.
- Discuss what actually achieved against development plan; the performance review discussion is the ideal time to talk about what was accomplished and where the focus of development efforts needs to be in the upcoming year.
- Compare his/her own assessment with that of appraiser.
- Seek clarification for any assessments or examples that are unclear; it is very appropriate for the individual to expect that the manager will back up each of his/her assessments with examples and illustrations of the performance under discussion.

- Consider how the appraiser's feedback will influence the performance plan for the upcoming appraisal period.
- Listen and respond appropriately to the appraiser's perceptions and feedback; because performance review is a discussion not a lecture, it needs the active participation of both parties to get all of the potential benefit for them and the organization from the process.

6. Performance Renewal and Recontracting Stage

The final stage in the Performance Management process is performance renewal and re contracting. According to (Smither and London, 2009) essentially, this is identical to the performance planning component. The main difference is that performance renewal and re contracting stage uses the insights and information gained from the other phases. For example, some of the goals may have been set unrealistically high given an unexpected economic downturn. This would lead to setting less ambitious goals for the upcoming review period.

Performance management process includes a cycle which starts with prerequisites and ends with performance renewal and re contracting. The cycle is not over after the renewal and re contracting stage instead the process starts all over again, there needs to be a discussion on 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. The true role of performance management is to look forward to what needs to be done by people to achieve the overall purpose of the job, to meet new challenges, to make even better use of their knowledge, skills and abilities, and to help them to develop their capabilities and improve their performance. This process also helps managers to improve their ability to lead, guide and develop both individuals and teams for whom they are responsible. (Armstrong, 2000)

2.1.6. Performance Appraisal and Performance Management

It is sometimes assumed that performance appraisal is the same thing as performance management but there are significant differences. Performance appraisal is one of the components of performance management system it can be defined as the formal assessment and rating of individuals by their managers usually it is 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.

Performance appraisal has been discredited because too often it has been operated as a top-down and largely bureaucratic system owned by the Human Resource department rather than by line managers. Performance appraisal tended to be backward looking, concentrating on what had gone wrong, rather than looking forward to future development needs. Performance appraisal schemes existed in isolation; line managers have frequently rejected performance appraisal schemes as being time consuming and irrelevant. Employees have resented the superficial nature with which appraisals have been conducted by managers who lack the skills required, tend to be biased and are simply going through the motions. (Armstrong, 2006)

2.2. Empirical Literature Review

Many studies were made on employee performance management system by different researchers I refer some of them that is strongly linked to this study.

(Homayounizadpanah and Baqerkord, 2012) and **(Kipsegerwo Evans Kibichii, Kimutai Geoffrey Kiptum and Kimani Chege, 2016)** this studies mainly focus on the Effects of Performance Management on Employee Productivity, according to them Performance Management process is one of the most positive and essential developments in the domain of management and it has valuable impact on the performance of the organization if it is implemented effectively, it helps in creating a common idea with the intentions and goals of the organization, helping each individual employee undertake and know the role play, this studies indicates that performance management has a relationship with employee productivity, because performance appraisal system, employee training and development and reward system which are the components of performance management process was realized to have a significant relationship with the employee productivity.

According to **(Liko Tolessa, 2013)** on his study reveals that a weak communication and linkage of employee and supervisors, performance management result not well recognized and integrated and training need assessment is not determined based on performance assessment result. **(P. Zvavahera, 2013)** the study reveals that performance management was not understood by the majority of the employees and by some of the senior managers as a result the performance management system was not helping to improve the quality of service in the civil service and the system employed by this service giving organization is not seeking to identify performance gaps and it has no meaningful relationship between performance and financial rewards, this has left many employees to feel that there was no need to work hard and they think the implementation of the performance management system is time consuming with no positive results for them and the organization. **(Rankadimeng Percy Job Seotlela and Ogutu Miruka, 2014)** the main aim of the study was to investigate the challenges encountered during implementation Performance Management System, the study reveals that management were not committed regarding performance management system, inconsistencies regarding training and communication, limited understanding of employees about Performance Management System and failure on the side of management to implement management of change in relation to Performance Management System. **(Metasebiya Boru Lelissa and Tesfaye Boru Lelissa, 2016)** “The link between performance management system and employee effectiveness: the case of Ethiopian Banks” important aspect drawn from the study were: the system weakness in employee participation and involvement, the banks not well used the result of performance

management and a gap in providing feedback to employees about their performance and in coaching them towards better performance result in the future.

Based on the above and other empirical studies made by different persons in different countries and organization the researcher has got a clear insight about performance management and the relation with employee productivity and effectiveness and the different challenges on its implementation. Therefore, the researcher (Me) interested to study the practices and challenges of performance management system in selected Ethiopian private banks.

2.2.1. Challenges of Performance Management

Based on the findings and conclusions as indicated on Empirical Literature Review made by different writers and researchers at different times in different environment and According (Krishnan, 2013) the major challenges towards employee performance management:-

1. Wrong Design

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 and the design should also include mechanisms for rewarding performance and handling poor performers.

2. 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.

3. 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 across the organization. They also should reinforce the performance cycle by recognizing and rewarding performance.

4. Lack of standardized system of measurement

Good systems are standardized, this means that performance is evaluated consistently across people and time, to achieve this goal ongoing training of the individuals in charge of appraisals usually

managers is a must, which means under standardized system appraising individuals with different appraisers generates the same result, however it is commonly practiced and discussed on the empirical studies, evaluations by different evaluators on same individuals may have different result, this is because, evaluation of employees affected by personal biases of evaluators and the personality of the individual on him/her evaluation takes place and also managers lacks training on employee performance management, as a result performance management system lacks a disciplined framework, standards, objectiveness and consistency.

5. Employee attitude towards performance management

Because in many organization it is not widely practiced to provide information and create a clear understanding to employees about what performance management is and its contribution to the organization and employees themselves, this communication gap makes them to think and narrowly understand about performance management system and its contribution to the organization and themselves, it is commonly practiced that employees think about performance management system as a means to lose their benefit rather than its main aim of improving the performance and productivity of the organization and themselves, and they oppose the system because of the frustration they have and this contribute to a high employees turnover.

2.3. Conceptual Framework

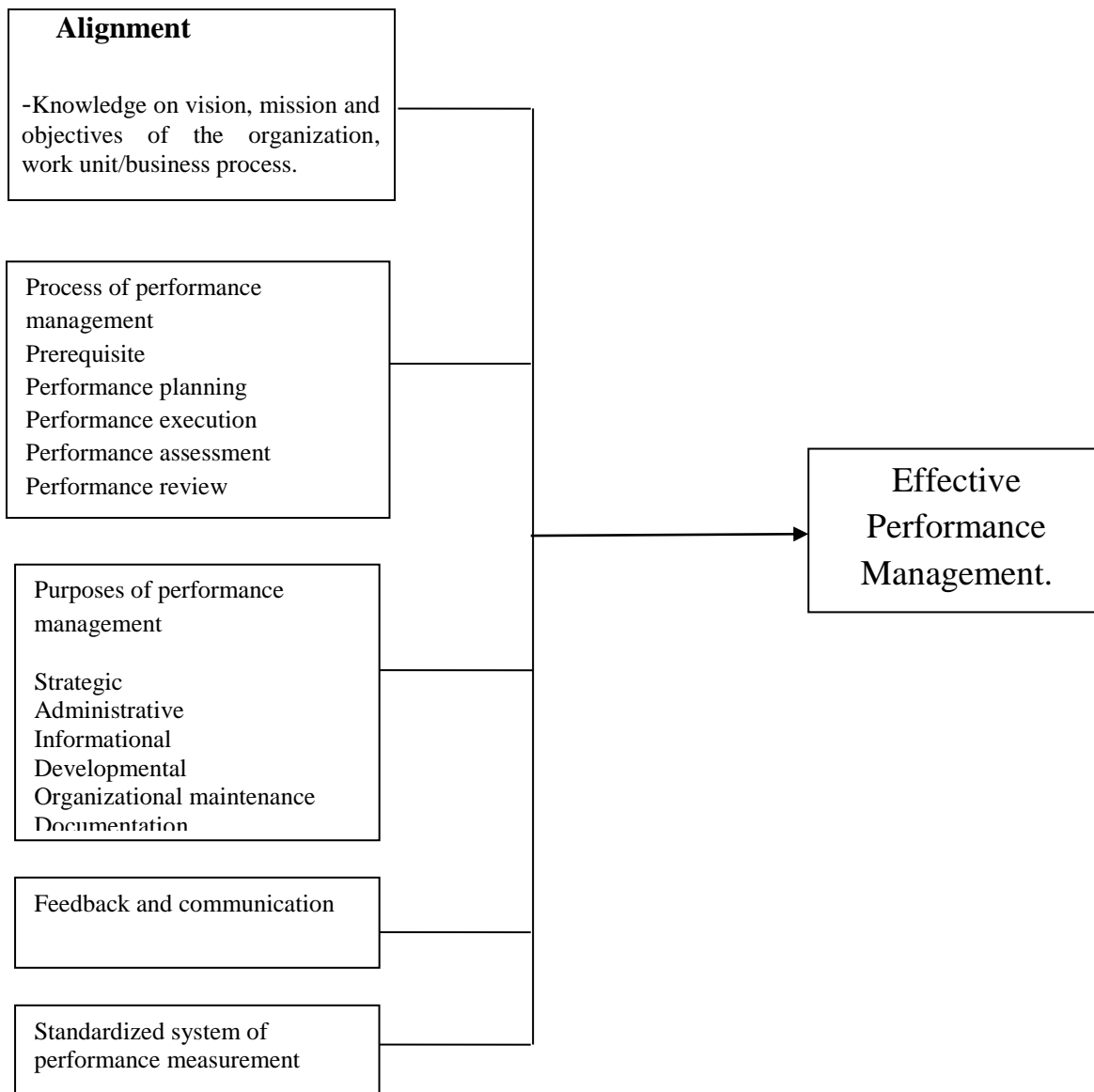


Figure 2.1: Conceptual Framework

Effective Performance Management is a continuous process of identifying, measuring and developing the performance of individuals and teams (Armstrong, 2009) and it is highly contributed to the achievement of organizational goals.

In order to say a performance management is effective it starts from the alignment of organizational objective with individual objective and the six stages according to (Smither and London,2009) prerequisite, performance planning, performance execution, performance assessment, performance review and the last performance renewal and re contracting effectively implemented and the result of performance management use to different purposes, strategic purpose through which objectives flows down from the top to individual, Administrative Purpose that can help in gathering important information for making decisions about employee including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases, Information Purpose can serve as a communication tool to transfer information to employees about how well they are doing, to receive information as a feedback from their supervisors on specific areas that may need improvement, Developmental purpose based on the information obtained the necessary training and development plan is designed, Organizational maintenance purpose it yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used for workforce planning as well as assessing future training needs and Documentation purpose it can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions and any human resource related action towards employee including promotion, termination and demotion made by the management.

As stated by (Armstrong,2009) Performance management is all about communication and feedback, a manager and employee reaches an understanding on what is to be done and how it is to be done, discuss and set a performance standard that strongly linked to the strategic objectives of the organization by which the employee performance will be evaluated, how work is progressing towards the desired results and after effort is expended to accomplish the work, assessing whether the agreed performance has achieved.

CHAPTER THREE

METHODOLOGY

In this chapter Research Design and Approach, Population and Sampling Method, Data Sources, Sampling Techniques, Data Collection Instruments and Procedures and Data Analysis Methods of the study discussed briefly as follow.

3.1. Research Design and Approach

The main purpose of this study is to assess the Practices of Employee Performance Management on Bank of Abyssinia, Berhan International Bank and United Bank and identify major Implementation Challenges, with regard to the purpose of the study Descriptive research design is appropriate, because it describe the performance management practices and challenges of BoA, Berhan International Bank and United Bank as it exist, as stated by (Kothari, 2004) the major purpose of descriptive research design is description of the state of affairs as it exists at present and its main characteristics is that the researcher has no control over the variables and only reporting what has happened or what is happening. To approach the study both quantitative and qualitative research methods was used, Quantitative approach used to collect and express data in quantitative terms and Qualitative approach used to express attitudes, opinion and behavior.

3.2. Population and Sampling Method

The study covers Practices and Challenges of Employee Performance Management in three privately owned banks in Ethiopia (Bank of Abyssinia, Berhan International Bank and United Bank) branches and departments located in Addis Ababa, according to Human Resource Department these Banks totally provide work for over 11,500 employees (number of employees in Bank of Abyssinia 5,005, United Bank 3,505 and 3,080 in Berhan International Bank) however, the study mainly targeted on permanent and clerical employees work in Addis Ababa branches and head office departments, the three banks totally have 5,786 permanent and clerical employees in Addis Ababa, based on HR Record and annual report 2016/2017 (Bank of Abyssinia number of employees in city branches 1,376 and head office departments 612 and United Bank number of employees in city branches 1,679 and Head office departments 405 and in Berhan International Bank 1,374 employees in city branches and 340 in Head office departments) to get more representative sample the researcher use stratified sampling method by making city branches and departments as a stratum, respondents to the

questionnaire and interview in managerial and supervisory position were randomly selected from branches and departments.

3.3. Sample Size

To determine the sample size from the target population the researcher used a method of determining sample size stated by (Saunders, Lewis and Thornhill, 2009) with **95** confidence level, with **5%** margin of error that can be tolerated.

Table -3.1- Sample sizes for different sizes of population at a 95 confidence level

Population	Margin of error			
	5%	3%	2%	1%
50	44	48	49	50
100	79	91	96	99
150	108	132	141	148
200	132	168	185	196
250	151	203	226	244
300	168	234	267	291
400	196	291	343	384
500	217	340	414	475
750	254	440	571	696
1000	278	516	706	906
2000	322	696	1091	1655
5000	357	879	1622	3288
10000	370	964	1936	4899
1000000	383	1056	2345	8762
1000000	384	1066	2395	9513
10000000	384	1067	2400	9595

Table -3.2-Sample size distribution

Division	BoA	United Bank	BrIB	Sample frame	Sample size
Head office	612	405	340	1357	84
City Branches	1376	1679	1374	4429	273
Total	1988	2084	1714	5786	357

Source: Bank of Abyssinia, United Bank and Berhan International Bank HR record

The total number of population in the study is 5,786 which means above 5,000 populations under 95 confidence interval and 5% margin of error. Therefore, the sample selected from the target

population was 357; from which 84 respondents selected as a sample from Head Office of the three banks and 273 from City Branches of the three banks. Samples distributed among the banks proportionally, From 84 total Head Office sample size, 37 employees selected as a respondent from BoA, 26 respondent from United Bank and 21 from Berhan International Bank and from total 273 City branches sample size, 85 selected as a respondent from BoA, 104 selected as a sample from United Bank and 84 as a sample selected from Berhan International Bank.

Division	Bank of Abyssinia	United Bank	BrIBank	Sample size
Head office	37	26	21	84
City Branches	85	104	84	273
Total	122	130	105	357

Table -3.3- Questionnaire distributed

3.4. Data Sources and Types

To obtain data concerning practices and challenges of Employee performance management in selected three privately owned banks in Ethiopia, primary and secondary data sources were used. Primary data were obtained from questionnaire that was distributed to the selected employees and interview was conducted to gather information from managers, supervisors and HR officials. Questions for the interview and questionnaire is adapted from (Dick Grote, 2002 “The Performance Appraisal Question and Answer Book”) and (MA Dissertation of Liko Tolessa, 2013 “practices and challenges of performance management in Cooperative Bank of Oromia” and Melat Yilma, 2014 “performance management practices and challenges in Ethiopian Management Institute”) by making a modification to fit for the study and secondary sources of data collected from Policies, Manuals, Reports and journals. Qualitative data was collected from interview and Quantitative data were collected from questionnaires.

3.5. Data Collection Procedures

In order to collect the necessary data the researcher use a questionnaire which includes both open and close ended questions and Likert Scale questions ranging from 1 (strongly disagree) to 5(strongly agree) and it was distributed to employees work in Addis Ababa branches and Head Office, the researcher selected a questionnaire because it is cost effective and quick way of data gathering method from larger population at a time and it is also easy to analyze, in addition to the

questionnaire, structured interview was conducted to those respondents that work on the managerial and supervisory level, the researcher use interview because it is an important way of data collection and it enables the researcher to obtain detailed, relevant information and opinion from the targeted respondent. To design the Questionnaire and Interview (Dick Grote, 2002 “The Performance Appraisal Question and Answer Book”) and (MA Dissertation of Liko Tolessa, 2013 “practices and challenges of performance management in Cooperative Bank of Oromia” and Melat Yilma, 2014 “performance management practices and challenges in Ethiopian Management Institute”) and Empirical Literature Review was used by making a modification to fit for the study and by adding some questions.

3.6. Validity and Reliability

Reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings and Validity concerned with whether the findings are really about what they appear to be about (Saunders, Lewis and Thornill, 2009) Therefore ,Validity and Reliability is a great issue in research, to answer validity and reliability issues in the study, the data was collected from those targeted respondents that really concerned with the area of the study by using interview and questionnaire and it was conducted, distributed and collected by the researcher and before distributing the questionnaire to those respondents it was given to HR teams who are members of the performance management system and have adequate knowledge of the subject matter and highly involved in the building and implementation process of Performance Management and also 32 questionnaire was distributed and their response also checked by using cronbach alpha and value of **0 .915** was obtained.

3.7. Ethical Consideration

The Researcher obtain the consent of the organizations before the data collection process by defining and discussing the purpose of the study and throughout the data collection process requests for name and employee’s identification number was prohibited at any part so that participants will certain that their response cannot be traced back to them and the data gathered during the study will kept confidential.

3.8. Data Analysis

The data gathered from questionnaire was summarized and analyzed by using descriptive statistics like frequency, percentage, mean and Standard deviation. Then the data was described by using tables, for more clarification the data was coded using scientific statistical data analysis software such as SPSS (Statistical Package for the Social Science version 20.0) and the data collected from interview and document review also summarized and discussed as per the research basic questions.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter data collected through questionnaire and interview presented, analyzed and interpreted in a brief and organized way. Among the distributed questionnaire, 308 have been collected and this makes the response rate to be 86.3%. The remaining 49 were not returned (from the distributed 122 questionnaire for BoA 116 were returned, from BrIB 105 questionnaire distributed 89 were returned and from United Bank 130 questionnaire distributed 103 were returned). In order to increase the validity of the information obtained, interview were made with the Performance Management Heads and Managers.

4.1. Demographic Characteristics of the Respondents

In this section, the general background of respondents of the study is summarized by focusing on their gender, educational status, year of service and category of position. As depicts in Table 4.1 from BoA 71 (61.2 %) of the respondents are male and 45(38.8%) of the respondents are female, from the total BrIB respondents 52 (58.4%) are male and the rest 37 (41.6%) are female and from the total UB respondents 72(69.9%) are male and 31(30.1%) are female, therefore majority of the respondents are male, on the basis of educational qualification, from BoA respondents BA/BSc holders are 114(98.3%) and the rest 2(1.7%) are MA holders, from BrIB total respondents College Diploma holders are 2(2.2%) , 86(96.6) are BA/BSc holders and 1(1.1%) are MA holders and from UB respondents College Diploma holders are 4(3.9%) , 95(92.2) are BA/BSc holders and 4(3.9%) are MA holders, based on this data majority of the respondents are BA/BSc holders, therefore majority of the respondents can easily understand and fill the questionnaire.

Based on the year of service in the bank, from BoA 71(61.2%) respondents have served the bank between 1 to 5 years, 44(37.9%) between 5 to 10 years and 1(0.9%) of the respondents serve the bank for more than 10 years, from BrIB 3(3.4%) respondents have a service year less than a year, 39(43.8%) of respondents have served the bank between 1 to 5 year and the rest 47(52.8%) have served the bank between 5 to 10 years and from UB respondents 2(1.9%) respondents have served the bank for less than a year, 34(33%) of respondents a service year between 1 to 5 years, 51(49.5%) served the bank for a year between 5 to 10 years and 16(15.5%) a served the bank for a year more than 10. Based on work unit/business process the respondents currently working, from BoA 83(71.5%) have been working on branches and 33(28.4%) have been working on Head office and

based on the position currently working, 7 (6%) are Cash supervisors, 70 (60.3%) are Customer Service Officers, 34(29.3%) are trade service officers and 5(4.31%) Auditors, from BrIB 71(79.8%) have been working on branches and 18(20.2%) from Head office, based on the position respondents currently working 25(28%) are Accountants 2(2.24%) are Auditors 7 (7.86%) are Cashiers and 54(60.67%) are Customer Service Officers and from UB 78(75.7%) have been working on branches and 25(24.3%) have been working on Head office and based on the position currently working 28 (27%) are Accountants, 63 (61 %) Customer Service Officers,7(6.8%) are Cashiers and 5(4.85%) are Auditors, When we see the category of position classification the larger share of the respondents goes to customer service officers (CSOs) and other respondents are support staffs members.

Table 4.1: Demographic Characteristics of the Respondents

Sex of the respondents			
Organization	Sex	Frequency	Percent
Bank of Abyssinia	Male	71	61.2
	Female	45	38.8
	Total	116	100.0
Berhan Int'l Bank	Male	52	58.4
	Female	37	41.6
	Total	89	100.0
United Bank	Male	72	69.9
	Female	31	30.1
	Total	103	100.0
Educational Status			
Organization	Status	Frequency	Percent
Bank of Abyssinia	BA/BSc Degree	114	98.3
	MASTERS	2	1.7
	Total	116	100.0
Berhan Int'l Bank	College Diploma	2	2.2
	BA/BSc Degree	86	96.6
	MASTERS	1	1.1
	Total	89	100.00
United Bank	College Diploma	4	3.9
	BA/BSc Degree	95	92.2
	MASTERS	4	3.9
	Total	103	100

Year of service			
Organization	Year	Frequency	Percent
Bank of Abyssinia	1 to 5 years	71	61.2
	5 to 10 years	44	37.9
	>10 years	1	.9
	Total	116	100.0
Berhan Int'l Bank	<1 years	3	3.4
	1 to 5 years	39	43.8
	5 to 10 years	47	52.8
	Total	89	100
United Bank	<1 years	2	1.9
	1 to 5 years	34	33
	5 to 10 years	51	49.5
	>10 years	16	15.5
	Total	103	100

(Source: Questionnaire, 2018)

4.2. Analysis and Interpretation of Results.

In this section respondents response for the distributed questionnaire regarding awareness on the strategic objective, their opinion on Performance Planning, Execution, Assessment and Review and their general attitude towards Performance Management is discussed and the response of each bank respondents stated separately, because in some questions the response of respondents varies from bank to bank.

4.2.1. Awareness on the Strategic Objective

One of the most fundamental purposes of performance management and its concept is to align individual and organizational objectives. This means that everything people do at work leads to outcomes that further the achievement of organizational goals and creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their part and in so doing, manage and enhance the performance of both individuals and the organization.(Armstrong,2006)

Table 4.2: Awareness on the Strategic Objective

No	Questions	Org.	SD		D		NA/ND		A		SA		Mean	SD
			Fq	%	Fq	%	Fq	%	Fq	%	Fq	%		
1	I know the Bank mission, strategic goal and objective.	BoA	-	-	2	1.7	-	-	44	37.9	70	60.3	4.57	.593
		BrIB	-	-	1	1.1	3	3.4	38	42.7	47	52.8	4.18	.534
		UB	-	-	2	1.9	13	12.6	55	53.4	33	32.0	4.16	.711
2	I am well clear about my business process/work unit strategic objective.	BoA	-	-	1	0.9	13	11.2	49	42.2	53	45.7	4.32	.717
		BrIB	-	-	2	2.2	5	5.6	47	52.8	35	39.3	4.28	.674
		UB	-	-	9	8.7	14	13.6	46	44.6	34	33.0	4.02	.907
3	My business process/work unit objective is realistic and attainable.	BoA	7	6.0	44	37.9	26	22.4	23	19.8	16	13.8	2.97	1.176
		BrIB	-	-	1	1.1	16	18.0	41	46.0	31	34.8	4.13	.674
		UB	-	-	8	7.8	27	26.2	40	38.8	28	27.2	3.85	.912

SD: Strongly Disagree, D: Disagree, NA/ND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

BoA: Bank of Abyssinia, BrIB: Berhan International Bank, UB: United Bank

(Source: Questionnaire, 2018)

The response of the respondent on their Knowledge and understanding of the Bank mission, strategic goal and objective indicated on Table 4.2 Q.No 1. From BoA respondents 114(98.27%) respondents, from BrIB 85(95.5%) respondents and from UB 88(85.4%) respondents Agreed on that they know well about the organization mission, strategic goals and objectives, on the other hand from BrIB respondents 3 (3.4%) and from UB 13(12.6%) not sure and the rest 2(1.7%) from BoA, 1(1.1%) from BrIB and 2(1.9%) from UB respondents did not know, from this data it can be seen that majority of respondents know about their organization mission, strategic goal and objectives, as explained also on the interview made with the three banks managers and department heads they commonly agreed on that the goal and strategies of the bank was aligned with individual performance objective and they believe on that all employees know about the vision, mission and strategic objective of the bank, to create this understanding the banks have been used different

mechanisms like induction when an employee firstly join the organization, training programs and a web platform that indicates the bank mission, goal and strategic objectives, and text message on mobile, especially the researcher understand from the interview made with BoA managers and department heads, the bank was signed a contract with a well known consulting plc (Deloitte consulting Plc) as a consultant and it consult the bank for a long time and this PLC gives different training programs regarding the overall strategic direction of the bank including Employee Performance Management to all employees, and the bank believe on the understanding and knowledge of employees about the bank mission, vision and strategic objective.

Clear understanding about business process/ work unit strategic objective, Q.No 2 stated in Table 4.2, from BoA respondents 102(87%), from BrIB respondents 82(92%) and from UB respondents 80(77%)Agreed on that they know clearly about their business unit strategic objective, on the other hand from BoA 13(11.2%) respondents, 5(5.6%) from BrIB respondents and 14(13.6%) from UB were in doubt to answer this question and the rest accounts 1(0.9%) from BoA, 2(2.2%) from BrIB and 9(8.7%) from UB replied they do not have a clear understanding about their business process/ work unit strategic objective. This data indicates that majority of respondents have clear understanding about business process/work unit strategic objective and they well know how to contribute to the overall success of the organization.

Concerning on how realistic and attainable business process/work unit objective Q.No 3 stated on Table 4.2, from BoA respondents 39(33%), from BrIB respondents 72(80.9%) respondents and from UB 68(66%) respondents Agreed on the attainability of their business process work unit objectives, on the other hand from BoA 26(22.4%), from BrIB 16(18%) and from UB 27(26.2%) were in doubt on the attainability, and the rest from BoA 51(43%) do not believe on the attainability of their business unit objective, this data indicates that even though majority of the respondents clearly know and understand their business process work unit strategic objective and clearly know the bank mission and objective, but still significant number of respondents disagree on the attainability of business process work unit objective, especially large number of responses collected from respondents of BoA indicates that the bank goals and objectives cannot be easily attainable by the employees, this makes them to be more frustrated by their contribution and performance this can affect the performance of the individual and the organization as a whole.

4.2.2. Performance Planning

Performance planning is a stage where supervisor and employee meet together to discuss and agreed upon what needs to be done and how it should be done and it includes a consideration of results and behaviors as well as a development plan. Considering this the researcher tried to assess employee's opinion on the first phase which is performance planning and their response is analyzed and presented as follows.

Table 4.3: Respondent's Opinion on Performance Planning

No	Questions	Org.	SD		D		NA/ND		A		SA		Mean	SD
			Fq	%	Fq	%	Fq	%	Fq	%	Fq	%		
1	I am clear about what my job responsibilities are and what is expected from me.	BoA	-	-	3	2.6	16	13.8	27	23.3	70	60.3	4.42	.836
		BrIB	-	-	1	1.1	4	4.5	32	36.0	52	58.4	4.52	.693
		UB	10	9.7	44	42.7	31	30	9	8.7	9	8.7	2.64	1.065
2	Goal setting in my bank carried out with discussion between the employee and the supervisor.	BoA	-	-	-	-	34	29.3	67	57.8	15	12.9	3.83	.636
		BrIB	4	4.5	8	9.0	27	30.3	31	34.8	19	21.3	3.57	1.054
		UB	17	16.5	48	46.6	18	17.5	8	7.8	12	11.7	2.51	1.00
3	I clearly understand the purpose and the process of performance management system employed by my organization.	BoA	-	-	7	6.0	17	14.7	71	61.2	21	18.1	3.91	.753
		BrIB	3	3.4	7	7.9	17	19.1	42	47.2	20	22.5	3.78	.997
		UB	11	10.7	41	39.8	33	32.6	13	12.6	5	4.9	2.61	1.002
4	While setting a goal, my supervisor clearly tell me the expectation	BoA	-	-	6	5.2	26	22.4	62	53.4	22	19.0	3.10	1.160
		BrIB	1	1.1	6	6.7	23	25.8	38	42.7	21	23.6	3.81	.915

	he/she has from my performance.	UB	24	23.3	40	38.8	20	19.4	10	9.7	9	8.7	2.42	1.201
5	I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my work.	BoA	6	5.2	16	13.8	35	30.2	50	43.1	9	7.8	3.34	.988
		BrIB	6	6.7	10	11.2	21	23.6	36	40.4	16	18.0	3.53	1.119
		UB	15	14.6	47	45.6	24	23.3	10	9.7	7	6.8	2.40	.984
6	My supervisor and I reached to an agreement about my development plan to enhance my performance.	BoA	20	17.2	51	44.0	40	34.5	5	4.3			2.26	.793
		BrIB	14	15.7	30	33.7	28	31.5	14	15.7	3	3.4	2.57	1.043
		UB	10	9.7	44	42.7	24	23.3	19	18.4	6	5.8	2.68	1.068
7	The goal setted for me supports to achieve the strategic objective of the business process/work unit as well as the Bank.	BoA	-	-	8	6.9	35	30.2	38	32.8	35	30.2	3.86	.932
		BrIB	1	1.1	8	9.0	27	30.3	30	33.7	23	25.8	3.74	.983
		UB	9	8.7	23	22.3	49	47.6	15	14.6	7	6.8	2.88	.993

SD: Strongly Disagree, D: Disagree, NA/ND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

BoA:Bank of Abyssinia, BrIB:Berhan International Bank, UB:United Bank

(Source: Questionnaire, 2018)

Questions also raised regarding on clear understanding of employees about job responsibilities and expectation, Table 4.3 Q.No 1, From BoA respondents 97(83.6%), from BrIB respondents 84(94%) agreed on that they have a clear understanding about the responsibility and the expectation from their job, based on the data collected from BrIB and BoA majority of the respondents clearly understand about job responsibilities and expectation but from UB majority of the respondents which account 54(52%) do not agree and 31(30%) of them were indifferent, from this some employees especially employees in UB were not clear about their job responsibility and what really

expected from them and their job, which is other area or gap that is expected to be filled by the bank in creating a clear understanding about the responsibilities of their employees for the successful realization of organizational objective.

The responses of the respondent regarding Q.No 2 stated on Table 4.3, Goal setting is carried out with discussion between employee and the supervisor. For this question 82(70%) of BoA respondents, 50(56%) from BrIB respondents agreed on that their goal is setted with discussion, on the other hand majority of UB respondents account 65(63%) do not agree, from this we can understand that majority of BoA and BrIB respondents agreed on that a discussion takes place between employee and his supervisor when a goal is setted, but still some respondents 34(29.3%) from BoA and 27(30.3%) from BrIB were in doubt to give answer for this question, but literatures clearly indicates that when performance is planned goal setting must be carried out with discussion between employee and supervisor this make employee more committed and confident on his/her contribution.

Questions also raised on their understanding about the purpose and process of performance management employed by their organization, Q.No 3 stated on Table 4.3, from BoA respondents 92(79.3%) of them and from BrIB respondents regarding for the same question 62(70%) of them indicates that they have clear understanding and from UB only 18(17.5%) have a clear understanding, from this we can understand that majority of the respondents from BoA and BrIB clearly understand the purpose and the process of performance management employed by their organization, however significant number of respondents from UB accounts 52(50.4%) do not agree and 33(32.6%) were in doubt to give answer for the question, it is good and a great achievement and opportunity for the banks because the main purpose of having performance management is linking the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals and it is associated with an approach to create a shared vision of the purpose and aims of the organization and helping each employee understand and recognize their part in the organization, if employee understand about the purpose and process of performance management they are willing to contribute more for the successful implementation of organizational goal and objective, this question also raised for Managers and department heads and they agreed on that employees were informed about performance management and its benefits to the bank and possible changes it could bring to individual, team and organizational performance through preparing trainings, distributing procedures and conducting timely meetings.

Questions related with supervisors clearly set and tells to employees about his/her expectation, Q.No 4 on Table 4.3, for this question from BoA respondents 84(72%) of them, from BrIB respondents 59(66%) respondents and from UB respondents 19(18%) of respondents replied Agree, from this data a large number of respondents from BoA and BrIB agreed on that their supervisor clearly set and tells them his/her expectation. However, still significant number of respondents from UB accounts 64(62%) replied disagree and 20(19.4%) were not sure, while majority of BoA and BrIB knows their supervisors expectation still from BoA 26(22.4%) and 23(25.8%) from BrIB were in doubt to answer the question, literatures indicates that supervisors must state and tell to employees clearly about his/her expectation as a result and as a behavior because stating expectation clearly may help in the reduction of conflict and disagreement when employee performance is measured and help in creating smooth communication.

Questions regarding agreed standard of performance measurement also raised for the respondents, Q.No 5 on Table 4.3, the collected data from questionnaire indicates that From total BoA respondents 59(51%) of them, from BrIB 52(58%) of the respondents and from UB respondents 17(16.5%) out of the total respondents Agreed on that employee was informed and reach an agreement about the standards that will be used to evaluate his/her performance, on the other hand from UB 62(60%) do not informed and reach an agreement about the performance standard and 24(23.3%) replied neither agree nor disagree for the question, while the collected data indicates majority of respondents from BoA and BrIB agreed on the standards but still respondents accounts 35(30.2%) from BoA and 21(23.6%) from BrIB neither agree nor disagree and the rest 22(19%) from BoA and BrIB 16(17.9%) replied indicates that they do not reach an agreement on the standards that will be used to evaluate their work, from this data majority of the respondents agreed on that they were informed and reach an agreement about the standard that will be used to evaluate their work, but still significant amount of respondents from UB do not, this indicates they do not informed and reach an agreement about the standard that will be used to evaluate their job, this may create disagreement and leads to conflict and it may affect individual, work unit and organizational performance.

Response of respondents on the question employee and supervisor reach an agreement on development plan to enhance employee performance Q.No 6 on Table 4.3, from the respondents of BoA 71(61.2%), from BrIB respondents 44(49.4%) and from UB respondents 54(52.4%) of them

replied they do not agree on their development plan on the other hand 40(34.5%) from BoA, 28(31.5%) from BrIB and 24(23.3) from UB replied neither agree nor disagree for this question, from the collected response of the respondents majority of respondents did not reach an agreement with their supervisor about development plan, this indicates that there is a gap on planning employee development this can greatly affect the performance of employee.

Respondents opinion towards the goal setted for employee supports the strategic objective of the business process, work unit as well as the bank, Q.No 7 on table 4.3, from total respondents of BoA 73(62.9%) of them, from the respondents of BrIB 53(59.5%) of them and from the respondents of UB 22(21.3%) of them believe on that the setted goals for them have a great impact on the performance of their business process work unit as well as the bank, on the other hand 35(30.2%) from BoA, 27(30.3%) from BrIB and 49(47.6%) from UB not sure on the contribution of their goal achievement to the organization and 8 (6.9%) from BoA , 9(10.1%) from BrIB respondents and from UB 32(31%) respondents do not agree on the worthiness of the goal to the organization, based on this data majority of the respondents from BrIB and BoA believe on that the goal setted for employee supports the strategic objective of the business process, work unit and as well as the bank, this is a good achievement for the banks because employee believe on that when he/she strive for his/her goal achievement can greatly support the overall effectiveness of their business process as well as the bank this helps them to understand deviating from the goal setted can also negatively affect the performance of the bank, this question also raised for managers and department heads, in this case they commonly agreed on that the specific job performed by individual is linked to the strategic objective of the bank, because when individual performance is planned it is generates from the overall strategic objective of the bank and business/work unit, for example when specific number of accounts given as a target for individual it was generated or planned based on the strategic objective of the bank which aims on increasing the number of customers and accounts that use different products and services of the bank and the banks believed on that achieving this target by individual can greatly affect the performance of the business/work unit as well as the overall performance of the bank .

4.2.3. Performance Execution

Performance execution is getting the job done in order to get the desired objectives in an effective and efficient way. Therefore, in order to gather data regarding the process of performance execution respondents were asked the following questions to see their level of agreement and disagreement.

Table 4.4: Respondent's opinion on Performance Execution

No	Question	Org.	SD		D		NA/ND		A		SA		Mean	SD
			Fq	%	Fq	%	Fq	%	Fq	%	Fq	%		
1	The Bank provides me sufficient resources to execute my job properly.	BoA	-	-	45	38.8	36	31.0	27	23.3	8	6.9	2.98	.951
		BrIB	4	4.5	37	41.6	15	16.9	17	19.1	16	18.0	3.04	1.233
		UB	22	21.4	39	37.9	38	36.9	4	3.9	-	-	2.23	.831
2	I have received feedback regularly about my performance from my supervisor.	BoA	15	12.9	66	56.9	25	21.6	3	2.6	7	6.0	2.19	.768
		BrIB	8	9.0	30	33.7	22	24.7	14	15.7	15	16.9	2.98	1.243
		UB	6	5.8	33	32.0	36	35.0	18	17.5	10	9.7	2.93	1.060
3	I always be informed about a change in organizational goal and the initial goal setted by me and the supervisor is also updated accordingly.	BoA	8	6.9	77	66.4	16	13.8	12	10.3	3	2.6	2.34	.845
		BrIB	-	-	37	41.6	18	20.2	21	23.6	13	14.6	3.11	1.112
		UB	8	7.8	51	49.5	20	19.4	17	16.5	7	6.8	2.65	1.064
4	I always get support from my supervisor while I face challenges in performing my day to day activities.	BoA	14	12.1	54	46.6	33	28.4	10	8.6	5	4.3	2.47	.964
		BrIB	-	-	30	33.7	19	21.3	27	30.3	13	14.6	3.26	1.082
		UB	5	4.9	44	42.7	30	29.1	13	12.6	11	10.7	2.82	1.073

SD: Strongly Disagree, D: Disagree, NA/ND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

BoA:Bank of Abyssinia, BrIB:Berhan International Bank, UB:United Bank

(Source: Questionnaire, 2018)

Questions regarding the provision of sufficient resources to the employee to execute their performance by the banks Q.No 1 on table 4.4, for this question 45 (38.8%) from BoA respondents, 41(46%) from BrIB and 61(59.2%) from UB replied they do not get the necessary resources from the bank to execute their performance , on the other hand 36(31%) from BoA, 15(16.9%) from BrIB and 38(36.9%) from UB were in doubt to give answer for the question, the response of majorities indicates that they do not agree on the provision of sufficient resources from the bank, which means respondents did not get sufficient resources and the banks still have a gap in providing resources, without providing sufficient time, financial, human resources it is hard to get the expected result.

Regarding provision of regular feedbacks to employees by Supervisors, Q.No 2 on table 4.4, from BoA respondents 81(69.8%), from BrIB 38(42.7%) and from UB 39(37.8%) of them replied that their supervisor did not provide regular feedback to them, on the other hand 25(21.6%) from BoA, 22(24.7%) from BrIB and 36(35%) from UB indifferent for this question, this data implied that majority of the respondents did not get regular feedback, this indicates a gap on providing feedbacks from supervisors but employees must be informed about how well they are doing and areas that may need improvement because the main purpose of having performance management is to serve as a communication tool to transfer information and providing feedbacks this helps them to learn about the organization's and the supervisor's expectations and to update themselves with the goal and objectives of the organization. From the above data the researcher believes that there is a communication gap between the management and employees regarding regular feedback on employee performance.

Respondents also replied about their awareness on any changes in organizational goal, Q.No 3 on table 4.4, from BoA 15(12.9%) of them, from the respondents of BrIB 34(38%) of them and from UB 24(23.3%) of them agreed on that anytime there is a change they will be informed, whereas, from BoA 85(73.2%), from BrIB 37(41.6%) and from UB 59(57%) respondents replied disagree, on the other hand 16(13.8%) of respondents from BoA, 18(20.2%) respondents from BrIB and 20(19.4%) respondents from UB indifferent for the question, as indicated on the data majority of the respondents do not agree on their awareness when organizational goal is changed, this may be the result of communication gap on informing employees about a changes on organizational goal and this will affect the performance of the organization because the organization and individuals goes in different direction.

Questions also raised whether employee get support when they face challenges in performing day to day activities Q.No 4, on table 4.4, from BoA respondents 15(12.9%), from BrIB respondent 40(44%) of them and from the respondents of UB 24(23.3%) of them replied Agree they get support from their supervisors when they face challenges, whereas from BoA 68 (58%) of them, from BrIB 30(33.7%) and from UB 49(47%) of them replied Disagree and the rest which accounts 33(28.4%) from BoA, 19(21.3%) from BrIB and 30(29.1%) from UB replied neither agree nor disagree, from this data majority of respondents do not get support when they face challenges, this indicates there is a gap on supervisors side in supporting their subordinates, this may rise because of supervisors does not pay attention about the job of employee or it may rise because of the communication gap between employee and supervisor, but the main aim of having a supervisor in an organization is to supervise the work that should be done and to support his/her subordinate in every aspect for the smooth accomplishment of the day to day activities and supporting employees because it helps them to perform in a better way and contribute for the development of the organization.

4.2.4. Performance Assessment

Performance Assessment is a process of evaluation the extent to which the desired behavior and results stated in the performance planning stage have been achieved during the specific period of time. Thus, in the following table the data gathered from respondents will be presented whether BoA, BrIB and UB is conducting the Assessment stage correctly or not.

Table 4.5: Respondent's opinion on Performance Assessment

No	Question	Org.	SD		D		NA/ND		A		SA		Mean	SD
			Fq	%	Fq	%	Fq	%	Fq	%	Fq	%		
1	My performance is measured based on the agreement I reached with my supervisor.	BoA	2	1.7	41	35.3	37	31.9	36	31.0	-	-	2.92	.856
		BrIB	10	11.2	30	33.7	11	12.4	24	27.0	14	15.7	3.30	1.210
		UB	28	27.2	34	33.3	18	17.5	13	12.6	10	9.7	2.46	1.297
2	I get a chance to assess my performance (self-appraisal method) based on the agreed plan	BoA	21	18.1	33	28.4	32	27.6	24	20.7	6	5.2	2.46	1.091
		BrIB	8	9.0	30	33.7	22	24.7	14	15.7	15	16.9	2.98	1.243
		UB	6	5.8	33	32.0	36	35.0	18	17.5	10	9.7	2.93	1.060
3	My supervisor gather information about my performance from my peers, subordinates and customers while assessing my performance	BoA	6	5.2	56	48.3	20	17.2	19	16.4	15	12.9	2.79	1.000
		BrIB	9	10.1	40	44.9	11	12.4	20	22.5	9	10.1	2.64	1.036
		UB	6	5.8	45	43.7	18	17.5	26	25.2	8	7.8	2.85	1.106
4	The performance rating I received is accurate.	BoA	-	-	44	38.8	36	31.0	27	23.3	8	6.9	3.00	.951
		BrIB	4	4.5	37	41.6	15	16.9	17	19.1	16	18.0	2.99	1.220
		UB	4	3.9	39	37.9	38	36.9	22	21.4	-	-	2.76	.834

5	When my supervisor assesses my performance he/she is biased by different reasons	BoA	7	6.0	18	15.5	35	30.2	55	47.4	1	0.9	3.22	.931
		BrIB	8	9.0	10	11.2	29	32.6	33	37.1	9	10.1	3.27	1.085
		UB	7	6.8	12	11.7	32	31.1	44	42.7	8	7.8	3.33	1.014

SD: Strongly Disagree, D: Disagree, NA/ND: Neither Agree nor Disagree, A: Agree, SA: Strongly

AgreeBoA:Bank of Abyssinia, BrIB:Berhan International Bank, UB:United Bank

(Source: Questionnaire, 2018)

Questions also raised for respondents whether their performance is measured based on the agreement reached with their supervisor Q.No 1 on table 4.5, from the total respondents of BoA 36(31%) of them, from BrIB 38(42%) respondents and from UB 23(22.3%) of them agreed on that their performance is measured based on the agreement they reached with their supervisor. However, from BoA total respondents 46(39%) respondents, from BrIB 40(44.9%) of respondents and from UB 62(60%) of them replied Disagree, on the other hand 37(31.9) from BoA,11(12.4%) from BrIB and 18(17.5%) from UB seems like neutral, this indicates that significant amount of respondents from BoA, UB and BrIB believes on that their performance was not measured based on the agreement they reached with their supervisor, this indicates that there is a gap in terms of measuring individual performance based on the agreement they reached with their supervisor, this may create a conflict and affect their level of motivation to contribute to the overall performance of the organization.

Respondents also asked Q.No 2 stated on table 4.5, whether employee get the chance to assess his/her performance, from total respondents of BoA 54(46.5%) respondents , from BrIB respondents 38(42.7%) of them and from UB 39(37.8%) of respondents replied they do not get the chance to assess their performance, on the other hand 32(27.6%) from BoA, 22(24.7%) from BrIB and 36(35%) from UB replied neither agree nor disagree, and the rest from total respondents of BoA 30(25.9%), from BrIB respondents 29(32%) and from respondents of UB 28(27.1%) agreed on that they get the chance to assess their own performance, but the data collected from majority of the respondents indicates that they did not get the chance for self assessment, but literatures clearly indicates that self assessment provides a useful opportunity for employees to seriously consider their level of performance, contribution, weakness and areas that needs improvement.

Respondents also asked supervisors gather information about employee from peers, subordinate and customers while assessing employee performance, Q.No 3 on table 4.5, the responses collected from BoA 34(29.3%), from BrIB 29(32.5%) and from UB 34(33%) of them agreed on that supervisors gather information about employee performance from different sources. However, 62 (53.4%) from BoA, 49(55%) from BrIB and 51(49.5%) from UB replied do not agree for the question, on the other hand 20(17.2%) from BoA , 11(12.4%) from BrIB and 18(17.5%) response indicates they were not sure to answer the question. The collected data indicates that majority of respondents agree on that supervisor do not gather information from different sources, but literatures clearly indicates that gathering information from different sources about individual performance generate more accurate result.

Respondents also asked about the accuracy of performance rating they have received , Q.No 4 on table 4.5, from total respondents of BoA 44(38.8%), from BrIB 41(46%) and from UB 43(41.7%) respondents do not agree on the accuracy of performance result they have received , on the other hand 36(31%) of respondents from BoA, from BrIB 15(16.9%) of the respondents and 38(36.9%) from UB not sure on the accuracy of performance rating, and the rest 35(30%) from BoA, 33(37%) from BrIB and 22(21.4%) from UB agreed on the accuracy of performance result they have received, but this data indicates that majority of respondents do not believe on the accuracy of performance rating they have received. Related questions regarding on Supervisors biasness in evaluating individual performance, Q.No 5 stated on table 4.5, from BoA respondents 56(48.2%), from BrIB 42(47%) and from UB 52(50.4%) Agreed on that supervisors were biased in evaluating the performance of employee, on the other hand from BoA 35(30.2%), from BrIB 29 (32.6%) and from UB 32 (31.1%) Neither agree nor disagree, others 25(21.5%) from BoA, 18(20.2%) from BrIB and from UB 19(18.4%) believe supervisors do not affected by different reason in evaluating individual performance, But majority of the respondents believe supervisors were biased by different reasons instead of looking individual job and performance when they evaluate the performance of employees, but literatures indicates that employee performance must be evaluated consistently across people and times and supervisor should suppress his/her personal feelings and focus on the job and performance of employee, unless it may raise conflict and disagreement between employee and supervisor this can greatly affects the performance of employees' as well as the banks

4.2.4. Performance Review

Performance review is a meeting between supervisor and employee to review their performance assessment. 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. Hence, in the following table the data gathered from BoA, BrIB and UB respondents regarding performance review will be presented.

Table 4.6: Respondent's opinion on Performance Review

No	Questions	Org.	SD		D		NA/ND		A		SA		Mean	SD
			Fq	%	Fq	%	Fq	%	Fq	%	Fq	%		
1	After assessment have been done I always had a discussion meeting with my supervisor to review my performance	BoA	-	-	70	60.3	25	21.6	21	18.1	-	-	2.58	.782
		BrIB	9	10.1	34	38.2	20	22.5	19	21.3	7	7.9	2.74	1.123
		UB	10	9.7	44	42.7	31	30.1	16	15.5	2	1.9	2.58	.945
2	The discussion I had with my supervisor is focused on the contribution I made, the capability I have and on my continuous development	BoA	-	-	26	22.4	74	63.8	16	13.8	-	-	2.91	.598
		BrIB	8	9.0	13	14.6	34	38.2	27	30.3	7	7.9	3.09	1.018
		UB	10	9.7	42	40.8	35	34.0	14	13.6	2	1.9	2.57	.914
3	In my opinion the objective of performance review is to motivate employees, encourage development & to serve a two way communication	BoA	-	-	70	60.3	30	25.9	16	13.8	-	-	2.53	.727
		BrIB	9	10.1	34	38.2	20	22.5	19	21.3	7	7.9	2.74	1.123
		UB	10	9.7	44	42.7	31	30.1	16	15.5	2	1.9	2.58	.924

SD: Strongly Disagree, D: Disagree, NA/ND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

BoA:Bank of Abyssinia, BrIB:Berhan International Bank, UB:United Bank

(Source: Questionnaire, 2018)

Respondents of the three banks also asked to respond for Q.No 1 stated on Table 4.6, After assessment have been done employees had a discussion with their supervisor and from the respondents of BoA 21(18.1%), from BrIB 26 (29.2%) and from UB 18(17.4%) replied agree and it indicates they have a discussion with supervisors on the result of the performance assessment, but the collected data from the three banks indicates majority of respondents accounts 70(60.3%) from BoA, 43(48%) from BrIB and 54(52.4%) from UB disagree, on the other hand out of the total respondents of BoA 25(21.6%), from BrIB 20(22.5%) and 31(30.1%) respondents from UB were not sure to give answer to the question, majority of respondents replied they did not have any discussion with supervisors after performance assessment was made, but appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his/ her performance and he/she can correct his/her performance deficiency.

Respondents response concerning the discussion with employee and supervisor focused on the contribution employee made, the capability and continuous development, Q.No 2 on Table 4.6, among the total respondents of BoA 16(13.8%), from BrIB respondent 34(38.2%) and from UB respondents 16(15.5%) of them agreed the discussion they made focused on the contribution employee made, the capability and continuous development of employee, while the above respondents from total respondents replied agree for the question but majority of respondents from BoA respondents 74(63.8%), from BrIB 34(38.2%) and from UB 35(34%) were in doubt, and the rest from BoA 26(22.4%), from BrIB 21(23.5%) and 50(48.5%) respondents from UB replied Disagree, this data indicates that majority of the respondents were neutral, this indicates they do not have a discussion with their supervisor or the discussion they made is not focused on the contribution employee made, the capability and continuous development, but literatures clearly indicates that performance review discussion is mainly focuses on contribution employee made, the capability and continuous development which leads an employee to perform better and to improve his/her performance and to work better on his/her weakness and performance gaps.

Responses Related with the opinion of employee towards the contribution of performance review in motivating employees, encouraging the development of employee and serve as a two way communication tool Q.No 3, on Table 4.6 also asked , from BoA respondents 16(13.8%), from BrIB respondents 26(29.2%) and from UB respondents 18(17.4%) agreed on the contribution of performance review in motivating, encouraging the development of employee and serve as a communication tool, on the other hand 70(60.3%) from BoA, 43 (48.3%) from BrIB and 54(52.4%)

from UB replied Disagree and the rest 30(25.9%) respondents from BoA, 20(22.5%) from BrIB and 31(30.1%) from UB neither agree nor disagree, this data indicates that majority of the respondent do not agree on the contribution of performance review on the development and motivation of employee, because as indicated on Q.No 1 stated on table 4.6 they did not discussed with their supervisors after performance assessment was made as a result they did not have understanding on the contribution of performance review towards the individual and the organization as a whole.

The next questions were focused on employee's attitude towards the existed employee performance management of their banks. The result shows that even if some of the respondents are in favor of having performance management in their organization but majorities of the respondents have a question on its practices and its contribution towards themselves and the organization, some of respondents also believe on that the existed performance management takes place for the sake of formality and they also believe it brings massive work and consumes much of their time. This may the result of inactive participation of employee in the overall implementation of performance management, without their participation and ownership of the system it will be difficult for an organization to get the desired output from performance management.

An interview with those top managers and department heads on challenges that hinder the effective implementation of performance management indicates that their bank somehow face difficulties and challenges in handling the planning, execution, assessment and review phases of performance management. From the interviews made with BoA managers and department heads the researcher understand that as a new system the bank face challenges on performance execution phase because many employees believe that the bank set unrealistic and very challenging objective, the managers and head of departments believe on that this opposition and confusion comes from the transformation of traditional system well known and accepted by employees but its aim is only rating individual on weak standard of measurement criteria to a new system that have strong standard measurement criteria that need the overall employee and organizational commitment and clearly state individual responsibility, as a new system opposition from employees from different direction stated as a challenge. From the interviews made with UB managers and department heads the researcher understands that the bank face challenges especially on performance execution and performance assessment phase because at the beginning of the phase sometimes conflicts may rise and employee disagree on what is to be done and how it is to be done this disagreement and conflicts may resolve through continuous discussion with those employees but the planned goals face difficulties on its execution employee does not give such attention for its implementation and put

different reasons for this like the bank did not provide the necessary resources and support for employees for its implementation, the bank also believe on that the standard used to evaluate individual performance had a weak linkage to the overall strategic objective of the bank, additionally they also agreed on that the problem and challenges may rise from that the bank have been used performance appraisal and performance management interchangeably. From the interviews made with BrIB managers and department heads the researcher understand that the bank relatively successful on the overall phase but cascading organizational objective somehow face difficulties.

Using performance management system effectively may serve different purposes such as strategic, administrative, developmental, informational, organizational maintenance and documentation. Interview with those branch managers and department heads indicates that their bank also use Performance Management result for developmental purpose such as training need assessment and administrative purpose such as bonus, pay increase and reward, especially Bank of Abyssinia and Berhan International Bank use the performance management result to reward their employees the reward includes cash and materials rewards, a chance of recreational traveling to high performers, but performance results rarely used for HR related action like punishment and demotion.

The major objectives of using employee performance management in the organization is maintaining the mission, vision and strategic objective of the organization and increasing the organizational productivity by improving the performance and productivity of employees. According to the Interview made with department heads and managers whether performance management brings the desired outcome for their organization, according to BoA performance management system relatively a new system and somehow it is difficult to say the system bring the desired outcome but it can be said that it is good at all, because when comparing the performance of the organization after implementing performance management system and before implementing performance management system the bank performance changed and improved from time to time, because the bank believe on that the system increase the motivation and awareness of employees and clearly put performance standards for each business process/work unit as well as employee , on the other hand BrIB believed on that the bank use this system for a long time and can say the bank greatly benefited and its performance and productivity on the overall direction increase from time to time because the employees get familiar with the system and there is no confusion and employees know clearly what is expected from them as a behavior and as a result, whereas UB do not believe on that the performance management brings the desired outcome to the organization, because the system not fully implemented and the commitment and the understanding of all stakeholders towards performance management is somehow minimum even if the bank have its own guidelines and

procedures regarding effective implementation of performance management but its practicality is in question, and some employees and supervisors also believe on that performance management is only rating individual performance twice in a year as a result the bank do not believe performance management brings the desired outcome to the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

In the previous chapter the researcher has attempted to present the findings collected through questionnaire and interview, this chapter focuses on the summary of the major findings of the research questions, conclusions and recommendations.

5.1. Summary of Findings

The main objective of the study was to assess the practice and challenges of performance management in selected private banks in Ethiopia by having the following basic questions to be addressed.

1. Does the objective and goal of the banks aligned with the employees' performance objective?
2. Does the banks performance management system allow the participation of employees?
3. For what purpose the banks is used employees' performance management -output?
4. Does employees' of the banks get the necessary feedback from their supervisors?
5. How employees' performance measurement is conducted in these banks?

In order to address the above basic questions, descriptive survey research design was employed by using mixed research approach which comprises both quantitative and qualitative methods of data gathering. Data was gathered through questionnaire and interviews. To collect representative data, 357 questionnaire copies were distributed proportionally for the three banks departments and branches by using simple random sampling technique. Out of which, 308 of the questionnaires were collected. Furthermore, interview was also made with head of departments and managers that were not incorporated in the questionnaire for triangulation.

The data collected from the questionnaire was analyzed and summarized by using SPSS version 20.0 and the variables were analyzed by using frequency counts, percentage, mean values and standard deviation. The information obtained through interview and open ended questionnaire were analyzed and interpreted based on the research questions.

Major Findings of the Study

Both positive and negative findings were found according to the data analyzed on the fourth chapter.

Process of Performance Management

The first prerequisite stage of performance management, at this stage knowledge of the organization's mission, strategic goals and objectives and knowledge of the job in question is expected, according to the collected data most respondents know about their organization mission, strategic goal and objectives and they have clear understanding about business/process strategic objective the interview made with head of department and managers also confirmed the employee understandings towards the overall organizational objectives this understandings of employees comes from the banks overall activities towards upgrading the understandings of employees for instance through induction processes when the employee firstly join the organization, trainings, coaching and timely meetings. However, respondents clearly understand the strategic objectives of the organizations and their business process, they claim on the attainability business process/work unit strategic objective. Performance planning the second stage of performance management supervisor and employee meet to discuss and agree upon what needs to be done and how it should be done, this discussion includes a consideration of results and behaviors as well as a development plan, according to the analyzed data majority of respondents from BoA and BrIB except respondents from UB agreed on that, they clearly understand about job responsibilities, expectation and the purpose and the process of performance management employed by their organization and they clearly know their supervisors expectation, goal is setted with discussion between employee and supervisor, they were informed and reach an agreement about the standard that will be used to evaluate their performance, responses collected from the three bank respondents indicates that they did not reach an agreement with their supervisor about development plan. The third stage performance execution which allows observing, providing resources and regular feedbacks by supervisors to their employees, according to the analyzed data majority of respondents from the three banks do not believe on the provision of sufficient resources, feedback and support to employees and the data analysis also shows that they do not have awareness on changes in organizational goal. The assessment stage, 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, at this stage many sources can be used to collect performance information (e.g., peers, subordinates) according to the analyzed data employee performance was not measured based on the agreement they reached with their supervisor, supervisors did not give a chance to employee themselves and they did not gather information from different sources, Based on the analyzed data

majority of respondents believe on that the performance rating they received was not accurate and their supervisor rating biased by different reasons instead of focusing on individual job and performance. At Performance Review stage a stage a discussion made between employee and supervisor after assessment of individual performance, majority of the respondent response indicates that they did not have a discussion with their supervisor after performance assessment was made, as result of limited understanding due to inaccessibility of discussion they do not agree on the contribution of performance review on the development and motivation of employee.

Challenges that hinder the implementation of Performance Management

Based on the response given by the sampled employees, employee performance management faces different challenges, for instance unrealistic and unattainable goals are given to employees this makes them more frustrated by their job and performance. Employees selected as a sample from UB also indicated as a problem they do not agree with their supervisors when a goal is setted, they also do not agreed on the performance standards, their supervisors do not clear his/her expectation. The responses obtained from the three banks respondents indicates that employee challenged by sufficient resource allocation, regular feedbacks, support and timely update when organizational goal is changed to execute their job properly this will affect the goal implementation and performance of employee. The other challenges indicted by respondents their performance is not assessed based on the agreed standard, inaccurate performance rating, biasness of reviewers when they review the performance of employees and discussion were not made after assessing employee performance. The interview made with UB managers and department heads indicates that the bank use performance management and performance appraisal interchangeably and the standards used to evaluate the performance of employees does not have a direct link to the strategic objectives of the organization.

5.1.Conclusion

Performance Management is a process through which managers ensure those employees activities and outputs contribute to the organization's goals and this process requires knowing what activities and outputs are desired, observing whether they occur, and providing feedback to help employees meet expectations, by which employees may identify performance problems and establish ways to resolve those problems, it is a continuous process and forward looking activity that helps an organization to achieve its goals and objectives through aligning organizational goal and objective with individual and team goal and objective, and it also improve the performance of individuals and teams that can increase the productivity and efficiency of the organization.

This study tries to assess the performance management practices of three private banks in Ethiopia and identifying implementation challenges, to get this finding the researcher distributed questionnaire for the three banks employees and conduct interview with managers and department heads the collected data was analyzed and interpreted according to the research basic questions, Based on the above mentioned findings the researcher has reached on the following conclusion.

From this study it has been noted that employee awareness towards the organizational mission, vision and strategic objectives and their work unit/business process strategic objectives, but employees of BoA claimed on the attainability of their business process/work unit strategic objective.

This study tries to identify whether a goal is setted to individual with a discussion but majority of respondents from UB claimed on that discussion were not made between employee and supervisor when a goal is setted, expectation is not communicated and standards used to evaluate individual performance is not agreed, and employees from three banks claim discussion on their development plan.

This study also tried to reach on conclusion concerning on performance execution many of them agreed on that there is a problem on provision of sufficient resources, provision of feedback, getting support from their supervisors and timely update on organizational goal changes.

Failure of giving a chance to employees to assess his/her performance and failure of gathering information about individual performance from different sources, problems on the accuracy of performance result and biasness of supervisors when assessing individual performance.

From the findings of the study the researcher concludes that the culture of communication on the day to day activities is weak and discussion also not undertaken between employee and supervisor after assessment have been done.

From the interview conducted with BoA, BrIB and UB managers and department heads employee performance result is used for bonus pay, for rewarding employees and for a training need assessment purpose and it is rarely used for punishment and related administrative actions.

From the interview made managers and department heads and the data collected from UB respondents the researcher tries to conclude that the bank is used performance appraisal performance management interchangeably this create different problems regarding on the implementation of performance management and it faces different challenges from the beginning of performance planning like setting a goal to employee without his agreement, expectations of supervisors is not well communicated, the researcher also identifies that employees not agreed on the standard that will be used to evaluate their performance and it had a weak linkage to the overall strategic objective of the bank and the commitment and the understanding of all stakeholders towards performance management is somehow minimum even if the bank have its own guidelines and procedures regarding effective implementation of performance management.

5.2. Recommendations

Considering the major findings of the study on BoA, BrIB and UB Employee Performance Management Practices challenges on its implementation and the conclusions drawn, some efforts were made to forward possible recommendations by the researcher for the attainment of a better result from Employee Performance Management.

- ✓ The Banks should create equal opportunity to all employees to know about their bank mission, vision and strategic objectives, as stated on the interview the banks have been used different mechanisms in order to create understandings to employees, additionally the banks should fill the gaps in employee understanding by creating a follow up procedures to identify those gaps in employee understanding. If all employees know clearly about their bank mission, vision and strategic objectives they are willing to contribute for the success of the organization.
- ✓ The goals should be realistic and easily attainable by employees, to achieve this goal should be settled through discussion between employee and supervisors, supervisors follow up the capacity of employees to identify those challenges that hinder their performance, design flexible goals by considering the constraints on its implementation. If a goal is not realistic and attainable employees get tired when they think about the goal and this may create frustration and it also negatively affects the motivation of employees.
- ✓ Supervisors and employees should reach an agreement on the standard that will be used to evaluate employee performance and they should reach an agreement on development plan, if employee and supervisor do not discuss on performance standards used to evaluate the performance of employee it may causes disagreement and conflict between individual and his/her supervisor and if employee and supervisor do not reach an agreement about development plan it may closes the way to employees to see their weakness and areas of performance improvement.
- ✓ Organizations and supervisors should provide sufficient resources, timely feedback and support to their employees because without providing this meeting the goal, objective and strategies somehow difficult, because this factors have a great contribution on the overall implementation of individual, work unit/business and organizational objectives and strategies, to achieve this supervisors openly communicate their subordinates and follow up the day to day activities of employees, this may create the opportunity to easily identify the resource gaps and the necessary supports needed by employees.
- ✓ Supervisors should reduce questions related to the accuracy and biasness of performance assessment result by giving a chance to the employees themselves to assess their own

performance and by gathering important information about employee performance from different sources (customers, peers, etc) this information can be also used in designing the development plan of employee.

- ✓ Supervisors should discuss on performance assessment result with their employees to reduce the number of complaints regarding the accuracy of performance assessment result and biasness of appraisers and the banks should also follow up on its uniformity and its content that mainly focuses on individual contribution and development plan because discussion provides opportunities to employee to look on his/her weakness and areas that needs improvement, to achieve this the banks should promote the importance of performance review to the bank, supervisors and employee, so employees themselves can raise the question of performance review to their supervisors and this may also increase supervisors willingness to performance review.

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APPENDIX

ADDIS ABABA UNIVERSITY
School of commerce
Department of Human resource management

Questionnaire to be filled by: Employees

Name of student: Misgana Adugna Tadesse

Dear Respondents, I am currently attending a Master's degree in Human Resource Management at Addis Ababa University school of Commerce. I am conducting a thesis on the practice and challenges of Employee performance management in selected Ethiopian Private Banks. The purpose of this study is to assess the practice and challenges of Employee Performance Management. Therefore, your response is very crucial for the fulfillment of my study, I greatly appreciate your contribution and I can assure that your response is confidential and only used for academic purpose. If you are interested to send the result of the questionnaires and to give any comment or suggestion you may also use my email address amisgana16@gmail.com or call me 0912 87 68 43

Directions • No need to write your name,

- Please put **X** sign on the box provided on your level of Agreement for each close ended questions and write your response in brief on space provided for open ended questions.

Part I – General Information

1. Gender:

Male Female

2. What is your highest educational status?

Certificate College Diploma BA/BSC Degree Masters PHD

3. Years of service in the bank.

Less than 1 year 1 to 5 years 5 to 10 years More than 10 years

4. In which business process/work unit are you currently working?

5. What is your current position in the Bank?

Part II Performance Planning and Execution

Note: Performance Planning is a stage where the supervisor and the employee meet together to discuss and agree on what will be done and how it should be done and Performance Execution is getting the job done by achieving the objectives. Therefore having this in mind please rate your level of agreement or disagreement for the following questions.

No		1	2	3	4	5
	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor Disagree, 4= Agree and 5= Strongly Agree					
6.	I know the Bank mission, strategic goal and objective.					
7.	I am well clear about my business process/work unit strategic objective.					
8.	My business process/work unit objective is realistic and attainable					
9.	I am clear about what my job responsibilities are and what is expected from me					
10	Goal setting in my bank carried out with discussion between the employee and the supervisor					
11	I have a clear understanding about the job I do.					
12	I clearly understand the purpose and the process of performance management system employed by my organization.					
13	While setting a goal, my supervisor clearly tell me the expectation he/she has from my performance					
14	I am informed and reach on an agreement with my supervisor about the standards that will be used to evaluate my work					
15	My supervisor and I reached to an agreement about my development plan to enhance my performance					
16	The goal setted for me supports to achieve the strategic objective of the business process/work unit as well as the Bank.					
17	The Bank provides me sufficient resources to execute my job properly					
18	I have received feedback regularly about my performance from my supervisor					
19	I always be informed about a change in organizational goal and the initial goal setted by me and the supervisor is also updated accordingly					
20	I always get support from my supervisor while I face challenges in performing my day to day activities					

Part III Performance Assessment and Review

Note: Performance Assessment is conducted with the interaction of employee and supervisor for evaluating the extent to which the desired behavior and results are met during the specific period of performance review. Based on these purposes please rate your level of agreement or disagreement for the following questions.

No	1= Strongly Disagree, 2= Disagree, 3= Neither agree nor Disagree, 4= Agree and 5= Strongly Agree	1	2	3	4	5
21	My performance is measured based on the agreement I reached with my supervisor.					
22	I get a chance to assess my performance (self-appraisal method) based on the agreed plan					
23	My supervisor gather information about my performance from my peers, subordinates and customers while assessing my performance					
24	The performance rating I received is accurate.					
25	When my supervisor assesses my performance he/she is biased by different reasons					
26	After assessment have been done I always had a discussion meeting with my supervisor to review my performance					
27	The discussion I had with my supervisor is focused on the contribution I made, the capability I have and on my continuous development					
28	In my opinion the objective of performance review in the Bank is to motivate employees, to encourage development and to serve as a two way communication about the roles and expectations					
29	I think performance rating made by my bank is wastage of time and resource.					
30	Performance Management System in My Bank brings massive work and consumes much time it is better to have simple tool.					
31	Performance Management System changes the way I do my job and help me to know where I stand.					
32	Performance management makes me confused.					
33	Performance Management System is important for the success of me and the Bank, thus it is good to have.					
34	I am benefited and I get promotion or pay increase from the bank's performance management system.					
35	I know a person that were deceased because of performance management result					
36	Performance management system is used for a training need assessment.					
37	Performance management system is only used as a matter of formality.					

38. What are the major challenges do you think faced by your bank in the implementation of performance management system?

THANK YOU

ADDIS ABABA UNIVERSITY
School of commerce
Department of Human resource management

Interview Guideline

1. Do all employees informed about the mission and vision of the bank?
2. Does the specific job performed by an individual is linked with the strategic objective of the organization?
3. Employees of the bank properly communicated about Performance Management System; why it is needed by the bank, and the possible changes it could bring to the individual, the team as well as the bank?
4. Does the bank successfully handle the planning, execution, assessment and review processes of Performance Management System? If yes, how and if not why?
5. What were the major objective/expected/ from Performance Management System?
6. For what purpose the organization is use Performance Management output?
7. Does Performance Management System bring the desired outcome to the bank? If yes, discuss how tangible results were observed?
8. Could it be possible to say that your bank successfully implemented Performance Management System?
9. Which of the four steps of Performance Management System did you find challenging? And why?
10. Do you have any other comments or suggestions regarding Performance Management System at your bank?