

**THE EFFECT OF EMPLOYEES PERCEPTION ON  
PERFORMANCE MANAGEMENT PRACTICE OF  
COMMERCIAL BANK OF ETHIOPIA**



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**By  
Samrawit Negash**

**Advisor: Worku Mekonnen (PhD)**

**A thesis Submitted to School of Commerce, Addis Ababa University, in  
Partial Fulfillment of the Requirements for award of Master of Arts Degree  
in Human Resource Management**

**July, 2022  
Addis Ababa, Ethiopia**

**THE EFFECT OF EMPLOYEES PERCEPTION ON  
PERFORMANCE MANAGEMENT PRACTICE OF  
COMMERCIAL BANK OF ETHIOPIA**

**Addis Ababa University  
School of Commerce**

**By**

**Samrawit Negash**

**Advisor: Worku Mekonnen (PhD)**

**July, 2022  
Addis Ababa, Ethiopia**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**THE EFFECT OF EMPLOYEES PERCEPTION ON  
PERFORMANCE MANAGEMENT PRACTICE OF  
COMMERCIAL BANK OF ETHIOPIA**

BY

**Samrawit Negash**

**Advisor: Worku Mekonnen (PhD)**

**Approved by Board of Examiners**

_____ <b>Advisor</b>	_____ <b>Signature</b>	_____ <b>Date</b>
_____ <b>External Examiner</b>	_____ <b>Signature</b>	_____ <b>Date</b>
_____ <b>Internal Examiner</b>	_____ <b>Signature</b>	_____ <b>Date</b>
_____ <b>Chairman</b>	_____ <b>Signature</b>	_____ <b>Date</b>

## DECLARATION

I, Samrawit Negash, the undersigned person declare that the thesis entitled “*Employees Perception on Performance Management Practice Of Commercial Bank of Ethiopia*” is my original and submitted for the award of Master of Art Degree in Human Resource Management from Addis Ababa University, at Addis Ababa and it hasn’t been presented for the award of any other degree. Under this study, fellowship of other similar titles of any other university or institution of all sources of material used for the study has been appropriately acknowledged and notice.

Samrawit Negash

---

Candidate

---

Signature

Date

## **CERTIFICATION**

This is to certify that Ms. Samrawit Negash has properly completed her research work entitled “*Employees Perception on Performance Management Practice of Commercial Bank of Ethiopia*” with my guidance through the time. In my recommendation, her task is appropriate to be submitted as a partial fulfillment requirement for the Master of art Degree in Human Resource Management.

Research Advisor

Worku Mekonnen (PhD)

---

Signature and Date

## **ACKNOWLEDGEMENTS**

I acknowledge the Almighty God for giving me good health which was essential for me to finish my studies.

I would like to thank my advisor Dr Worku Mekonnen (PhD) (Addis Ababa University, School of Commerce for his patience and the enormous support I received during the entire process. His skill for guidance, constructive criticism, patience, enthusiasm and suggestions supported the efforts to get this project successful. You are a professional indeed. Grateful thanks go to him for his helpful comments during the preparation of the work and regarding its focal points.

My sincere thanks also go to all research participants for their support during the data collection and interview sessions. I would like to thank my families, friends, relatives and my parents for supporting me in this hard and long journey. Finally, but not the least, I would like to lengthen my genuine acknowledgments to all.

# TABLE OF CONTENT

DECLARATION .....	I
CERTIFICATION .....	V
ACKNOWLEDGEMENTS .....	VI
TABLE OF CONTENT .....	VII
LIST OF TABLES .....	IX
LIST OF FIGURE.....	X
ACRONYMS/ABBERIVATIONS.....	XI
ABSTRACT.....	XII
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Background of the organization.....	3
1.3 Statement of the problem .....	3
1.4 Research Question .....	5
1.5 Objective of the Study .....	6
1.6 Significance of the Study .....	6
1.7 Scope of the Study .....	8
1.8 Basic Terms Definitions .....	8
1.9 Organization of the Thesis .....	8
CHAPTER TWO .....	10
LITERATURE REVIEW .....	10
2.1 Introduction.....	10
2.2 Theoretical Literature Review .....	10
2.3 Empirical literature Review .....	20
2.4 Research Gap .....	24
2.5 Conceptual Framework.....	25
2.6 Hypothesis of the Study .....	26
CHAPTER THREE .....	28
RESEARCH METHODOLOGY.....	28
3.1 Introduction.....	28
3.2 Description of the Study Area.....	28
3.3 Research Approach .....	28
3.4 Research Design.....	29
3.5 Unit of Analysis .....	30

3.6	Data Type and Sources .....	30
3.7	Population and Sampling .....	30
3.8	Data Collection Procedures and Instruments .....	33
3.9	The Credibility of the Research .....	34
3.10	Data Analysis .....	36
3.11	Ethical Consideration.....	36
3.12	Operational Definitions.....	37
CHAPTER FOUR.....		39
RESULT AND DISCUSSION .....		39
4.1	Introduction.....	39
4.2	Response Rate.....	39
4.3	Demographic Characteristics of Respondents .....	39
4.4	Level of Employee Perception.....	41
4.5	Level of Employee Engagement towards Performance Management .....	53
4.6	Inferential Analysis.....	56
4.7	Discussion.....	69
CHAPTER FIVE .....		73
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS .....		73
5.1	Introduction.....	73
5.2	Summary of Key Findings .....	73
5.3	Conclusions.....	74
5.4	Recommendations.....	74
5.5	Implications for stakeholders .....	76
5.6	Limitations of the Study.....	77
5.7	Areas for Further Studies .....	77
REFERENCES .....		78
APPENDIX.....		III
Appendix I Questionnaire .....		III
Appendix II- Interview Checklist .....		IX

## LIST OF TABLES

Table 1 Sample Size Determination .....	32
Table 2 Reliability Statistics Test Results .....	35
Table 3 Operational Definitions.....	37
Table 4 Response Rate.....	39
Table 5 Demographic characteristics of the respondents .....	40
Table 6 Responses' for Personal Attitude (N=219).....	42
Table 7 Responses' for Past Experience (N=219) .....	44
Table 8 Responses' for Communication (N=219).....	46
Table 9 Responses' for Understanding (N=219) .....	48
Table 10 Responses' for Trust (N=219) .....	51
Table 11 Responses' for Employee Engagement towards Performance Management (N=219) .....	53
Table 12 Correlation Analysis (N= 129) .....	57
Table 13 Summary of Co linearity Statistics (N= 219) .....	60
Table 14 Result of Durbin-Watson (N=165) .....	60
Table 15 Model Summary (N= 219).....	64
Table 16 ANNOVA - Statistical significance of the model (N= 219).....	66
Table 17 Statistical Significance of the Independent Variables (N=219).....	66
Table 18 Summary of Hypotheses.....	72

## **LIST OF FIGURE**

Figure 1 Conceptual Framework	25
Figure 2 Histogram	61
Figure 3 Normal PP Diagram	62
Figure 4 Scatter Diagram	63

## **ACRONYMS/ABBERIVATIONS**

**HR:** Human Resources

**HRD:** Human Resources Development

**HRM:** Human Resources Management

**PMS** - Performance management System

**SET:** Social Exchange Theory

**SHRM:** Strategic Human Resources Management

## **ABSTRACT**

*The main objective of this research study was to assess employee perception on performance management practice of Commercial bank of Ethiopia. This study adopted both descriptive and casual research methods. A well-structured self-administered questionnaire was used as the main tool for data collection and was administered to 270 respondents, out of which 219 were retrieved and appropriately filled. Reliability of the research instrument was calculated and the Cronbach's alpha coefficient for all variables were more than 0.75 was 0.94. The data were analyzed using both descriptive and inferential statistical tools. Therefore, this study revealed that there exists a positive relationship between personal attitude, past experience, understanding, communication and trust and performance management system practices; there is a significant effect of personal attitude and performance management system practices. As a result, this study concluded that the most successful factors are towards employee perception in successful performance management implementation. This research also concluded that engaged employee are a productive asset to effectively utilize performance management system of the organization. Thus, the study suggests strong performance management system guidance and direction should be provided to employees in order to empower them.*

**Key words: Bank, Engagement, Perception, Performance**

# CHAPTER ONE

## INTRODUCTION

This part of the study contains background of the study, statement of the problem, study objectives, research questions, and significance of the study, scope of the study, operational definitions and terms including organization of the study.

### **1.1 Background of the Study**

Organizations have to ensure optimum performance of their employees continuously in order to compete effectively in the present competitive business scenario. The concept of performance management has been one of the most important and positive developments in the sphere of Human Resource Management in the past years. Performance Management system (PMS) is the procedure that clearly includes documentation and support of the employees inside the organization and that decides the consequences, across the norms that are set by the organization. Performance management includes numerous levels of analysis, and is related to the themes deliberate in strategic HRM as well as performance appraisal (Mufeed and Saloome, 2021).

This shows that it is concerned with satisfying the needs of all of an organization's stakeholders. Specifically, according to Yusuf (2021) the equity or fairness perceptions in an organization play an important role in individuals' motivation, knowledge sharing, job satisfaction, and productivity in the workplace. Matejka (2018) stated that a positive perception by employee towards performance management will improve their morale leading to increased productivity, job satisfaction, and lower turnover; reduce absenteeism and improved quality of service. Negative perception will have the opposite outcome and create indifference towards performance evaluation management which will lead to staff preferring to maintain the existing condition. The individual perception is profoundly influenced by personal characteristics and individual interpretation of the environment including how they perceive the managers and other colleagues. Some of the basic and certain factors affect the individual perceiver such as personal attitude, personality, motives, interests, past experience and expectations (Eneanya, 2018).

Essentially, performance management is about positive reinforcement and behaviour'. It is the systematic, data oriented approach to managing people at work that relies on positive reinforcement as the major way to maximize performance. Performance management defines as

a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to the higher goals of the institution. The reason of mentioning only these seven dimensions among many that define performance management system is based on their importance and covering almost all the aspects of performance management system as Performance is stated to as being about doing the effort, as well as being about the results attained. It is a two-way process in which manager and the employees establish and gain an understanding of the goals set for the employee to achieve (Okechukwu, Peace and Ebele, 2019).

This is because performance management helps to success of the organization in realizing of strategic purpose and increasing of effective working process through continuous improvement of individuals' performance and process along with focusing on weak improvable points (Abraham, Assegid and Assefa, 2014). Basically, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. Performance management practices can greatly enhance the effectiveness of organizations by letting employees know what they are doing well and what they need to improve, while motivating employees to change key behaviours (Yusuf, 2021).

The human resource is the most appreciated resource in an organization makes it very important to take their perspective in the practices and processes of the performance management system. Banks has yet not recognized the importance of the ongoing process of evaluating and still continuing with the practice of periodic review. Banks have undervalued the importance of training and just made it as the ritual rather than a practice of delivering value to the employee (Mufeed and Saloome, 2021). Providing employees with feedback can positively influence future performance, but sometimes it has the opposite effect providing feedback decreases performance (Okechukwu, et al., 2019). Its discussions are usually easier and employees are more open to feedback when the manager and employee have the foundation of a good relationship. With due attention to the fact that performance management is one of the main parts of organizational life and could be consisted of several organizational processes such as measuring of work performance, this study is intended to review assess employee perception on performance management practice of Commercial bank of Ethiopia.

## **1.2 Background of the organization**

Commercial Bank of Ethiopia being the name of the former government bank of Ethiopia continue a specialized service limiting its mandate to commercial banking only since 1964 G.C(1956 E.C.) and National Bank of Ethiopia came to existence to control the wide spread of banking service and the money flow for stable economy. In 1974 G.C Commercial bank of Ethiopia gets its strength following its merger to Addis Ababa bank, which was acting as competitor earlier to merge.

CBE is the oldest and top leading financial service provider in Ethiopia. It was established in 1942 with the aim to facilitate economic activities and expand use of modern financial services. Since its establishment, the bank has played important role in enhancing investment and expanding modern financial services. In doing so, the bank has contributed to the economic development and financial inclusion efforts of the country. Its head office is located in Addis Ababa and currently it has 30 districts and 1666 branches throughout the country. It employs more than 37,845 people. CBE has been changed dramatically during the past 10 years. It tracks down technological changes, tests a huge part of them and puts the best ones into practice. CBE also offers traditional services to customers, such as different types of trade service, loans and deposits, or money transfers. Moreover, CBE is the largest issuer of debit cards 30 in Ethiopia and has the biggest chain of ATMs (which has more than 3 thousand) and POS (which are active more than 3,691) as at June 30, 2021 (Source : CBE, 2022).

## **1.3 Statement of the problem**

An effective Performance Management process establishes the foundation for excellence by linking individual employee objectives with the organization's mission and strategic plans or outcomes. In comparison with the numerous benefits attained from implementing performance management system, Abraham, *et al.*, (2014) found that performance management practices normally suffer from subjectivity its criteria and marred with unrelated criteria like shortage of skills and knowledge of the raters, the subjectivity, favoritism and bias of the raters, lack of continuous documentation and inability to provide on time feedback are some of the problems most employees raise. Actually, performance management practices should be clear, concise and easily understood by everyone involved. Managers and individuals ought to appreciate what

performance management is trying to achieve, not just how it should be done. Most important, and confirmed by the research, it should seek to align the activities and objectives of all employees from senior executives to operatives to business objectives and goals. As a final point, everyone should be able to understand how the outcomes will be used and the benefits for themselves and their organization (Martha, 2012).

Commercial Bank of Ethiopia (CBE) has a structured recently Performance Evaluation Process (PEP) where objectives are set discussed and clearly expressed and the process is an ongoing process whereby feedback is shared between management and staff. CBE expected that its employees are required to undertake the newly formed self - assessment to outline what they have achieved during the course of its budget year. As per the preliminary interview with HR department, repeated discussions are held between supervisors and staff to determine whether the objectives were met and to determine whether the staff member is eligible for promotion. More importantly, employees are told this process also determines the salary increment of the staff depending on their performance. Despite this, HR and some managers are concerned about staff are not motivated to complete the self - assessment process although they know that this process is significant for the personal remuneration and career growth. It seems that their perception of the whole process is essentially of formality and management have predetermined course of action which is not determined by performance.

Several studies have been done on banking performance management practices in Ethiopia; Kalkidan (2018) studied the process and experience of implementing the performance management practices techniques, a descriptive survey of with sample samples (84 employees of the bank). Further, Yosuf (2021) addressed issues related to performance targets, difference in a very small sample [15 participants was selected using purposeful sampling]. Others, like Abraham et al., (2014) were more committed to assess the perception of performance management practice of governmental offices and its effect on employees' work outcomes, in the form of work performance, affective commitment and turn over intention as well. Others researches were more interested in financial and non-financial factors, highly recommending the performance management practices. For example, Martha (2012) involved in studying the employees perception of performance management practices.

In light of the above, the stated point initiated the research to establish employees' perception towards the prevailing performance management practice in banking sector. This is due to the prompt change in the business environment; organizations require a performance management system that will encompass both dependent (performance management practice) and independent variables [individual perceiver such as personal attitude, past experience and people relationships in organizations such as communication, understanding and trust]. This is because most organizations do not call these performance management practices, though their practices model those of the performance management practices. As per the researcher's knowledge, none of these studies focused on banking organizations' employee's perception of performance management practices, in Ethiopia. This study therefore pursues to fill the gap by seeking answers to the question: what is the perception of staff towards performance management practices in the top financial sector in Ethiopia?

## **1.4 Research Question**

### **1.4.1 Main Research Question**

- What is the effect of employee perception on performance management practice of Commercial bank of Ethiopia?

### **1.4.2 Specific Research Questions**

- What is the effect of personal attitude on performance management practice of Commercial bank of Ethiopia?
- What is the effect of employees' past experience on performance management practice of Commercial bank of Ethiopia?
- What is the effect employee communication on performance management practice of Commercial bank of Ethiopia?
- What is the effect of employee understanding on performance management practice of Commercial bank of Ethiopia?
- What is the effect of employee trust on performance management practice of Commercial bank of Ethiopia?
- What is the effect of employee engagement on performance management practice of Commercial bank of Ethiopia?

## **1.5 Objective of the Study**

### **1.5.1 General Objectives of the study**

The general objective of this research was to assess employee perception on performance management practice of Commercial bank of Ethiopia

### **1.5.2 Specific Objective of the study**

- To examine the effect of personal attitude on performance management practice of Commercial bank of Ethiopia
- To test if the level of effect employees' past experience has on performance management practice of Commercial bank of Ethiopia
- To evaluate the level of effect employee communication has on performance management practice of Commercial bank of Ethiopia
- To test if the level of effect employee understanding has on performance management practice of Commercial bank of Ethiopia
- To evaluate the effect of employee trust on performance management practice of Commercial bank of Ethiopia
- To assess the effect of employee engagement on performance management practice of Commercial bank of Ethiopia

## **1.6 Significance of the Study**

Contribution of the study is believed to appear in following various ways to different participants and its result and findings are significant in various aspects. Firstly, the value of this study will form a theoretical HRM understanding which will help in increasing performance management strategy as an achieving strategic concept for its contribution to employees' performance. Secondly, the study will assist in identification of factors [personal attitude, past experience, communication, understanding, engagement and trust] affecting perception by staff of CBE towards performance management practices. It will guide those involved in policy making when implementing performance management practices in the various countries.

On other hand, on the basis of the findings of the study, this study has drawn some conclusions and identifies the current perception of employees towards the performance management and has given signal to the human resource management of organization to take remedial actions on the overall practice of performance management in order to minimize those factors leading to negative perception of employees. Secondly, it will also show the implication of perception of individual employees towards performance management practices in the bank sector. It is a piece of contribution to the current knowledge in the practice of performance management in banking sector and invites for further research to bring behavioral change in the area of performance management both in the mind of the appraiser, appraises and those parties responsible in the design of the instruments of various performance evaluation forms. It will also offer a window for possible amendments and improvements of performance management practices.

The knowledge derived from the research will inform decisions of financial institution stakeholders and executive regarding performance management practices in Ethiopian financial institution. Governmental organizations and business firms will benefit from knowledge regarding the performance management options that can be quite attractive to employees. By benefiting from performance management practices employed by other firms locally and globally, upcoming skilled professionals, who are mostly young people, will gain the confidence to adopt modern methods of performance management practices in order to increase their personal and organizational performance.

The research can inform government decisions such as revising its labor law and employee rates upwards in order to make employability to become more attractive. Moreover, through the research, the government may need to create legislations that can create a favorable labor management ground for all, irrespective of their age. The research will enable employees to discover new and easy methods of performance management. Moreover, the study broadens the knowledge on performance management practices and provides a basis for further research on the factors perceived by employees as inhibiting the success of performance management practices in the bank sector. This research will form a basis for further research in this area among researchers and lastly, the study will form a theoretical reference in the field of human resource strategic management within its core concepts of performance management practices strategy and responses by employees.

## **1.7 Scope of the Study**

The research is conducted at the top financial organization in Ethiopia in the case of CBE in Addis Ababa. The scope of the study was delimited in three ways, i.e., geographically, conceptually, and methodologically. Conceptually, this study highlighted on five individual employee perception variable and one dependent variable as performance management practices. It included personal attitude, past experience, communication, understanding, engagement and trust and performance management practices. Other variables being affecting and affected by the perception of employees on performance management did not be addressed. Additionally, though the performance Management is a very wide concept, this study attempted to address employee perception on performance management practice of Commercial bank of Ethiopia.

Geographical, this study focused on employees working in the head office of CBE and selected to financially capacitate branches located in the city of Addis Ababa. Thus, this research conducted through descriptive and explanatory research design. Descriptive analysis was displayed by employing mean and standard deviation while inferential analysis was used multiple regressions. In conducting this research, both secondary and primary sources of data was appropriately used. The researcher obtained data and information from primary sources through self-administered questionnaires and direct personal interviews with key informants.

## **1.8 Basic Terms Definitions**

- **Performance** - In simple way performance can be regarded as a record of an outcome or accomplishment achieved by a person or a team (Armstrong, 2016).
- **Performance Management** - defined as a strategic and integrated process that delivers sustained success to organizations by improving the performance of people who work in them and by developing the capabilities of individual contributors and teams (Martha, 2012).

## **1.9 Organization of the Thesis**

This study is organized in five chapters. Chapter one introduces the background of the study, problem statement, research questions, research objectives, significance of the study, scope and limitation of the study and also definition of basic terms. The second chapter includes the

theoretical review of related topics, empirical review related to the topic and the conceptual framework which shows how the particular variables in the study connect with each other. Chapter three consists of research methodology and design that describes the type and design of research; the target population and sampling techniques of the study; data collection instruments and procedures used to collect data and the methods of data analysis. The fourth chapter deals with data analysis, presentation and interpretation. Finally, the fifth chapter discusses about summary of the findings, conclusion and recommendation.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Introduction**

This chapter involves in review of related literature on performance management system. The chapter briefly discusses an overview of definition of performance management, followed by factors affecting employee's perceptions and finally the relationship between performance management and employees' perception are addressed. Overall, these chapters serves as the foundation for the development of this study .An overview of the extensive historical research related to performance management is presented to examine the existing knowledge base regarding employees' perception of performance management system practice. Furthermore, various literatures are reviewed and based on the reviews, the hypothesis were developed. Finally, the conceptual framework for this study research is presented graphically.

### **2.2 Theoretical Literature Review**

#### **2.2.1 Definitions and Concepts**

Definition of performance management is a collection of actions focused on the company to enrich the performance of employees in all department of a company which is significant to improve the effectiveness of the company. Performance Management System (PMS) is required to influence employees to assist their strategy. Therefore, it should be suitable for the culture of the company. This system is focused on continuous improvement of the company's performance, which can be accomplished by enlightening the performance of individual employee with appropriately designed of PMS in organization able to create perceptions of fair treatment among employees, boost the employee motivation and satisfaction and consequently improve their work performance (Idowu, 2017).

Based on Vivian (2016), the terms of performance management were established by Beer and Ruth in 1976. The weight of these terms has reformed from control, command, and cautious system to a commitment-based system. A complete cycle of PMS consists of the goals and

objectives, feedback, coaching, advice, and motivating employee to perform at a high level of performance. Solomon (2016) stated that the objective of PMS in an organization is aligned with the process of the objective set for each of the employees. As time passed, PMS has developed Performance Pyramid, Balanced Score Card and Performance Prism which can be used for appraising different aspect of performance. The success of PMS can be seen when the organization's objectives are accomplished. A performance management model enlightened that the recognition of PMS by employees is an important factor for the effectiveness of the system. Additionally, PMS cannot be assumed to be effective without employees' respond (Sharma, Sharma, & Agarwal, 2016).

Armstrong and Taylor (2015) sated that performance management should be observed from a system-thinking perspective is an ongoing approach to improve results through rational and evidence-based decision-making, resulting in a continuous organizational learning focused on accountability of performance. It is distinguished that there is relationship between the variables, employee and the organization, and the perceived outcome of performance management on the effectiveness and success of these variables. As an integrated process, performance management ensures that managers work with their employees to set opportunities, to measure and review results and thereafter, to/ reward performance in order to improve employee performance with the aim of achieving positive effect on the success of the organization.

All in all, performance management reveals a paradigm shift from thinking of performance evaluation as a discrete event to a continuous process. Definitely, performance management encompasses the entire range of enhancing performance. It contains an approach to creating a shared vision of the organizational goals and objectives, aiding employees to understand and know their part in contributing to them and implementing relation between performance and reward (Idowu, 2017). Overall, performance management aims to empower, motivate and reward employees to do their best, focus employees' tasks on the right things and doing them right; align everyone's individual goals to the goals of the organization, proactively manage and resource performance against agreed accountabilities and objectives, support personal/individual objectives with team, department and corporate plan and make individuals clear about what they need to achieve and expected standards, that gives to overall success of the organization, provide regular, fair, accurate feedback and coaching to stretch and motivate employees to achieve their

best and maximize the potential of individuals and teams to benefit themselves and organizations (Sharma, et al., 2016).

According to Vivian (2016), performance management is a continuous process of identifying, measuring and developing the performance of individuals by linking individual performance and objectives to the organizations overall mission and goals. The core components of this definition are the major building blocks of the concept of performance management hence; performance management is an ongoing; it involves continuous process of setting goals and objectives, observing performance and receiving ongoing coaching and feedback and alignment with strategic goals; meaning that Performance management is not separated from the long term strategic goals of the organization.

The above definition entail that performance management is not separated from the strategic goal of the organization because performance management contributes a lot to the organization by developing and improving individual, team and organization performance. It was added that this continuous capacity building needs clear objectives, observing and measuring performance and giving regular feedback. Performance management is the process through which managers ensure that employee's activities and outputs contribute to the organization's goals. This process requires knowing what activities and outputs are desired, observing whether they occur, and providing feedback to help employees meet anticipations. In the course of providing feedback, managers and employees may identify performance problems and establish ways to resolve those problems (Morris, 2017).

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. Performance management could be evaluated using scales which can either be behavioural with examples of good, average or inadequate or graphic which present points along a continuum alphabetically. From the foregoing it can be inferred that performance management entails all human managerial activities for initiating and tracking performance of an organization through its staff. Therefore the purpose of performance management is to improve performance by creating accountability to goals and objectives (Sharma, et al., 2016).

## **2.2.2 Performance Management Practices**

Performance management practices are influential tools to focus activity and effort and, hence, enhance business performance. Done seriously it can disengage staff, foster unproductive activities, waste effort and misdirect rewards. Performance management practices has been around in the language of HR and people management since the 1980s and its development as a key people management tool can help us understand its contribution and positioning in relation to other key HR activities. Using several manifestations from management by objectives to performance review, performance management practices has been the main vehicle by which managers communicate what is required from employees and give feedback on how well they are achieving job goals (Morris, 2017).

The successive survey found there was generally consensus that the term encompassed a range of activities to manage individual performance, but these activities were clustered around the areas of development and reward. Hence this work was able to make a differentiation between pay-led performance management systems and development-led systems. It is provided evidence for performance management as a vehicle to integrate a number of activities focused on individual contribution, such as career planning, talent management and learning and development (Armstrong and Taylor, 2015). Due to the inherent difficulties in collecting good objective performance measures, many organizations have moved the evaluation of results to collecting information on employees' most meritorious accomplishments and the impact of these contributions. Good performance is recognized without waiting for nominations for formal awards to be solicited. Recognition is an on-going, natural part of day-to-day experience (Martha, 2012).

## **2.2.3 Theories of Performance Management and Perceptions**

The following three theories reinforced performance management such as goal theory, social exchange theory and social cognitive theory.

### **2.2.3.1 Goal Theory**

Solomon (2016) cited Reiss (2004) stated that people perform better when they have specific and challenging but reachable goals. This theory is based on the notion that individuals sometimes have a drive to reach a clearly defined end state. Frequently, this end state is a reward in itself. A goal's efficiency is affected by three features: proximity, difficulty and specificity. Acceptance of

goals is achieved when people perceive the goals as fair and reasonable and trust their managers. There are arrangements for individuals to participate in goal setting. Support is provided by the supervisor. A supportive supervisor does not use goals to threaten subordinates but rather to clarify what is expected of them. People are delivered with the resources required to achieve their goals.

Success is achieved in reaching goals that reinforces acceptance of future goals (Noe, 2016). Specific and challenging goals lead to higher performance than no goals or generalized goals, such as 'try your best'. Likewise people who contribute in setting their own goals are likely to set more difficult goals than others will set for them, and goal difficulty leads to increased commitment to achieving the goals. The goal setting theory states that when the goals to be achieved are set at a higher standard, then in that case employees are motivated to perform better and put in maximum effort. It revolves around the concept of "self-efficacy" that is individual's belief that he or she is capable of performing a hard task. It is highlighted four mechanisms that connect goal to performance outcomes: attention to priorities, stimulate effort, challenge people to bring their knowledge and skills to bear to increase their chances of success and the more people will draw on their full repertoire of skills the more challenging the goal. Accordingly, this theory is used in this study as the theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed. This study signifies specific and pronounced objectives help in achieving them faster instead of giving vague tasks to people. A goal orientation also avoids any misunderstandings in the work of the employees as the clarity is high.

### **2.2.3.2 Social Cognitive Theory**

Social cognitive theory was one of the noticeable theories used to elegant the main variables of the study. The main focus of this theory is imitation is an instinct. In other words, observed actions elicit an instinctive drive to copy those actions. According to this theory imitation becomes a secondary drive through repeated reinforcement of responses matching those of models. This theory also shows the process how the viewer's become to produce the behavior they want. Wishful identification occurs when a viewer wants to be like the character, experience an active desire to imitate the figure, and looks up to the character (Solomon, 2016).

Morris (2017) mentioned Bandura (1986) as a founder of this theory based on self-efficacy

concept. This proposes that what people believe that they can or cannot do par fully impacts on their performance. Theory relates self-perception with the action and performance of the employees is related to perform and achieve performance target. Therefore, this theory is vital for this study as it theory suggests that identification with the characters is anticipated to increase absorption, reduce counter arguing, and thus increase viewers‘ acceptance of the values and beliefs portrayed in an organization. Developing and strengthening positive self-belief in employees is therefore an important performance management practice. It suggests that self-efficiency or one’s belief in his or her own ability to do a job, anticipated outcomes, goal setting and reinforcements operate together to help individuals reach performance goals.

### **2.2.3.3 Social Exchange Theory**

According to Yusuf (2021), the study is observed through the lens of social justice, employees’ feelings, and perceived fairness in the workplace using social exchange theory (SET). According to this study, SET was propounded by Homans in 1958 and developed by Thibaut, Kelley, and Blau (Zoller, 2019). SET centers on behavior and how employees feel about the organization. Performance target generates feelings that can be beneficial or distractive to both employees and the organization. SET assumes that employees generate different influencing outcomes, task performance in an organization, thereby influencing productivity in an organization. An engaged and satisfied employee makes their loyalty to the organization to increase. Trust emerges through social interactions between exchange partners, individuals, and organizations in this theory. The individual’s psychological makeup influences and impacts the perception or anticipations of higher organizational rewards.

### **2.2.4 Effect of Employees Perception on Performance Management**

Performance management is planned process whose five primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It deals with measuring outcomes in the form of performance against anticipations. It is characterized by setting for ongoing dialogues about performance. It is continuous and flexible process that involves managers and those whom they manage acting as partners within a framework. It relies on consensus and cooperation rather than control. Performance planning and improvement and personal

development it enhances teams and individual capacities (Armstrong and Taylor, 2015). As a result, more specifically performance management is concerned with aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling anticipations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies and motivating people by providing them with recognition and the opportunity to use and develop their skills and abilities.

One of the most fundamental purposes of performance management is to align individual and organizational objectives. Alignment can be gained through cascading process so that objectives flow down from the top. But it should also be a bottom-up process, individuals and teams being given the chance to prepare their own objectives 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 (Armstrong, 2016).

Employee participation is very vital element for successful performance evaluation systems. Employees must play key roles, participating in everything from writing job descriptions, to identifying their own goals and standards, to assessing how well they have performed (Noe, 2016). Employee participation in the process has the following results enhance ownership and acceptance, reminds about results employees delivered and how they are accomplished, employee generated accomplishment can be involved in the formal appraisal, employee input increases communication and understanding and employee accomplishment can be retained. Every employee, from the top to the bottom of an organization, is subject to performance management even if this is not unavoidably a formal process. Their pay and future is exaggerated by it and in the more formal schemes they take part in formulating performance agreements and measuring and reviewing performance. They may be requested to prepare for review meetings formally or take part in 360-degree assessment schemes. They will participate in objective setting and discussing roles and competence requirements (Armstrong and Taylor, 2015).

#### **2.2.4.1 Personal Attitude**

The achievement of any organization depends largely on the effective utilization of human resources. For organizations to be successful, they must consider employees' feelings within the organization. The success of any organization depends upon its employees' attitude. Success in the business environment depends on how organizations identify the factors affecting job satisfaction and morale of their employees, such as growth opportunities, salary, management, team organization, and working conditions (Varikunta, Kumar & Reddy, 2019). Employees are satisfied when they show a positive attitude towards their job. Job satisfaction reflects how well an employee perceived their needs are satisfied by the organization (Yusuf, 2021).

#### **2.2.4.2 Employees' Past Experience**

Okechukwu, Peace and Ebele (2019) used a qualitative phenomenological study to explore the lived experiences of workplace related stress of permanent bank employees working under the current performance targets in the Nigerian banking sector. This study was expected to bring about changes in the literature of stress and performance management in the Nigeria's banking sector. The study may bring about positive social change with regard to management of work-related stress, good working environment and social justice in the workplace.

Yusuf (2021) argued that the current trend in performance target is due to what is happening in the economy of the country or the world at large. They further added that performance target is the bedrock for any bank to move forward, that is the pillar the bank is relying on to achieve its objectives. There is no agreement; the agreement is like a blank agreement while signing the offer of employment that may have no legal binding. Thus, most respondents interviewed believe that the bank did not sign any agreement with the employees for them to refer to especially when they achieve their results and are not rewarded in return.

#### **2.2.4.3 Employee Communication**

Performance targets may involve continuous open communication, and linkage between performance and rewards. These performance standards should also be clear and objective, followed by communication with employees to know what is expected of them, standards for

effective feedback. Feedback should state what the employees did compare with their goals. Feedback is the information used to guide performance in the right direction.

Yusuf (2021) showed mixed result while some participant described ineffective communication, other described effective communication. The only point of agreement is that when it comes to performance targets the decision is one way as agreed by the participants. Respondents indicated their level of communication is poor because there is not enough engagement to address the issues in performance target. They described further that the majority of them were not involved in the decision of setting a target in my organization. Other subthemes are used to describe unrealistic targets, working under pressure, negative impact on job security, extended working hours, and the feeling of helplessness in the organization. The subthemes also described the low level of manpower with regards to low level of managing, poor communication, and deliberated the level of job satisfaction or dissatisfaction.

#### **2.2.4.4 Employee Understanding**

According to Morris (2017), performance management process provides the basis for regular and frequent dialogue between managers and individuals about performance and development needs, hence forward looking and departmental. It is a process for founding shared understanding about what is to be achieved and an approach to managing and developing people in a way that increases the short and long term probability of the organization. It is possessed and driven by line management. Performance management is a means of getting better results from the whole organization and individuals, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements.

Martha (2012) stated that the concept of performance management practices can be just understood as a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is realized. Furthermore, as a strategy which relates to every activity of the organization set in the context of its culture, human resource policies and style and communications systems. Performance management practices can importantly improve the

effectiveness of organizations by letting employees know what they are doing well and what they need to improve, whereas motivating employees to change key behaviors.

#### **2.2.4.5 Employee Trust**

Employees form perceptions about the system and thus, the trust relationship between the organization and its employees is disputed. Employee perception of performance management can affect an organization in either a positive or a negative way. The effect or impact can be positive and result in good company performance or negative, which results in poor company performance. It is related to the level of trust employees have in their supervisors (Vivian, 2016).

Trust can be seen as a psychological state comprising the intention to accept vulnerability based upon positive prospects of the intentions or behaviors of another. Actually, trust is defined as the relationship between an employee and a line manager. The benefit of self-appraisal is to reduce an employee's defensiveness during the assessment meeting and also to increase employee's satisfaction and trust in the performance management system. The time for the formal performance review approaches, the manager reflects on how well the subordinate has performed over the course of the year, assembles the various forms and paperwork that the organization provides to make this assessment, and fills them out. The manager may also recommend a change in the individual's compensation based on the quality of the individual's work (Okechukwu, et al., 2019).

#### **2.2.4.6 Employee Engagement**

Rupa (2019) stated that engagement is a workplace method intended to ensure that employees are dedicated to their organization's goals and values, inspired to contribute to organizational success, and are able at the same time to improve their own sense of welfare. It was designated engagement as a positive attitude toward the job and distinguished it from both job satisfaction and commitment. Consequently, the complete equation of engagement is obtained by aligning maximum job satisfaction and maximum job contribution. Work engagement is identified as highly involved in helping employees become more deeply engaged with their work and reduce the effect of job burnout in the light of these constructs. Employee engagement is the level of commitment and taking part an employee has on the way to their organization and its values. An

engaged employee is aware of business setting, and works with colleagues to increase performance within the job for the benefit of the organization. The organization desires work to develop and nurture engagement, which needs a two-way relationship between employer and employee. As a consequence, employee engagement is an indicator that determines the association of a person with the organization.

## **2.3 Empirical literature Review**

### **2.3.1 Evidences from Global Studies**

Mufeed and Saloome (2021) examine the perception of employees towards performance management system in the banking sector and highlights how performance management leads to more effective management of the employees and that of an organization. This study focused on the effectiveness of the performance management system in the changing scenario of business. This study found that banks are yet to recognize the importance of performance management and its effect on the employee morale and satisfaction. Performance management sets anticipations for employees 'performance and motivates an employee to work hard in ways that are expected of the organization. Management of banks has failed to link pay with performance. Banks do not communicate to the employees that what is expected to them in terms of performance and how an employee's performance contributes to the overall business plan. The rating system of banks somehow lacks accuracy as the employees believe that ratings are not accurate and does not reflect their actual rating and ratings are mostly based on personal feelings or prejudice than on their actual performance. Banks have yet not recognized the importance of the ongoing process of evaluating and still continuing with the practice of periodic review. Banks have underestimated the importance of training and just made it as the ritual rather than a practice of delivering value to the employee.

Fatimah and Nik (2019) aimed to ascertain the implementation of performance management system in the company, to analyze the factors that affect employee perception on PMS, and subsequently to determine the relationship between factors influencing employee perception and PMS. This study distributed 119 questionnaires to employees in Company X. The response rate is 43% of the total sample. The finding displays that the respondents strongly agreed on the implemented PMS in the company. Similarly, employee participation was the highest factor that

influencing employee perception of PMS, followed by employee knowledge and skills, and rating techniques. Generally, each of the factors had a significant relationship with the PMS. This study may assist managers in improving their communication with employees on their work performance. Consequently, this will increase the employee understanding of how they have been assessed and feel that the process is fair. Later, this will ensure a positive employee perception of the implemented PMS.

### **2.3.2 Evidences from African Studies**

Yosuf (2021) addressed issues related to performance targets, disparity in job satisfaction, and stress-related issues in the workplace. The purpose of this qualitative phenomenological study was to explore the lived experiences of workplace-related stress of permanent bank employees working under the current performance targets in the Nigerian banking sector. The research explored the lived experiences of permanent bank employees working under the current performance targets in the Nigerian banking sector. Qualitative great phenomenology was the most appropriate design for this study. A sample of 15 participants was selected using purposeful sampling. The key findings indicated that bank employees suffered excessive stress levels, ineffective communication, low level of manpower, excessive workload and overtime, imbalances in work–life, and job losses. The study may have a social change impact on the bank employees, bank management, regulators, and society at large with regards to the provision of adequate knowledge of the performance target and compensation dynamic in the Nigeria’s banking industry.

PMS connotes a strategy that relates to every organization’s activity based on the context of human resource policies, cultures, styles, and communication systems that vary from one organization to the other. Performance management practices are embattled at improving organizational performance. Performance management makes an employee more efficient and effective. Managing workers’ performance is an effective mechanism for developing both workers and organizational effectiveness (Eneanya, 2018). A Nigerian study done by Tommy, Umoh, Inegbedion, and John (2015) found out that most employees were unaware of the prevailing model of performance management system in the organization. Also the employees feel that the company’s performance management system has failed to give a proper assessment of their contribution to the organization. Further, Morris and Jane (2017) revealed that

performance management system enhances employee performance by providing a reliable performance measure, increasing staff competency and hence realization of set targets in Kenya. And the researchers concluded that enacting performance management system enhances employee performance through setting individual objectives that are derived from overall organizational goals and identifying skills gap which are addressed through trainings thus increasing staff competence levels. The same study also recommended that banks management should foster their employee's awareness of the role of performance management system, reward good performers, address training gaps identified, conduct appraisals in a professional manner and give accurate feedback concerning staff's performance after performance appraisal process.

Martha (2012) stated that effective use of performance management practices can help organizations to better understand its overall efficiency and effectiveness. Positive and negative feelings about one's job lead to job satisfaction and job dissatisfaction respectively. Today, employee perception towards performance management practices boosted their morale leading to increased productivity, job satisfaction, lower turnover, reduce absenteeism and improved quality of service. Negative perception will have the opposite outcome and create indifference towards performance management practices which lead to staff preferring to maintain the status quo hence being a barrier to introduction of new technologies in the Bank as dictated by rapidly changing global environment. The research used censer study because it enabled generalization of a larger population with a margin of error that is statistically determinable. Using quantitative data analyze, this study concluded that the perception of employees towards performance management is very critical in all organizations as this motivates them to achieve the goals set by the organization and the respondents agreed to the various statements that pertained with the planning and employee anticipation, observing individual performance, developing the capacity to perform and evaluating performance.

### **2.3.3 Evidences from Ethiopian Studies**

Habtamu (2020) examined the performance management practice of Commercial Bank of Ethiopia, Addis Ababa area. Using descriptive survey, this study found that though some gaps are observed the performance management practice of the bank is good. The challenges included while undertaking performance prerequisite the bank does not involve the employee on target

setting, the bank lacks personal development plan, the bank didn't effectively apply employee feedback and coaching package. Finally, employees aren't rewarded according to their performance besides training and developments are expected to give based on employee performance however, training and development program provided randomly. This study concluded that, the bank should arrange personal development plan for the employee, implement ongoing feedback and coaching packages, similarly the bank is expect to reward good performers in terms of financial and nonfinancial and include poor performers for feedback and coaching

Firehiwot (2017) assessed the practice of performance planning & agreement, provision of ongoing feedback, performance evaluation and performance review process. By using descriptive method, this study revealed that some targets were unattainable, and data tracking system was manual and no usage of formats, lack of proper documentation of PMS files, inadequate feedback provision, inconvenient office layout to provide feedback privately for employees, absence of guideline to manage employee's movement from one job to another job during the rating period etc.

Solomon (2016) found that the bank does not follow formal assessment process and the performance standards of the bank addresses issues such as quantity, quality, timelines, cost effectiveness and strategic relevance. But it fails to address stability or consistency or the extent to which individuals tend to maintain certain level of performance over time. Similarly the bank faces huge problems on its performance management practice, most of them are rater's error like regency, halo/horns, situational influence etc. and the remaining is the problem of the system. The HR department of the bank takes the ultimate responsibility for appraisal and supervisors take the lion's share by filling appraisal forms for most of the employees. Performance review discussion does not take place in the case of this company unless an employee comes up with grievances.

Dereje (2015) studied about the implementation, achievements and constraints of performance management. This study showed that measuring and managing employee performance is significant as it leads to employee satisfaction by linking benefits with performance accomplishment; it allows the organizations to achieve higher performances accordingly. It also leads to employee satisfaction improvement, rise in employee work motivation, creativity and development of the knowledge and competency levels, as a key competitive advantage. This

study stated that the implementation has been met different types of challenges like: unbalanced goals and targets were assigned for employees assigned at different assignments while they are at the same job grades, non-alignment of EPM system with benefit packages.

## **2.4 Research Gap**

The Performance Management and Development System as it is, is fairly new in the public financial service especially in Ethiopia. However, there is an increasing awareness in terms of implementation which could pose a challenge. In parallel, various studies in Ethiopia have been serious shortcomings. The majority of the studies in Ethiopia focused on performance appraisal; for example, like Kalkidan(2018)who used small samples, descriptive research design and studied on perception of employees towards performance appraisal in Commercial Bank of Ethiopia in headquarters only. Others, like Firehiwot (2017) assessed the role of performance management system in Commercial Bank of Ethiopia. However, the employee perception has not been well addressed with sufficient sample size and explanatory research design. As the aim of the Performance Management System is to achieve maximum results with regard to performance, it is critical that the officials understand what to perform, as well as how, when and why in order to deliver the expected outcomes. The Performance Management System should not be regarded as an incentive tool or for compliance purposes. It is critical that supervisors and subordinates discuss what is expected, develop goals, standards and critical behaviors.

Based on Armstrong (2016), performance management system is a process and is as such an integrated process that has good management practices of setting direction, monitoring, measuring performance and taking adequate action. According to Elger (2006), to perform is to produce valued results. This study outlines that performance is a complex series of actions that integrates skills and knowledge to produce valuable results. It sketches further that performance is a journey and not a destination, and a point in that journey represents a level of performance. According to this study, a level of performance characterizes the effectiveness or quality of a performance. It is specified that a person performing at level 3 in the performance journey is more effective than a person performing at level 2 in the performance journey. Performance is largely dependent on one's skills, knowledge, experience, work environment, among others. Thus, this study therefore, suggest that performance can be improved as one gains more of the

relevant factors that determines performance and that performance can be enhanced by organizations if they put the factors that induce performance in place. Performance management involves the measurement of individual employees and teams 'performance and taking the necessary actions to correct shortfalls and aligning that performance to the goals of organizations.

## 2.5 Conceptual Framework

Conceptual Framework is a concise description of the phenomenon under study accompanied by a visual description of the major variable of the study. And according to (Kothari, 2008), Conceptual Framework is a diagrammatical representation that shows relationship between dependent and independent variables.

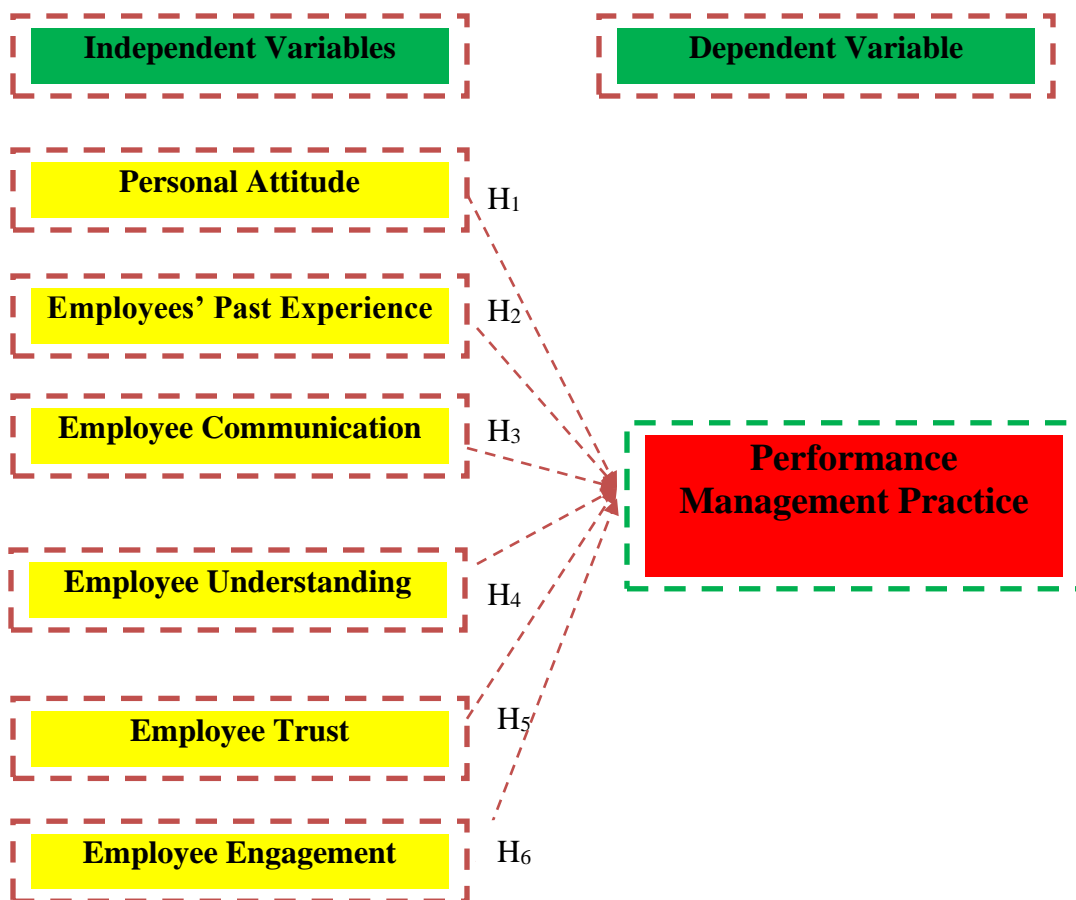


Figure 1 Conceptual Framework

Adapted from Vivian (2016)

The conceptual framework of this study consists of the following independent variables such as personal attitude, past experience and expectations, communication, understanding, engagement and trust and dependent variable as performance management practices. Performance target is one of the tools of performance management used to influence bank employees' performance in Ethiopian banking sector. Performance management system is a current issue for all types of organization. Both the theoretical and empirical review has been reviewed.

Based on the literatures reviewed by the researcher, the below conceptual framework is developed. The empirical studies that have been reviewed in the preceding section focused most prior studies on performance management system regarding, and affects the system on achievements of organizational. This framework attempts to determine the employee perception such as personal attitude, past experience, communication, understanding, engagement and trust and performance management practices. The model is limited only to factors related to performance management process and related variables. Performance management focuses on the range of activities undertaken by an organization with the intention of improving organizational effectiveness through enhancing the performance of a target person or group. It is distinguished that there is a relationship between the variables, employee and the organization, and the perceived outcome of performance management on the effectiveness and success of these variables. In this regard, performance management viewed from a system-thinking perspective is an ongoing approach to improve results through rational and evidence-based decision-making, resulting in a continuous organizational learning focused on accountability of performance (Vivian, 2016).

## **2.6 Hypothesis of the Study**

The following are the hypotheses tested based on data to achieve the objective of the study:

Organizational justice has an impact on employee's job satisfaction, and it set the pace for employee's attitude towards the organization. Employees' positive attitude in the job indicates job satisfaction, while Negative attitudes towards the job indicate job dissatisfaction. Job satisfaction is an important factor in career success (Yusuf, 2021).

- ***Hypothesis 1 - Personal attitude has a positive and significant effect on performance management practice of Commercial bank of Ethiopia***

Yusuf (2021) presented an interesting knowledge and experiences of bank employees in Nigeria banking sector on performance target. The experience also depends on the participant's location, branch, department, and supervisor. Continuous change in the environment is factored in the performance management practices and behavioural and results opportunities are tied to the organization's strategic direction and corporate objectives. Mutual commitment on performance management practices is established between the supervisor and the employee with respect to expectation (Martha, 2012).

- ***Hypothesis 2 - Employees' past experience has a positive and significant effect performance management practice of Commercial bank of Ethiopia***

Feedback could be classified into two aspects: negative feedback, where employees respond to what they are doing wrong and positive feedback, where the employees hear only what they are doing right (Matejka, 2018).

- ***Hypothesis 3 - Employee communication has a positive and significant effect performance management practice of Commercial bank of Ethiopia***

Involving employees in the planning process helps they understand how their work contributes to the goals of the organization. Clear performance prospects always increase employee understanding of performance criteria, provide a feedback communication tool and focus on performance results (Mufeed and Saloome, 2021).

- ***Hypothesis 4 - Employee understanding has a positive and significant effect performance management practice of Commercial bank of Ethiopia.***

Solomon (2016) explained that trust could be viewed from a macro perspective of the relationship between the employer and senior management and a micro perspective of the relationship between the employee and the line manager. In this regard, organizational justice plays a mediating role in the relationship between performance management practices and organizational commitment, and trust creates conditions that have an emotional impact on employee responses to commitment and performance management practices.

- ***Hypothesis 5 - Employee trust has a positive and significant effect performance management practice of Commercial bank of Ethiopia***

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This part of the study presents the research method and approach along with its sampling and data analyses methods. It also presents its primary and secondary sources, data collection methods such as questionnaire and interviews including ethical consideration and test instruments.

#### **3.2 Description of the Study Area**

The study was conducted in Addis Ababa in which the head quarter is located. Besides also in this site there are nine districts which holds almost one third of the districts of the bank. In addition, the aggregate data for all the districts is available. The study was restricted to Addis Ababa where commercial bank of Ethiopia main office and top rated branches because this institution is the main and leading commercial bank in Ethiopia. Besides, Addis Ababa is the center of Ethiopia's economy and almost all the head quarter of the private and public sectors are located in this city.

#### **3.3 Research Approach**

Research can be approached as qualitative and quantitative or mixed when approach to research has been considered as the criterion of classification. Qualitative research is more subjective in nature than quantitative research and involves examining and reflecting on the less tangible aspects of a research subject, e.g. values, attitudes, perceptions. While, the emphasis of quantitative research is on collecting and analyzing numerical data; it concentrates on measuring the scale, range, frequency etc. of phenomena. Besides, mixed method integrates quantitative and qualitative data collection and analysis in a single study or a program of enquiry (Creswell, 2009).

This study collected and analyzed numerical data and attempted to concentrates on measuring the scale, range, frequency etc. of phenomena. The study is highly detailed and structured and

results can be easily collected and presented statistically. On other hand, this study depends on careful definition of the meaning of employee perception on performance management system and its associated factors. It appropriately develops the concepts and variables of performance management system & employees' motivation, and the plotting of interrelationships between them. Performance management system including identification of factors [personal attitude, past experience, communication, understanding, engagement and trust] affecting perception by staff of CBE towards performance management practices. Generally, the study employed both methods and it can be said that it is a mixed research approach.

### **3.4 Research Design**

The research design can be classified using a variety of ways, such as the methods of data collection, time dimension, researcher participation and the purpose of the study. Instead, the most widely-used classification is the one based on the purpose of the study. There are three types of research design based on the study's purpose: exploratory, descriptive and causal (Creswell, 2009). The exploratory study provides more insight and ideas to discover the real nature of the issue under investigation. Causal or explanatory research explains causal relationships between variables Descriptive study stems from prior knowledge and is concerned with describing specific phenomena; it is a means to an end rather than an end, since it encourages future explanation.. These three basic designs are interrelated, and the research can combine more than purpose.

This study attempted to examine the relationship between the two variables (investigate factors affect appropriate cause-and-effect relationships), i.e., performance management system practices & personal attitude, past experience, communication, understanding, engagement and trust. Because the research was conducted to test the employees perception on performance management system practices and explain the relationships between the studies constructs in banking sector. The study explained the causal relationships among factors performance management system practices and employees to facilitate generalization and to predict the future. In addition, it employed mathematical models and theories pertaining to employee performance system practices. Above and beyond, the study provide a complete picture of employee performance system practices in human resource management in Ethiopia and explain the

performance management system of employees that is the essential task of human resource manager under modern management. In addition, it described various aspects about labor management in Ethiopia with its perceived strategic human recourse management. Therefore, this study appropriately employed descriptive study and explanatory research.

### **3.5 Unit of Analysis**

The study unit of analysis was individuals namely employees who was participated in study of performance management of the Commercial Bank of Ethiopia in Addis Ababa.

### **3.6 Data Type and Sources**

The researcher used both primary and secondary data. As primary data are originated by the researcher for the specific purpose of addressing the problem at hand, these data was collected through questionnaire to collect primary data and similar data was collected using interview checklist. In consequence, the primary data was originated by the researcher for the specific purpose of addressing the problem that was indicated in the first chapter. In this study, a primary data sources was collected from employees of the surveyed to financial bank in Addis Ababa. The main advantage with this type of data was supposed to collect data with the research's purpose in mind. It implies that the information resulting from it was more consistent with the research questions and objectives.

In this study, the secondary data for this particular study was collected from the company annual report, and reports. Thus, the secondary data was collected from existing reports and statistics by government agencies and authorities. The secondary data for this particular study was collected from human resource journals and other existing reports.

### **3.7 Population and Sampling**

#### **3.7.1 Target Population**

As population is the broader group of people to whom we intend to generalize the results of our study, the total of population in this study was 829 employees working CBE, in both head quarter and selected branches of the company located at Addis Ababa.

### 3.7.2 Sample Frame

The sample framework was obtained from the current December 2021 employees' payroll, and some variables was used as controlling variables, for establishing differences within groups. These were clerical employees and non- clerical employees, gender, age, occupation and job level. The sample was drawn from Addis Ababa branches and head office.

### 3.7.3 Sample Size

Sampling is the process of selecting a number of individuals for a study in such a way that the individual selected represents the large group from which they was selected (Kothari, 2014). According to Kothari (2014) for the target population which is not large in number from 5%-10% of the total could be enough. Although there are more complex formula, the general rule of thumb is that not less than 50 participants for a correlation or regression are required. Out of the total population of 829 sample sizes was selected for the survey as per the sampling technique based on the following formula specifically a known formula called Yamane (1973):

The formula is presented below:

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{829}{1 + 829 (0.05)^2}$$
$$= 270$$

Where  $n$  = the sample size

$N$  = size of population

$e$  = the level of accuracy ( $e = 0.05$ )

### 3.7.4 Sampling Procedure

Since sampling technique determines the reliability of generalization and conclusion of the study; the researcher gave utmost attention to the study design and sample size. This study used both probability and non-probability sampling methods. Among probability sampling techniques, stratified random sampling technique was served as the basis for selecting samples from the target population. This sampling technique is important to select from senior, middle level and other staffs equally based on their proportion as compared to others. All targeted employees have got the chance to include in the survey. Then after, the researcher constructed a proportionate

stratified sample to determine the sample size from each branch and select by systematic random sampling technique. In addition, it then used simple random sampling technique to recruit employee for participation in the study. The rationale behind using systematic random sampling technique is because it helps the researcher to approach employees during the working hours thereby increase the response rate.

Further this study applied purposive sampling method to select the most retained customer of branches for the purpose of determining fact and good information on the employees of the surveyed bank based on the questionnaire. CBE usually categorizes the branches as Group-I, Group -II and Group -III where Group-I refers the highest grade and Group -III refers the lowest grade. But for the purpose of the study the researcher selected high performed Group-I branches because these groups are high number of years in operation and high number of retained customer accounts and deposits than Group-III. From the total sample population the number of respondents to be included from each selected Group-I was decided based on proportion of customers found at each group branches is calculated from each branch of selected groups. Finally to get the decided number of sample respondents the researcher used the selected respondents from each branch to be asked to fill the questionnaire using convenience sampling method.

**Table 1 Sample Size Determination**

No	Sub city	Population	Proportion	Sample Proportion	Sample Size
1	Head Office	251	0.3027744	0.32569361	82
2	Branches				
i.	Group I	239	0.2882992	0.32569361	78
ii.	Group II	150	0.1809409	0.32569361	49
iii.	Group III	189	0.2279855	0.32569361	61
	<b>Total</b>	<b>829</b>			<b>270</b>

**Source: CBE Annual Report, 2022**

Overall, stratified proportion sampling which as on the basis of their location was used to get information from CBE in order to collect the data from the target population. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample. In this study the total population of the study was 270 formally permanent employees of CBE in those graded three categories was obtained.

### **3.8 Data Collection Procedures and Instruments**

#### **3.8.1 Data Collection Instruments**

Primary data was collected using a semi- structured questionnaire which was both open and close-ended questions; assuming that the open-ended questions provided additional information that did not captured in the close- ended questions. The rationale behind selecting questioner as a data collection instrument obtained information from large audiences in a short period of time. There were two types of data collection instrument that was used in this study. A questionnaire that was adapted from Martha (2012) and Yusuf (2021) were prepared that consist two parts which are respondents profile and main research questions. It consists of five dimensions, 24 statements with a five-point Liker scale ranging from 5 (strongly agree) to 1 (strongly disagree) questionnaires was introduced. The questionnaire was developed in English and no need to translate into Amharic as all surveyed employees could able to read and write on English efficiently due to their nature of their work. Besides, it may be particularly useful when participants wish to remain unnamed, as it provides a more comfortable way for them disclose information that would make them uncomfortable in a face-to-face setting. Furthermore, interview sessions were prepared to gather pertinent information about employees' performance and motivational situation of the surveyed organization. The study applied phone interview due to Covid 19. It tried to cover up to fifteen employees and managers who wereworking in various positions or departments' human resource, executives and top performed employees and others.

#### **3.8.2 Data Collection Procedures**

The researcher used self-administered questionnaire to collect information on the study area and issues. To collect the information, a set of procedures was established to ensure that this information is collected in a consistent and systematic manner. First, the researcher decided the

timeframe to collect information before data collection was taken place. The timeframe during which the data is to be collected was obviously specified. Second, this scheduled has made based on the availability of the study population from which the information was collected. This was made due to the fact that the information has to be collected before the class starts or at the end of the program. Third, as the researcher determined *CBE* as sources of information. Therefore, the researcher was relying on going to the specified company's head office and branches in order to complete the survey. Fourth, there were four data collectors and assistant moderators helping the researcher. Their activities were obviously specified before the survey being administered. Before going to distributing the questionnaire the researcher informed the participants about the objective of the study. This was made to ensure the participants aware of what they are doing. In addition, the researcher informed the participants to answer the questions based on their willing. This was made for the simple reason that people have the right to refuse to answer any questions, and even the right to refuse to be a part of the participant at all. During the time of data administration assistant data collectors played a crucial role to distribute and getting back the questionnaire filled by the participants while the researcher dedicated to collect information.

### **3.9 The Credibility of the Research**

In this study to reducing the possibility of getting the wrong answer means that attention has to be paid to two particular emphases on research design: reliability and validity.

#### **3.9.1 Validity and Reliability**

Validity refers to the extent to which a test measures what we actually wish to measure. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kothari, 2004). The validity of the study therefore, was properly checked through content validity method by taking an advice from the advisor and an experienced person on the topic under study and adopting questionnaires from previous researchers would increase its validity.

Moreover, this study conducted a pilot testing study to see whether the questionnaires can obtain the results which the study required for meeting objectives and hypotheses of the research. Accordingly, ten questionnaires were prepared initially and dispatched to different performance system management and human recourse experts and specialists in Addis Ababa.

### 3.9.2 Reliability

A reliability check for questionnaires was used by using Cronbach Alpha statistic method to ensure internal consistency by using pre-testing method. The basic reason for carrying out pre-testing is to determine whether the instruments are going to serve the purpose for which they assigned.

**Table 2 Reliability Statistics Test Results**

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>N of Items</b>
Personal Attitude	.888	6
Past Experience	.893	6
Communication Understanding	.928	8
Trust	.762	7
Employee Engagement towards Performance Management	.906	9
	.923	15

*Source: SPSS Output, 2022*

The overall Cronbach alpha of the scales used in this study was rated as excellent. As a result, it indicates the reliability of the scales was very high depicting a very strong internal consistency among the measurement items and the selected instrument accurately measures the variables selected. By the way, all variables' Cronbach alpha values were greater than 0.75 and the results were considered the data collection instrument is reliable (Abraham, *et al.*, 2014,).

### 3.10 Data Analysis

The data analysis was also supported with software called Statistical Package for Social Science (SPSS), version 23. Mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses. Moreover, tables and charts was used to present facts as required in order to give more clarifications to readers. Furthermore, correlation and regression analysis was made to show the relationship between performances Management and its factors, as it is suitable to analyze the relationship between dependent and independent variables. Finally reasonable explanation of data and interpretation was accomplished. The model of the study is:

$$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4+b_5X_5+b_6X_6+ e$$

In the above equation,

- Y = Employees Performance Management Practices
- X<sub>1</sub> = Personal Attitude
- X<sub>2</sub> = Past Experience
- X<sub>3</sub> = Communication
- X<sub>4</sub> = Understanding
- X<sub>5</sub> = Trust
- X<sub>6</sub> = engagement
- e = Error terms

### 3.11 Ethical Consideration

The researcher has got permission from Addis Ababa University and School of Commerce and CBE to conduct the study in advance. Also, the researcher plans to inform the participants about the importance and purpose of the study, during data collection and the data interpretation process. Consequently, the questionnaires were completed namelessly by respondents and treats confidentially. This study is intended for academics purpose only and the researcher did not disclose any confidential information to other party.

### 3.12 Operational Definitions

**Table 3 Operational Definitions**

Variables	Measurement Symbol	Expected Sign
<b>Independent Variable</b>		
<b>Personal attitude-</b> explains the mental dispositions employees have towards about performance system management and the current circumstances before making decisions that result in it (Kalkidan, 2018).	<b>Likert Scale (PA)</b>	+
<b>Employees' Past Experience-</b> view that all aspects of the work experience—on boarding, manager and peer relationships, teamwork, recognition, training and development, the company culture, and more—affect the employee's perceptions of the company and their perception on performance management system (Yosuf, 2021)	<b>Likert Scale (PE)</b>	+
<b>Employee Communication</b> - sharing of information, ideas, and feelings between employees and managers of a company about performance management system (Vivian, 2016).	<b>Likert Scale (PEV)</b>	+
<b>Employee Understanding</b> —comfortable to freely expressing employees' feelings to their supervisor. free to discuss job-related problems with supervisor and understand the performance management process	<b>Likert Scale (UN)</b>	+
<b>Employee Trust</b> - refers to the level of trust employees have in performance management system (Vivian, 2016).	<b>Likert Scale (TR)</b>	+
<b>Employee Engagement-</b> is defined as the level of commitment, involvement and passion as a positive, fulfilling work related state of mind that is characterized by vigor, dedication and absorption (Rupa,	<b>Likert Scale (EME)</b>	+

2019).		
<b>Dependent Variable</b>		
<b>Performance Management Practices</b> - the metrics used to quantify the efficiency and effectiveness of an action based on individual or team results according to planned goals, objectives, and standards (Eneanya, 2018).	<b>Likert Scale (PPR)</b>	

*Source: Study Output, 2022*

## CHAPTER FOUR

### RESULT AND DISCUSSION

#### 4.1 Introduction

This chapter presents the research findings from the study, presentation of data, analysis and interpretation of data. A response rate and demographic profile of respondents is presented followed by presentation of result and analysis of responses on the study area in the selected and surveyed bank.

#### 4.2 Response Rate

**Table 4 Response Rate**

No	Sub city	Sample Size	Returned	Response Rate
1	Head Office	82	65	79%
2	Branches			
i.	Group I	78	65	83%
ii.	Group II	49	39	80%
iii.	Group III	61	50	81%
<b>Total</b>		<b>270</b>	219	81 %

*Source: SPSS Output, 2022*

The prepared questionnaires were distributed to 270 employees of the surveyed bank in Addis Ababa. Out of these respondents, 219 questionnaires were properly complete and returned. Accordingly, the study attended 81 % response rate. In addition, the interview sessions were attended more than 82 % responses rate. Consequently, it can be said that the response rate was rated as excellent.

#### 4.3 Demographic Characteristics of Respondents

The demographic characteristics of the respondents include gender, age, and educational background, and working experience for employees. It also includes their training attendant and associated performance.

**Table 5 Demographic characteristics of the respondents**

	<b>Variables ( Category)</b>	<b>N</b>	<b>%</b>
Gender	Male	121	55.3%
	Female	98	44.7%
Age	18 – 30	36	16.4%
	31-40	77	35.2%
	41-50	71	32.4%
	51 & above	35	16.0%
Education	High school and below	5	2.3%
	Diploma	33	15.1%
	First Degree	125	57.1%
	Masters and above	56	25.6%
Marital Status	Single	78	35.6%
	Married	112	51.1%
	Divorce	19	8.7%
	Widow	10	5 %
Work experience	Less than a year	44	20.1%
	1 -5 years	59	26.9%
	6 -10 years	85	38.8%
	More than 11 years	31	14.2%
Job level	Senior Management	51	23.3%
	Middle Management	42	19.2%
	Junior Management	34	15.5%
	General Staff	92	42.0%

*Source: SPSS Output, 2022*

The Table 3 above also shows that, among the selected respondents, only 16.4 of the sampled respondents were young adults (ages below 30 years); 35.2 % middle-aged adults (ages 31-40 years) and 32.4 % adults (aged 41 to 50 years). Specially, the study envisaged to know their gender distribution. The study found that, among the 219 sampled respondents the study conducted this research on, 44.7 % of surveyed bank employees were female and 55.3 % of them were male. This could be reflected the study gathered information from aged people who

acquired various experience and working knowledge. The same table displays that, among 219 sampled bank employees respondents, 15.1 % of them have completed diploma, the majority of the employees (57.1 %) were university first degree graduates and the remaining 25.6 % of the surveyed respondents attended university postgraduate (having master's degree and above). Moreover, the above table displays that, among 219 sampled respondents, more than half of them (51.1 %) 46.1 % of the total respondents were married and 35.6 % of the surveyed employees in the bank were single.

Moreover, less than half of them (103, 47 % of the total respondents) have less than five working experience and more than half of them (116, 53%) have more than six years working experience. This shows that respondents are from various job level and work experience. This study included senior managers, middle and junior staff employees and less than half of them (42 %) have categorized as general staff.

Before analyzing data, the background information on the staff members at different level have been shown throughout the above table. The characteristics of the sampled employees implies that the results show that male project participants or actors could be controlling the engagement in transmission projects at surveyed project level though the distribution of gender participants in the study is relatively equal even if the majority of the respondents are male. This could be recognized to further availed participation and employable in similar projects through various including funds educational and financial support to women hence empowering more women to engage in more transmission projects. Another implication involved around their education that indicates the study gathered information from well experienced and aged people who acquired knowledge in transmission projects. Additionally, they are a capable and proficient to handle the prepared questionnaire and the study could collect pertinent information from these respondents. Further, this study understood that majority of the respondents could understand the subject under study i.e., performance management issues.

#### **4.4 Level of Employee Perception**

Starved of the employee feedback, the developed performance management system (PMS) cannot be anticipated as an effective system that able to stimulate their workers to achieve the company's objectives and targets (Fatimah and Nik, 2019). This study reviewed the level of

employee perception towards effective implementation of performance management system in the leading banker in Ethiopia and to analyze the factors that affect employee perception on PMS.

#### 4.4.1 Personal Attitude

Employees were asked to rate their opinion about performance management practices at CBE is effective and related questions. Richard and Ibrahim (2019) stated that perception is a process by which individuals organize and interpret their sensory impressions in other to give meaning to their environment. They stated that employees' perception about the benefits of performance appraisal results can either be positive or negative depending on their attitudes and personality and others, organizations, which are all elements of perception. Their responses were compiled below.

**Table 6 Responses' for Personal Attitude (N=219)**

Items	"Strongly Disagree"	"Disagree"	"Neutral"	"Agree"	"Strongly Agree"	Mean	Std. Deviation
	N, %	N, %	N, %	N, %	N, %		
Effective performance management practices	1, 0%	18, 8%	51, 23%	49, 22%	100, 46%	4.21	1.016
Well managed Performance management	11, 5%	12, 5%	24, 11%	81, 37%	91, 42%	3.64	.997
Innovative performance management	1 0%	29, 13%	33, 15%	71, 32%	85, 39%	3.69	.953
Positive job attitudes	1 0%	18, 8%	41, 19%	66, 30%	93, 42%	3.74	1.081
Fair process of existing Performance management	4 2%	4, 2%	43, 20%	86, 39%	82, 37%	3.60	.920
Accurate existing Performance management	7 3%	16, 7%	64, 29%	83, 38%	49, 22%	3.95	.869
<b>Grand Mean</b>						<b>3.8</b>	

*Source: SPSS Output, 2022*

The above Table 6 displays most of the respondents have at least agreed indicating their organization always conducts an effective performance management. It implies these employees have had a good attitude towards the performance management. This was supported by the sampled employees about personal attitude as this study found here the grand mean (3.80); it was rated very well. It shows that the minimum items scored as 3.60, maximum 4.21 and the majority of the Std. Deviation are below one. This table also shows that one sample test result of includes personal attitude items which exhibited less than 0.05. So, it can be concluded that the mean scores for all latent variables are significantly different. It shows that the lowest and highest mean gap was not narrowed.

The highest mean result (4.21) indicated that performance management practices at CBE are effective. In the study of Sharma, Patidars, Shukla and Sharma (2017), employees perceive performance management system to be successful when it is well premeditated and employees are engaged in the processes of goal setting and development of the evaluation method. The authors also perceive performance management system to be dynamic when there is active role played by the human resource section of organizations. But majority of the interview respondents indicated that there are inconsistent policies and guidelines about the system; and the presence of a strong communication system where feedback is timely and employees are allowed to air their opinions about the system, thereby making the system transparent and effective.

The lowest mean score (3.60) show that the existing performance management is not fair process. It is followed by performance management practices are not handled properly. In addition, the third lowest mean score show that performance management practices mechanisms are less innovative. This implies that these employees assumed that there are unfairness, mismanagement and lack of innovation in performance management. This helps to assume that the perception of employees towards performance management systems of organization is not bold. Therefore, this confirms that their perception about the performance system of CBE is lightly bold. It may have a great impact on achieving the goals and objectives of those systems. According to Richard and Ibrahim (2019), a positive perception can be achieved from employees when they consider performance management strategies as accurate and fair. According to them, accuracy of a performance management system includes four major elements: performance

planning accuracy, feedback and coaching accuracy, performance rating accuracy and outcome accuracy.

#### 4.4.2 Past Experience

Yusuf (2021) stated that the participants' experiences vary in context and content depending on the current level of achievement of the assigned performance target and whether or not the performance is favourable or not. Employees were asked to rate their opinion about on CBE's performance management. Their responses were compiled below.

**Table 7 Responses' for Past Experience (N=219)**

Items	"Strongly Disagree"		"Disagree"		"Neutral"		"Agree"		"Strongly Agree"		Std. Deviation	
	N,	%	N,	%	N,	%	N,	%	N,	%		Mean
Performance management system in CBE creates a positive social change. .	4,	2%	16,	7%	64,	29%	100,	45.7%	35,	16%	3.67	.895
Performance management system in CBE reduces work related stress.	0,	0%	12,	5%	107,	49%	69,	31.5%	31,	14%	3.54	.802
Performance management system in CBE creates good working environment.	0,	0%	19,	9%	59,	27%	83,	37.9%	58,	26%	3.82	.924
Performance management system in CBE creates social justice in workplace.	9,	4%	20,	9%	48,	22%	103,	47.0%	39,	18%	3.65	1.008
Performance management system in CBE creates a positive financial change.	0,	0%	29,	13%	51,	23%	89,	40.6%	50,	23%	3.73	.960
Performance management system creates an achievement sprit in the bank.	3,	1%	24,	11%	52,	24%	84,	38.4%	56,	26%	3.76	1.000
<b>Grand Mean</b>										<b>3.7</b>		

Source: SPSS Output, 2022

The above table show portrays that most of the surveyed employees have at least agreed showing that these employees had worse past experience than their attitude towards its performance management (3.70 mean for experience less than 3.80 mean for attitude). As per the above analysis, employees has raised questions about fairness, inaccurately and inaccuracy performance system. This may create hesitation and trust up on this system. In addition, the mean result of past experience scored as minimum, maximum, grand mean and Std were 3.54, 3.82 and below one 3 standard deviation respectively. This table also shows that one sample test result of past experience and candidate selection which exhibited less than 0.05. So, it can be concluded that the mean scores for past experience are significantly different. It shows that the lowest and heats mean gap was not narrowed.

This shows that the grand mean has been more than the past experience and the data range was high. The highest mean (3.82) indicates that performance management system in CBE creates good working environment. The following highest mean score shows that performance management system in CBE creates an achievement sprit in the bank. This implies that employees believed on the proper performance management system for their organizational and personal success. While the lowest mean score (3.54) show that performance management system in CBE cannot that much reduces work related stress. Their perception towards this may be the personal, managerial and organizational challenges that hinder effective performance management.

Here, it is essential to raise the concept of Egboosionu (2020) who wished-for that is domineering to have the right human resource practices as well as the right employee perceptions of those practices for an organization to achieve its expected outcomes. This study proposed that new performance management system or technology adoption is one of those practices and perception of its impact by employees plays a crucial role in its success. It is worried that several employees resist new technology in organizations because of the way they observe the impact the technology would have on their overall experience in the organization; and underestimating the resistance to new technology is one of the biggest mistakes that managers make. It is also noted that perception influences and moderate the link between practices of PMS and employee performance which related to behaviour. The difference in employee perceptions of PMS may exist. With this object in mind, employees usually stick on their beliefs based on experience.

### 4.4.3 Communication

Employees were asked to rate their opinion about their communication level towards performance management related questions. Fatimah and Nik (2019) stated that the employee should take part during the development of performance standards, creation of rating format, and their measurement scales. It was stated that employee participation is more effective when the working environment encourages trust, open communication, and equality of employee treatment. Their responses were well accumulated below.

**Table 8 Responses' for Communication (N=219)**

Items	"Strongly Disagree"		"Disagree"		"Neutral"		"Agree"		"Strongly Agree"		Mean	Std. Deviation
	N,	%	N,	%	N,	%	N,	%	N,	%		
Supervisors' Discussion	13,	6%	9,	4%	64,	29%	55,	25%	78,	36%	3.80	1.147
Creation of open communication	19,	9%	23,	11%	34,	16%	57,	26%	86,	39%	3.77	1.305
Links between performance and rewards.	13,	6%	33,	15%	35,	16%	53,	24%	85,	39%	3.75	1.276
Included performance standard	23,	11%	10,	5%	47,	21%	48,	22%	91,	42%	3.79	1.313
Having clear objectives.	0,	0%	19,	9%	45,	21%	47,	21%	108,	49%	4.11	1.019
Employees' feedback	8,	4%	9,	4%	25,	11%	80,	37%	97,	44%	4.14	1.018
Improved employees' level of communication	0,	0%	28,	13%	32,	15%	77,	35%	82,	37%	3.97	1.018
Employees' feedback helps to guide performance in the right direction.	3,	1%	17,	8%	39,	18%	74,	34%	86,	39%	4.02	1.004
<b>Grand Mean</b>											<b>3.92</b>	

*Source: SPSS Output, 2022*

The above table show portrays that most of the surveyed employees have at least agreed showing that the surveyed organization continuously improves its communication level towards performance management. Good communication is an effort to change emotions, beliefs, values, and attitudes of employees by increasing knowledge about the process of the system to employees, explaining clearly about the policies when they need to settle a task, organizing meetings with the employees and allowing a further discussion with employees (Egbosionu, 2020). This is confirmed by the highest grand mean score (3.92) result of communication level and similar scores such as minimum, maximum, grand mean and Std were 3.75, 4.14, 3.92 and below 2 standard deviation respectively. This table also shows that one sample test result of communication level which exhibited less than 0.05. So, it can be concluded that the mean scores for communication level are significantly different. It shows that the lowest and heats mean gap was not lessened.

This shows that the grand mean has been more than the level of experience and attitude level towards performance management and the data range was minimal. The highest mean score (4.14) stated that employees' feedback able to state what the employees did compare with their goals and the next highest mean score (4.11) shows that CBE's performance standards have clear objectives. It indicates that bank employees benefited from effective communication and created higher a social change impact on the bank employees, bank management, regulators, and society at large with regards to the provision of adequate knowledge of the performance target and compensation dynamic in the Ethiopian banking industry. Based on the findings obtained from interview responses, it is leaned that the company highly provides awareness about performance system and encourage effective communication between managers and their subordinates related to their work performance. This confirms that individuals understand how their work performance being assessed. It also certifies that managers give truly differentiated performance ratings based on an objective review of performance plans. But the majority interview responses stated that managers lack to collect feedback to improve the effectiveness of the training and development in relation to performance system. In addition, employees do not always weigh performance management before, on the process and after their organization awareness program. Even if the mean was rated as very good, evaluation of performance communication is not the most crucial phase in the surveyed organization.

#### 4.4.4 Level of Understanding

Firehiwot (2017) stated that PMS is a process for establishing an organization system of understanding about what is to be achieved at an organization level. It is about aligning the organizational objectives with the employees' agreed measures, skills, competency requirements, development plans and the delivery of results. Employees were asked to rate their opinion about their level of understanding towards performance management system. Their responses were compiled below.

**Table 9 Responses' for Understanding (N=219)**

Items	"Strongly Disagree"		"Disagree"		"Neutral"		"Agree"		"Strongly Agree"		Mean	Std. Deviation
	N,	%	N,	%	N,	%	N,	%	N,	%		
Comfortable to freely expressing feelings to supervisor.	0,	0%	11,	5%	20,	9%	126,	58%	62,	28%	4.09	.755
Free to discuss job-related problems with supervisor.	0,	0%	1,	0%	32,	15%	159,	73%	27,	12%	3.97	.537
Understand the performance management process	0,	0%	1,	0%	35,	16%	158,	72%	25,	11%	3.95	.539
CBE's performance management is a means of getting better results.	0,	0%	1,	0%	25,	11%	169,	77%	24,	11%	3.99	.493
Understand within an agreed framework of planned goals.	0,	0%	1,	0%	31,	14%	160,	73%	27,	12%	3.97	.533
Understand CBE's performance management system within performance standards.	0,	0%	1,	0%	32,	15%	160,	73%	26,	12%	3.96	.532
Understand CBE's performance management system within competence requirements.	0,	0%	1,	0%	38,	17%	151,	69%	29,	13%	3.95	.568
<b>Grand Mean</b>											<b>3.98</b>	

Source: SPSS Output, 2022

This study also found that the mean average score was 3.98 and it also found that 3.95 as minimum itemized mean, 4.09 as maximum and below one standard deviation as per Table 9. The mean result of level of employees' understanding was rated as very good. This table also shows that one sample test result of itemized variables; which exhibited greater than 0.05. So, it can be concluded that the mean scores for all latent variables are significantly different. This shows that this the employees of the surveyed organization has pertinent understanding towards performance management system of CBE.

The highest mean score (4.09) shows that sampled employees are comfortable to freely expressing their feelings to their supervisor. The highest mean score above 3.95 shows that they free to discuss job-related problems with their supervisor, employees understand the performance management process at CBE, CBE's performance management is a means of getting better results and understand CBE's performance management system within an agreed framework of planned goals. They also understand CBE's performance management system within competence requirements.

The data shows that employee understand what the organization wants and provides focus in operations and due to performance management employees have a chance to understand the missions, objectives and targets of CBE. In addition, by measuring performance with regard to the objectives and targets, CBEs' managers and executives are able to account to the public what their money has been spent on. Then, CBE has a chance to learn and improve performance, with transparency created by measuring performance indicating where the organization excels, and where improvements are necessary. However, the majority of the interview respondents confirmed that the meaning of the concept of performance is well understood by sampled employees of CBE. This implies CBE to be able to manage performance effectively. Few respondents strongly questioned that these employees may not be able to understand the ultimate practices of PMS or they may not understand the ultimate objective of it. This is because the concept of performance lent itself to so many interpretations and assumptions. It means a lot of things to a lot of people depending on their perception about it (Richard and Ibrahim, 2019). According to them, to be able to fairly measure performance and also give it some meaning, it must be contextualized. One of the influential managers articulated the following concern:

*“We don’t even understand the performance details of CBE and it seems like our executives also the same because nobody has ever explained to me anything about its ultimate goal. Really, I don’t know how this system can help me to do my work.*

An HR expert confirmed what the above interviewee had said about managers’ lack of understanding of the system as follows:

*‘almost all employees don’t understand the system so they follow what is in the form. And some part of it request them to set their targets so they do that but we don’t know what to actually do with those targets the staff set for themselves, it is required some explanation about the system.*

The above responses including the responses on personal appraisal and employees experiences advocated a perception of lack of accuracy and fairness of the performance management system in the surveyed bank, CBE. This indicates that employees are perceived not to be involved in the planning of the system. It is also a disclosure that employees are not trained or given feedback during the year to enable them make the needed adjustments in order to achieve their set targets. The emphasis is on improvement, learning and development in order to achieve the overall business strategy and to create a high performance workforce. Whereas the Performance Management System is envisioned to develop and increase performance of individual employees and develop them to the extent of discharging their responsibilities and duties, it has frolicked a life-threatening role in ensuring clarified organizational strategic and individual performance goals; performance decisions and activities linked effectively to the organizational strategic and operational goals; directed resources and efforts at achieving goals in the most efficient and effective manner possible; assessed achievements in terms of what has been done and what has changed; as well as enhanced learning from experience supporting continuous improvement in the implementation of policy and strategy (Sharma et al., 2017).

#### **4.4.5 Trust**

Yusuf (2021) stated that trust emerges through social interactions between exchange partners, individuals, and organizations. The individual’s psychological makeup influences and impacts the perception or expectations of higher organizational rewards. Employees were asked to rate

their opinion about their level of trust towards performance management system. Their responses were gathered below.

**Table 10 Responses' for Trust (N=219)**

Items	"Strongly Disagree"	"Disagree"	"Neutral"	"Agree"	"Strongly Agree"	Mean	Std. Deviation
	N, %	N, %	N, %	N, %	N, %		
Trust supervisor accurately report performance to his/her supervisor.	7, 3%	17, 8%	53, 24%	48, 22%	94, 43%	3.94	1.127
My immediate supervisor is fair.	11, 5%	11, 5%	40, 18%	70, 32%	87, 40%	3.96	1.112
Familiar with the details and responsibilities	2, 1%	31, 14%	43, 20%	65, 30%	78, 36%	3.85	1.088
Supervisor evaluate job properly	2, 1%	23, 11%	58, 26%	49, 22%	87, 40%	3.89	1.076
A good relationship with line manager	3, 1%	5, 2%	48, 22%	95, 43%	68, 31%	4.00	.865
Confidence in CBE's performance management.	6, 3%	21, 10%	62, 28%	91, 42%	39, 18%	3.62	.976
Employees feel safe in their performance activities.	9, 4%	17, 8%	54, 25%	108, 49%	31, 14%	3.62	.962
Managers are polite to employees in performance management practices.	0, 0%	13, 6%	106, 48%	72, 33%	28, 13%	3.53	.792
Having knowledge to answer employees' performance management related questions.	0, 0%	24, 11%	66, 30%	75, 34%	54, 25%	3.73	.957
<b>Grand Mean</b>						<b>3.79</b>	

Source: SPSS Output, 2022

The data analysis was based on the above grand mean and lowest and highest itemized tables. Accordingly, Table 10 shows that the grand mean for this dimension was rated as very good (3.79) which is lower than the level of employees understanding. This table also shows that one sample test result of latent variables; which exhibited greater than 0.05. So, it can be concluded that the mean scores for all latent variables are significantly different. It means that employees have somewhat trust the performance management system of CBE. In the same way, the standard deviation values were less than two which is a small standard deviation and therefore suggests that respondents had similar opinions.

The implementation of performance management system comes after well-respected world class bankers assessment and designing the performance management system. Implementation occurs when performance management system is actually conducted. Most respondents have at least agreed that they supported the standards and policies of performance management system as they are well accepted universally used forms. But their questions are involved around fair-mindedness, impartiality and fairness. Due to these facts, they much more interested in creating friendship and social working bandage towards their supervisors.

The highest mean score (4.00) also long-established the case; it implies they have a good relationship between their line manager and others supervisors. It also strengthen that due to their power (supervisors) may behave differently. For example, the lowest mean (3.53) shows that CBE's managers are not momentarily polite to employees in performance management practices. As consequence, employees do not feel comfortable. The next lowest mean score (3.62) shows this fact; they rated the item namely "employees feel safe in their performance activities with their respective managers" far from the average. This implies that it needs to heighten employee focus through promoting trust behaviours, opinions, and/or issues may distract employees from their work, and trust issues may be among these distracting factors. Goal setting and desired performance reinforcement may be linked with organizations that find it efficient to match official employee's goals and performance with organizational goals (Eneanya, 2018). Employees only admitted decisions and be willing to take risks if mutual trust exists between the decision makers and those concerned with the implementation of these decisions. Even during uncertain situations, employees are likely to support management initiatives.

## 4.5 Level of Employee Engagement towards Performance Management

Employee engagement is a psychological state where employees feel a vested interest in the organization's business performance and perform to a high standard that may exceed the stated requirements of the job. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefits of the organization (Solomon, 2016). Employees were asked to rate their opinion about their engagement towards performance management system with various fifteen statements. Their responses were compiled below.

**Table 11 Responses' for Employee Engagement towards Performance Management (N=219)**

Items	"Strongly Disagree"	"Disagree"	"Neutral"	"Agree"	"Strongly Agree"	Mean	Std. Deviation
	N, %	N, %	N, %	N, %	N, %		
<b>Level of Engagement towards Performance System</b>							
I am satisfied with my career and opportunities for advancement	10, 5%	28, 13%	59, 27%	89, 41%	33, 15%	3.49	1.042
I enjoy a degree of autonomy which I need to be able to do my job	0, 0%	33, 15%	73, 33%	69, 32%	44, 20%	3.57	.976
My working environment fosters a feeling of well-being	3, 1%	17, 8%	78, 36%	70, 32%	51, 23%	3.68	.962
I am able to manage both work and family life well	14, 6%	8, 4%	55, 25%	59, 27%	83, 38%	3.86	1.157
I believe I am paid appropriately	9, 4%	25, 11%	50, 23%	43, 20%	92, 42%	3.84	1.207
My working hours are flexible enough for me	14, 6%	28, 13%	40, 18%	49, 22%	88, 40%	3.77	1.275
Good performance is well rewarded in our company	14, 6%	12, 5%	58, 26%	43, 20%	92, 42%	3.85	1.210
I believe not enough is demanded of me in my work	0, 0%	21, 10%	40, 18%	50, 23%	108, 49%	4.12	1.025
<b>Grand Mean for Level of Engagement towards Performance System</b>						<b>3.81</b>	

<b>Other Performance Management related Practices</b>							
I asses my own performance before performance review meeting	8, 4%	7, 3%	39, 18%	66, 30%	99, 45%	4.10	1.040
CBE has strong feedback and performance management system.	0, 0%	26, 12%	42, 19%	71, 32%	80, 37%	3.94	1.016
CBEs' leaders work daily to improve the performance of the employees.	3 1%	15 7%	43 20%	79, 36%	79, 36%	3.99	.979
CBEs' leaders create confidence in the organization by developing high ethical and standards performance.	0 0%	17 8%	44 20%	58, 26%	100, 46%	4.10	.981
CBE follows internationally accepted performance management system.	0 0%	0 0%	67 31%	126 58%	26, 12%	3.81	.626
Further improvements are necessary to enhance effectiveness of performance management at CBE.	0 0%	0 0%	61 28%	131 60%	27, 12%	3.84	.616
Fair evaluation of employees' performance is being practiced in CBE.	0 0%	0 0%	60 27%	139 63%	20, 9%	3.82	.577
<b>Grand Mean for Other Performance Management related Practices</b>						<b>3.94</b>	
						<b>Grand Mean</b>	<b>3.85</b>

*Source: SPSS Output, 2022*

The data analysis was based on the three grand mean scores within employees' engagement towards performance system and performance system practices and the level of overall performance system. The grand mean (3.85) for the level of overall performance system was rated as very good. This table also shows that one sample test result of latent variables; which

exhibited greater than 0.05. So, it can be concluded that the mean scores for all latent variables are significantly different. It means that employees have somewhat trust the performance management system of CBE. In the same way, the standard deviation values were less than two which is a small standard deviation and therefore suggests that respondents had similar opinions.

It implies that the importance of knowing and managing employees' perceptions as they relate to performance management practices in public bank institutions has been well emphasized. This also shows that unlike to various public sector reforms, CBE's performance management practices has not been failed due to poor management of public sector employees' perceptions about such reforms. But the majority of the employees designated that there is lack of involvement of staff in the reform processes. This creates a poor alignment of individuals with organizational values that is a productive ground for transformational leadership effectiveness. Individuals with high levels of value congruence are more likely to work harder and perform extra-role behaviors such as helping and volunteering and less likely to express turnover intention (Mufeed and Saloome, 2021). In the same way, the standard deviation values were less than two which is a small standard deviation and therefore suggests that respondents had similar opinions.

Accordingly, Table 11 shows that the grand mean for overall employee engagement towards performance management dimension was rated as very good (3.81) which is lower than the level of others performance management practices. This implies that engagement of sampled employee respondents towards performance management system was low. The highest mean (4.12) shows that employees believe not enough is demanded of them of their banking work, even if they assess their own performance before performance review meeting (next mean, 4.10) and CBEs' leaders create confidence in the organization by developing high ethical and standards performance.

This shows they lack capacity to work honestly, obligation and aspiration enduring in a banking business. It is explained that an engaged employee is that who is fully energetic, emotionally connected with the organization in achieving the goals (Tommy et al., 2015). They enlightened that the engagement is all about having a psychological commitment toward the assigned task, which is obviously reflected in his/her dedication towards the work. It is also noted that an

engaged employee is fully aware with the business environment and works with the help of other employees to improve the performance within the job for the benefits of the organization. Engaged employees put their all efforts and eagerness towards their work and also care about the future of the organization.

## **4.6 Inferential Analysis**

Once all the data is summarized, it needs to be interpreted; “what does this information tell us?” This analysis can be descriptive – the most basic analysis uses tools like percentages and averages to describe the findings without any further breakdown or explanation of the reasons behind the findings. While inferential analysis – moves beyond description to explain the reasons for the data and look for linkages between the information. As this study collected complicated and inter-linked data, it is necessary to use a specific statistical computer package such as SPSS. The findings of this then have been triangulated (ie compared) with other information sources to gain a more holistic / all-encompassing picture.

### **4.6.1 Correlation Analysis**

A simple bi-variate relationship analysis between the dependent and independent variables is briefly presented below. This study used the rating of relationship between two variables based Ly, Marsman and Wagenmakers (2018) on Analytic posteriors for Pearson’s correlation coefficient for the relationship between two variables will be from 0.01 up to 0.09 negligible association, 0.10 up to 0.29 low association, from 0.30 up to 0.49 moderate association, from 0.50 up to 0.69 substantial association from 0.70 and above very strong association. The findings are presented in the below table. The correlation ratio is able to detect almost any functional dependency and the entropy-based mutual information, total correlation and dual total correlations are capable of detecting even more general dependencies. In this study, the Pearson Correlation ( $r$ ) was conducted to indicate the strength of a linear relationship between two variables but the value does not completely characterize their relationship and the P-value of significance to show the degree and significance of the relationship and measure the hypotheses of the study.

**Table 12 Correlation Analysis (N= 129)**

		<b>Correlations</b>					
<b>Variables</b>		<b>Personal Attitude</b>	<b>Past Experience</b>	<b>Communication</b>	<b>Understanding</b>	<b>Trust</b>	<b>Practices</b>
Personal Attitude	Pearson Correlation	1	.344**	.433**	.266**	.347**	.512**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Past Experience	Pearson Correlation	.344**	1	.547**	.647**	.410**	.576**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
Communication	Pearson Correlation	.433**	.547**	1	.603**	.327**	.648**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
Understanding	Pearson Correlation	.266**	.647**	.603**	1	.415**	.577**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
Trust	Pearson Correlation	.347**	.410**	.327**	.415**	1	.506**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
Practices	Pearson Correlation	.512**	.576**	.648**	.577**	.506**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: SPSS Output, 2022*

A Pearson's Product Moment Correlation was conducted to establish the strength of the relationship between the variables. Therefore, an assessment of the correlation matrix between all the independent variables and performance management system practices are positively related. Though the above simple correlational and mean analysis gives an important insight to the simple relationship between the dependent and independent variables, therefore, there is a positive and significant (Sig. (2-tailed) .000 with correlation is significant at the 0.01 level (2-tailed).) There is a relationship between personal attitude (.512) and performance management system practices. Thus, PMS considered an indispensable element in the improvement of

efficiency in organizations with respect to responses in attitude, behavior job role in the workplace (Tommy *et al.*, 2015).

An assessment of the correlation matrix between all the independent variables and performance management system practices are positively related. Though the above simple correlational and mean analysis gives an important insight to the simple relationship between the dependent and independent variables, therefore, there is a positive and significant (Sig. (2-tailed) .000 with correlation is significant at the 0.01 level (2-tailed).) There is a relationship between past experience (.576) and performance management system practices. Similarly, Richard and Ibrahim (2019) found that employees' perception about the benefits of performance system results positive through past experiences and their expectations of organizations, which are all elements of perception.

A valuation of the correlation matrix between all the independent variables and performance management system practices are positively related. Consequently, there is a positive and significant (Sig. (2-tailed) .000 with correlation is significant at the 0.01 level (2-tailed).) There is a relationship between communication (.648) and performance management system practices. In the same way, Solomon (2016) stated that PMS ought to promote career development, opportunities, teamwork, security, work–life balance, training, empowerment, and an effective rewards system. Performance target is better guided by effective leadership and communication.

An assessment of the correlation matrix between all the independent variables and performance management system practices are positively related. Consequently, there is a positive and significant (Sig. (2-tailed) .000 with correlation is significant at the 0.01 level (2-tailed).) There is a relationship between understanding (.577) and performance management system practices. In the same way, Fatimah and Nik (2019) stated that employee knowledgeable to increase the fairness and rating accuracy, improve the understanding and acceptance of performance objectives.

An evaluation of the correlation matrix between all the independent variables and performance management system practices are positively related. Consequently, there is a positive and significant (Sig. (2-tailed) .000 with correlation is significant at the 0.01 level (2-tailed).) There is a relationship between trust (.506) and performance management system practices. Similarly,

Richard and Ibrahim (2019) found that the benefit of performance system is to reduce employee's defensiveness during the assessment meeting and also in increase employee's satisfaction and trust in the performance management system.

## **4.6.2 Multiple Regression Analysis**

Multiple regression displays how much of the variance in the dependent variable can be explained by the independent variables. It also gives an indication of the relative contribution of each independent variable. Tests allow determining the statistically significant of the results, both in terms of the model itself and the individual independent variables (Stephanie, 2018). A multiple linear analysis was conducted to see the predictive power of individual performance management dimensions and performance management system practices.

### **4.6.2.1 Assumptions and Diagnostic Test**

Attempts have been conducted to test normality, multi co linearity; autocorrelation and test for average value of the error term are found in appendices part; next to the data collection instrument in this study. The assumption test was done based on theoretical and empirical multiple regression concepts and results found on Appendix next to data collection method. The test results show that the normality, Multi co linearity, autocorrelation and test for average value of the error term were met the assumptions of regression analysis. It includes the data was normally distributed with no Multi co linearity and autocorrelation problems. This section contains diagnostic tests for testing the regression assumptions such as multicollinearity test, homoscedasticity, normality test, sampling adequacy, normality test and cusum test for parameter stability were performed.

#### **Multi co linearity Test**

Regression related problematic issues may arise when two or more predictor variables are correlated. The VIF detects multi co linearity by measuring the degree to which the variance has been inflated. A VIF greater than 10 is thought to signal harmful multi co linearity as suggested by Frost (2017).

**Table 13 Summary of Co linearity Statistics (N= 219)**

Variables	Collinearity Statistics	
	Tolerance	VIF
Personal Attitude	.751	1.332
Past Experience	.517	1.935
Communication	.536	1.867
Understanding	.471	2.121
Trust	.750	1.334

*Source: SPSS Primary Data, 2022*

The Variance inflation factor (VIF) was checked in all the analysis which is not a cause of concern according to Stephanie (2018) who indicated that a VIF greater than 10 is a cause of concern. The basic assumption is that the error terms for different observations are uncorrelated (lack of autocorrelation).

**Test for Autocorrelation**

If the observations have a natural sequence in time or space, the lack of independence is called autocorrelation. Assumption that is made of the multiple linear regressions disturbance terms is that the covariance between the error terms over time (or cross-sectional, for that type of data) is zero. To test the presence of autocorrelation, the popular Durbin-Watson Test was employed in this study. The Durbin-Watson statistic is 1.546, representing that the residuals are uncorrelated; therefore, the independence assumption is met for this analysis.

**Table 14 Result of Durbin-Watson (N=165)**

Model Summary <sup>b</sup>	
Model	Durbin-Watson
1	1.273

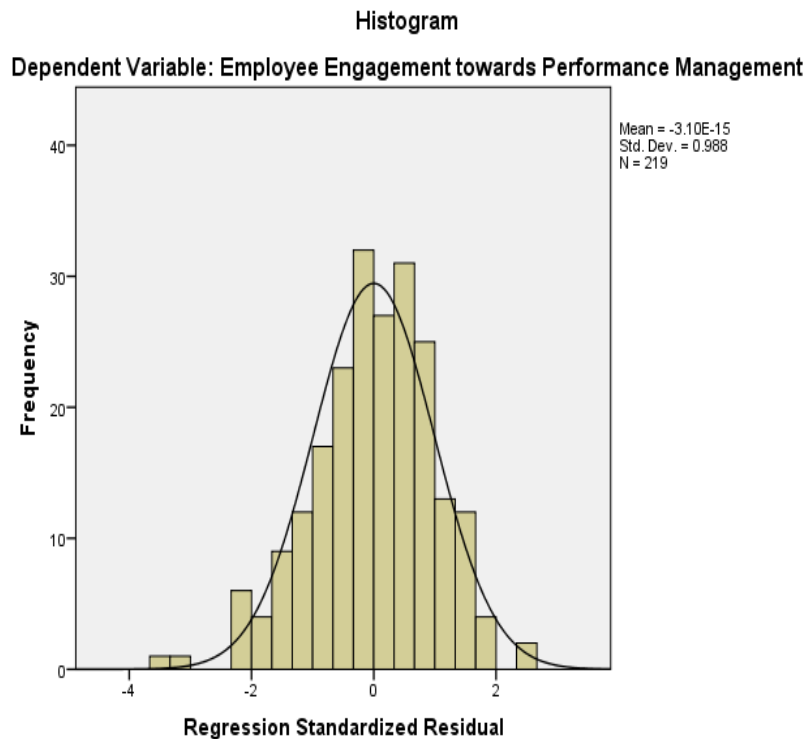
a. Predictors: (Constant), Trust, Communication, Personal Attitude, Past Experience, Understanding

b. Dependent Variable: Employee Engagement towards Performance Management

*Source: SPSS Primary Data, 2022*

## Normality Test

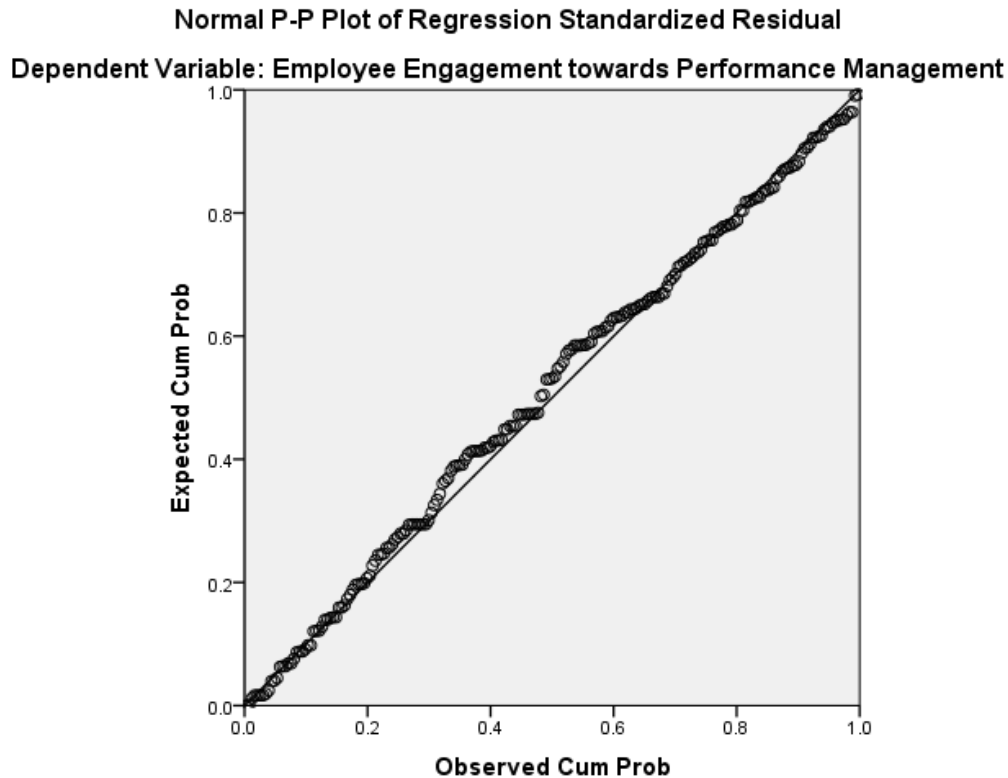
This study used the descriptive statistic of Kurtosis and Skewness statics calculation and demonstrates that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use subsequent analysis.



*Figure 2 Histogram*

*Source: SPSS Primary Data, 2022*

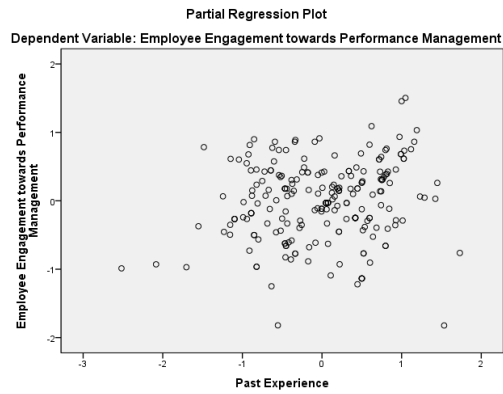
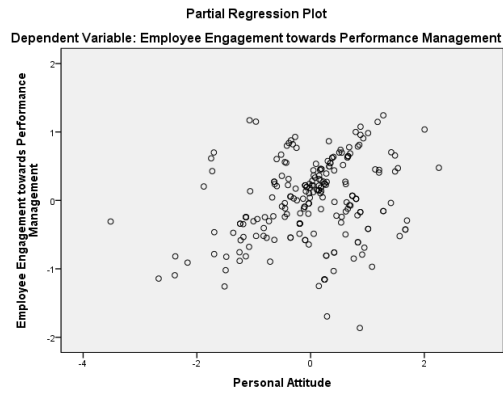
From the finding on the histogram test on normality, the study found that significance in both test were less than 0.05 which is leads to the rejection of the null hypothesis that data on all variables were not normally distributed this is an indication that data on the variables were normally distributed.



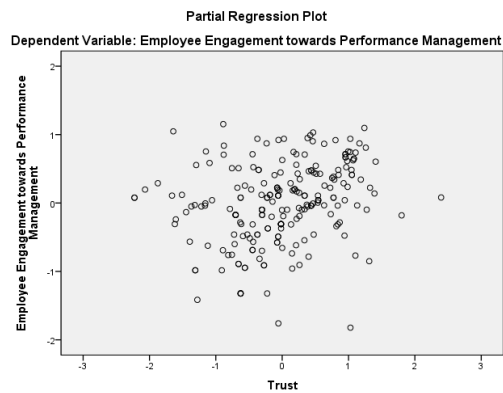
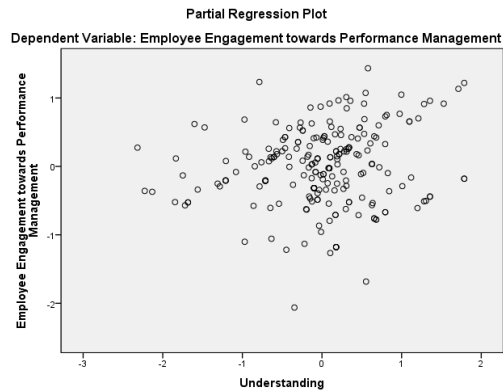
*Figure 3 Normal PP Diagram*

*Source: SPSS Primary Data, 2022*

In the regression analysis, a special mention is mostly made for the linearity assumption. A causal relation may result in any one of an infinite number of systematic and important relations between two variables. Many of these relations are not linear. Recall from algebra that a linear equation is just the simplest of the polynomial equations. There are also quadratic equations, cubic equations, etc. Suppose low and high values of the independent variable lead to low values of the dependent variable, but middling values of the independent variable lead to high values of the dependent variable. There are other forms of non-linearity that are not well handled by any polynomial function. In many cases, one or more of the variables can be transformed by some preliminary calculation so that the relation between these new variables is linear. Another form of non-linearity is when one relation holds for a particular range of x-values and another relation holds at other points along the x-axis. Complex forms of regression, using a technique called splines, are useful in these cases.



(Processing...)



Source: SPSS Primary Data, 2022  
 Figure 4 Scatter Diagram

When the homoscedasticity assumption has been met, the residuals will present as being randomly scattered around the horizontal line depicting  $\epsilon_i=0$ . The above figure portrays the test result of a residual plot demonstrating a relative equal clustering of residuals along the horizontal line in a rectangular shape, therefore, the homoscedasticity assumption seems to have been met. It refers to homogeneity of variances that is, all of the treatment groups have the same variance. The homoscedasticity assumption can be tested through the visual examination of the same residual plots of the standardized residuals and predicted values depicted in the assumption of linearity. When the homoscedasticity assumption has been met, the residuals will present as being randomly scattered around the horizontal line depicting  $\epsilon_i=0$ . The study found the test result of a residual plot demonstrating a relative equal clustering of residuals along the horizontal line in a rectangular shape, therefore, the homoscedasticity assumption seems to have been met.

**Error Term**

Test for average value of the error term is zero ( $E(u_t) = 0$ ); the first assumption required is that the average value of the errors is zero. Therefore, since the constant term (i.e.  $\alpha$ ) was included in the regression equation, the average value of the error term in this study is expected to be zero.

**4.6.3 Regression Test Results**

The first table of interest is the model summary (Table 15). This table offers the R,  $R^2$ , adjusted  $R^2$ , and the standard error of the estimate, which can be used to determine how well a regression model fits the data:

**Table 15 Model Summary (N= 219)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	<i>.768<sup>a</sup></i>	<i>.590</i>	<i>.581</i>	<i>.563</i>

*a Predictors: (Constant), Trust, Communication, Personal Attitude, Past Experience, Understanding*

*b. Dependent Variable: Performance Practices*

*Source: SPSS Primary Data, 2022*

The "R" column represents the value of  $R$ , the *multiple correlation coefficient*.  $R$  can be considered to be one measure of the quality of the prediction of the dependent variable; in this case, *Performance management system practices*. A value of .768 in this study indicates a good level of prediction. The "R Square" column represents the  $R^2$  value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables. This study found the value of .590 that this study's independent variables explain 59.0 % of the variability of this study's dependent variable, *Performance management system practices*. And 41.0 % (100%-59.0%) of the variation is caused by factors other than the predictors included in this model.. According to Frost (2017) warnings about  $R^2$  is: small R-squared values are not always a problem, and high R-squared values are not necessarily good. A good model can have a low  $R^2$  value. On the other hand, a biased model can have a high  $R^2$  value! A variety of other circumstances can artificially inflate  $R^2$ . To accurately report the data interpretation of "Adjusted R Square" (*adj. R2*) is another important factor. A value of .581 (coefficients table) in this study indicates true 58.1 % of variation in the outcome variable is explained by the predictors which are to keep in the model. High discrepancy between the values of R-squared and Adjusted R Square indicates a poor fit of the model and Adjusted  $R^2$  will always be less than or equal to  $R^2$ . Adjusted  $R^2$  therefore, adjusts for the number of terms in a model. As  $R^2$  always increases and never decreases, it can appear to be a better fit with the more terms added to the model and the adjusted  $R^2$  penalizes one from being completely misleading. Stephanie (2018) gave high attentions about how to differentiate between  $R^2$  and adjusted  $R^2$ .  $R^2$  Shows how well data points fit a regression line assuming every single variable explains the variation in the dependent variable which is not true. Whereas, adjusted  $R^2$  tells how well the data points fit a regression line showing the percentage of variation explained only by the independent variables that actually affect the dependent variable.

The standard error (.563) of a model fit is a measure of the precision of the model. It is the standard deviation of the residuals. It shows how wrong one could be if s/he used the regression model to make predictions or to estimate the dependent variable or variable of interest. As  $R^2$  increases the standard error will decrease. In addition therefore, the standard error is desired to be as small as possible. The standard error is used to get a confidence interval for the predicted values. Correlated predictors (multicollinearity) may cause large standard error of the estimate of

the regression coefficient. However, even with the presence of multicollinearity the regression can still be precise if the "magnified" standard error is still small enough.

**Table 16 ANNOVA - Statistical significance of the model (N= 219)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	97.243	5	19.449	61.338	.000 <sup>b</sup>
	Residual	67.537	213	.317		
	Total	164.780	218			

a. Dependent Variable: Employee Engagement towards Performance Management

b. Predictors: (Constant), Trust, Communication, Personal Attitude, Past Experience, Understanding

*Source: SPSS Primary Data, 2022*

The F-ratio in the ANOVA (Table 16) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable,  $F(5, 213) = 61.338$ ,  $p(.0001) < .05$  (i.e., the regression model is a good fit of the data).

**Table 17 Statistical Significance of the Independent Variables (N=219)**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.497	.207		2.404	.017
	Personal Attitude	<b>.182</b>	.043	<b>.212</b>	4.194	<b>.000</b>
	Past Experience	<b>.130</b>	.053	<b>.149</b>	2.448	<b>.015</b>
	Communication	<b>.292</b>	.055	<b>.320</b>	5.336	<b>.000</b>
	Understanding	<b>.117</b>	.051	<b>.145</b>	2.275	<b>.024</b>
	Trust	<b>.195</b>	.048	<b>.206</b>	4.064	<b>.000</b>

a. Dependent Variable: Employee Engagement towards Performance Management

*Source: SPSS Primary Data, 2022*

Statistical significance of each of the independent variables tests whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population (i.e. for each of the coefficients,

H0:  $\beta = 0$  versus Ha:  $\beta \neq 0$  is conducted). If  $p < .05$ , the coefficients are statistically significantly different to 0 (zero). The usefulness of these tests of significance are to investigate if each explanatory variable needs to be in the model, given that the others are already there (Frost, 2017).

Like the standard error of model fit discussed above, the standard error of the coefficients in regression output are also wished to be as small as possible. It reflects show wrong we could be, while estimating its value such as, in this study relative to all the five their standard error is below .055 that is very small; Std. Error column on Table 16). Accordingly, standardized coefficients are called beta weights, given in the "beta" column. The beta weight measure how much the outcome variable increases (in standard deviations) when the predictor variable is increased by one standard deviation assuming other variables in the model are held constant. These are useful measures to rank the predictor variables based on their contribution (irrespective of sign) in explaining the outcome variable. Hence in this case, *Communication* is the highest contributing (.320) predictor to explain *performance management system practices* and the next is *Personal attitude* (.212) as Stephanie (2018) explains.

Given that, the *t*-value and corresponding *p*-value are in the "t" and "Sig." columns (Table 16), respectively, in this study, the tests tell us that *Personal Attitude*  $p(.0001) < 0.05$  is significant. This means that the explanatory variable *Personal Attitude* is more useful in the model; it implies that *it has* more adds a substantial contribution to explaining *performance management system practices*. Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. Similarly, Achievement in performance management is depend on employees perception particularly their attitude towards it (Varikunta, Kumar& Reddy, 2019).

Assumed that, the *t*-value and corresponding *p*-value are in the "t" and "Sig." columns (Table 16), respectively, in this study, the tests tell us that *Past Experience*  $p(.015) < 0.05$  is significant. This means that *Past Experience* in the model, *it has* more adds a substantial contribution to explaining *performance management system practices*. In line with this study, Okechukwu, ett al., (2019) used a qualitative phenomenological study to explore the lived experiences of workplace related stress of permanent bank employees working under the current performance and found that it influence on the success of performance management system in the banking

sector. Their study highlighted that there is a significant statistical impact of it on the success of performance management system practices.

Based on the *t*-value and corresponding *p*-value are in the "t" and "Sig." columns (Table 16), respectively, in this study, the tests tell us that *Communication*  $p(.0001) < 0.05$  is significant. This implies that the explanatory variable *Communication* is in the model, it has more adds a substantial contribution to explaining *performance management system practices*. In line with this study, Yusuf (2021) who exhibited effective communication facilitate the performance management system and needs a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, and style and communications systems. Performance management practices can importantly enhance the effectiveness of organizations by leasing employees know what they are doing well and what they need to improve, while motivating employees to change key behaviors. The only point of agreement is that when it comes to performance targets the decision is one way as agreed by the participants

Considering the *t*-value and corresponding *p*-value are in the "t" and "Sig." columns (Table 16), respectively, in this study, the tests tell us that *Understanding*  $p(.024) < 0.05$  is significant. This shows that the explanatory variable *it* is in the model, it has more adds a substantial contribution to explaining *performance management system practices*. In line with this study, Morris (2017) stated that performance management process provides the basis for consistent discussion between managers and individuals about performance and it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. This highlighted that there is a significant statistical impact of *it* on *performance management system practices*.

In view of the *t*-value and corresponding *p*-value are in the "t" and "Sig." columns (Table 16), respectively, in this study, the tests tell us that *Trust*  $p(.0001) < 0.05$  is significant. This means that the explanatory variable *Trust positively* affects or has a substantial involvement to explaining *performance management system practices*. In line with this study, Vivian (2016) found that positive reaction has a more positive effect when there is trust between the manager and employee. My research suggested that, even for employees who may not have good relationships with their managers, a few key things your mother probably taught you can go a long way in getting

employees to be more receptive to feedback and willing to change. Their study highlighted that there is a significant statistical impact of it on performance management system practices.

## **4.7 Discussion**

**Hypothesis 1 – In successful performance management implementation, the most successful factors is towards personal attitude (Personal attitude has a positive and significant effect on performance management practice of Commercial bank of Ethiopia)**

Using correlation analysis, this study established the relationship between Personal Attitude and performance management system practices ( $r=.512$ , .000), and tested the influence on performance management system practices in banking sector or service organization (*Sig*, *0.0001*) by applying multiple regression analysis. Then, the result of the regression analysis displays that it has a positive and significant effect on performance management system practices; this assure that the hypothesis is accepted. Yusuf (2021) presented similar results in Nigeria banking sector on performance target. Positive perception will have the matching outcome and create significance towards performance evaluation management which will lead to staff preferring to maintain the status quo. The individual perception is profoundly influenced by personal characteristics and individual interpretation of the environment including how they perceive the managers and other colleagues. People in organizations often judge management depending on the relationships and conduct of the manager (Mufeed and Saloome, 2021). Employees are pleased when they display a positive attitude towards their job (Yusuf, 2021).

**Hypothesis 2 – In successful performance management implementation, the most successful factors is towards Past Experience (Past Experience has a positive and significant effect on performance management practice of Commercial bank of Ethiopia)**

Using correlation analysis, this study established the relationship between Past Experience and performance management system practices ( $r=.576$ , .000), and tested the influence on performance management system practices in service organization (*Sig*, *0.015*) by applying multiple regression analysis. Consequently, the result of the regression analysis displays that it has a positive and significant effect on performance management system practices; this assure that the hypothesis is accepted. Similarly, Yosef (2021) stated that certain factors influence the

individual perceiver such as personal attitude, personality, motives, interests, past experience and expectations. It established that due to the rapid change in the business environment, organizations require a performance management system that will encompass both the financial and non-financial factors, highly recommending the performance management practices (Richard and Ibrahim, 2019). Employees at different job levels are positively paid differently, based on their experience, responsibility and contributions. For performance evaluation purposes, it is important to expressive clearly how expectations change at different job levels as well as what reflects more or less effective job performance at each level Morris (2017) added that performance target is the foundation for any bank to move forward, that is the pillar the bank is relying on to achieve its objectives.

**Hypothesis 3 – In successful performance management implementation, the most successful factors is towards Communication (Communication has a positive and significant effect on performance management practice of Commercial bank of Ethiopia)**

Using correlation analysis, this study established the relationship between communication and performance management system ( $r=.648, .000$ ), and tested the influence on performance management system in banking sector (*Sig, 0.0001*) by applying multiple regression analysis. Then, the result of the regression analysis displays that it has a positive and significant effect on performance management system; this assure that the hypothesis is accepted. Similarly, communication is the key important element of human resource management (HRM) that facilitates performance management system (Yosef, 2021). With performance management system, fairness perception arises from evaluations of the ratings received and rewards tied to those ratings, the appropriateness and consistency of the appraisal process, and the explanations and feedback that accompany the communication of performance ratings (Mufeed and Saloome, 2021). A two-way communication about performance will exert greater and better than having the supervisor tell the employee the way things are. It was well discussed that mutual commitment must be established between the manager and the employee with respect to prospects. There is no formula for gaining commitment, but open and honest two-way communication is a significant first step. Employee should be prepared to discuss their responsibilities, past accomplishments and future plans amenably and honestly with their managers (Matejka, 2018).

**Hypothesis 4 – In successful performance management implementation, the most successful factors is towards Understanding (Understanding has a positive and significant effect on performance management practice of Commercial bank of Ethiopia)**

Using correlation analysis, this study established the relationship between understanding and performance management system ( $r=.577, .000$ ), and tested the influence on performance management system in banking sector (*Sig, 0.024*) by applying multiple regression analysis. Then, the result of the regression analysis displays that understanding has a positive and significant effect on performance management system; this assure that the hypothesis is accepted. Similarly, Solomon (2016) highlighted that effective planning helps to encourage commitment and understanding by linking the employee's work with the organization's goals and objectives. Planning is the first step in the performance management process cycle and provides the foundation for an effective process. The planning phase establishes expectations of how the work is to be performed (Eneanya, 2018). Organizational goals specify the values the organization means to advance and is essential to internalize the organizational values through socialization processes where organizations foster individual organizational value similarity by providing opportunities for employees to achieve more knowledge and enhanced understanding of organizational goals which is fundamental for effective performance management implementation.

**Hypothesis 5– In successful performance management implementation, the most successful factors is towards Trust (Trust has a positive and significant effect on performance management practice of Commercial bank of Ethiopia)**

Using correlation analysis, this study established the relationship between trust and performance management system ( $r=.506, .000$ ), and tested the influence trust on performance management system in banking sector (*Sig, 0.0001*) by applying multiple regression analysis. Then, the result of the regression analysis displays that trust has a positive and significant effect on performance management system; this assure that the hypothesis is accepted. Similarly, Rupa (2019) stated that effective assessment of employee perception on the way to performance management practices is always positive on a performance management practice which offer the skill to asses guidance to subordinates (teaching), initiative, capability finding information, understanding

people capability, ability affect other people, capability building a working relationship with others (team work), conceptual thinking ability, expertise and trust.

Overall Rupa (2019) reflected engagement as equivalent to straight assessment of an employee's satisfaction with the organization, his job, work group and working environment. More usually, employee engagement showed discretionary effort demarcated as extra time, brainpower and energy for accomplishing organizational goals. An engaged employee is believed to display voluntary effort in solving organizational problems without being asked to do so, a behavior pronounced as discretionary effort. Engaged employees and organizations go the extra mile, and both obtain mutual benefits. High levels of employee engagement are associated with high levels of organizational performance.

#### 4.1.1 Summary of Hypotheses

**Table 18 Summary of Hypotheses**

<b>Variable</b>	<b>Hypothesis</b>	<b>Sig</b>	<b>r</b>	<b>Decision</b>
Personal Attitude	Personal Attitude has a positive and significant effect performance management practice of Commercial bank of Ethiopia	.000	.512* *	<i>Supported</i>
Past Experience	Employee's past Experience has a positive and significant effect performance management practice of Commercial bank of Ethiopia	.015	.576* *	<i>Supported</i>
Communication	Employee communication has a positive and significant effect performance management practice of Commercial bank of Ethiopia	.000	.648* *	<i>Supported</i>
Understanding	Employee understanding has a positive and significant effect performance management practice of Commercial bank of Ethiopia	.024	.577* *	<i>Supported</i>
Trust	Employee trust has a positive and significant effect performance management practice of Commercial bank of Ethiopia	.000	.506* *	<i>Support</i>

*Source: Survey Result, 2022*

# CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This part of the study presents closing chapter of the study which includes summary of findings, conclusion and appropriate recommendations regarding the study findings.

### 5.2 Summary of Key Findings

This study examined the effect of employee perception on performance management practices of Commercial Bank of Ethiopia (CBE) or in banking sector in Ethiopia. Using descriptive and explanatory research design, this study found that

- Employees engagement towards performance management system [Mean= 3.81] was scored less than other performance management related practices [Mean= 3.81]; thus, this study exhibited worst employees perception towards performance management system; there existed work related employees stress and disappointed with the degree of autonomy which they need to be able to do their job
- In successful performance management implementation, the extensive most successful factors are towards personal attitude and communication [Standardized Coefficients .212, .320 respectively].
- There exists a positive relationship between personal attitude and performance management system practices; there is a significant effect of personal attitude and performance management system practices [(r=.5126, .000), (*Sig, 0.0001*)]
- There occurs a positive relationship between past experience and performance management system practices; there is a significant effect of it and performance management system practices [(r=.576, .000), (*Sig, 0.015*)]
- There happens a positive relationship between understanding and performance management system practices; there is a significant effect of it and performance management system practices [(r=.648, .000), (*Sig, 0.0001*)]

- There exists a positive relationship between communication and performance management system practices; there is a significant effect of it and performance management system practices [(r=.577, .000), (Sig, 0.024)]
- There survives a positive relationship between trust and performance management system practices; there is a significant effect of it and performance management system practices [(r=.506, .000), (Sig, 0.0001)]

### 5.3 Conclusions

This study concluded that there is a significant effect of employee perception on performance management system practices. In successful performance management implementation, the most successful factors are towards employee perception particularly communication and personal attitude and communication. This is due to the fact that there exists a positive relationship between individual employee perception factors including attitude, past experience, understand, communication and trust and performance management system practices; there is a significant effect of them and performance management system practices. This shows that employee engagement \ system is a positive satisfying work-related state of mind characterized by vigor, dedication and absorption. Employees are a respected asset and are the main to increasing productivity in the organization by giving competitive advantage. Employee engagement is a significant and precarious element in the success of organizations. It is in a company's best interest to lay highlight on engaging employees intellectually and emotionally. This research concluded that engaged employee are a productive asset to effectively utilize performance management system of the organization. Employee engagement is the extent to which employees are physically, emotionally, and cognitively highly associated to their performance management system roles. Engaged employees are strongly enthusiastic about their work and function as a critical source of inspiration for others. Employee engagement is critical for, and an important element in, the success of organizations.

### 5.4 Recommendations

- This study suggest that strong performance management system guidance and direction should be provided to employees in order to empower them, so that they feel that their

contributions are valued and relevant to the success of their organization. Bank leaders should recognize the need to improve employee engagement which influences and promote organizational excellence.

- The study recommends the policy makers to formulate standardize banking performance management system policies than embrace employee engagement which could be implemented by existing banks to give them a competitive advantage and for the new banks in setting structures that support employee engagement.
- The study recommends that Human resource practitioners should team up to develop theories on employees' engagement or performance management system that will enhance the knowledge of Human resource practices in the developing world instead of relying more on theories from the western world. The Lecturers should work with the Human resource managers in the banking sector to develop a curriculum that has a blend of theory and industry practice with emphasis on good HR practices. The bank managers should also offer class support to the lecturers as resource persons with practical experience.
- It can be recommended from the study that the CBE should enhance the various parameters mentioned on the employees' perception towards performance management practices in the Bank and widen the scope on other parameters that may be used to gauge the levels of performance management practices in the Bank by the employees.
- Based on the findings obtained, the company should give awareness and encourage effective communication between managers and their subordinates related to their work performance. This will ensure that individuals understand how their work performance being assessed. The study also recommends that effective channels of communication should also be adopted. This clarifies the benefits of performance management system to the employees and also increases its acceptance level among employees.
- This study suggests the involvement of the relevant government offices and agencies in the country to ensure that management of performance of employees of public financial institutions is given the needed attention and funding. This is because performance management is the base upon which any intervention and programs of government can succeed.

- The findings of this study will help organizations and managers alike by enhancing their understanding of the relative significance of employee perception of performance appraisal and its effect on employees' levels of commitment to the organization.
- Service organizations should have to give due attention to continually improve and maintain employee performance management system and should make conscious efforts by creating different mechanisms such as creating trust on the mind of employee about performance management system, develop employees awareness, and establishing organizational plans for the career and development of employee.

## **5.5 Implications for stakeholders**

The current study has contributed knowledge to the ongoing debate on individual variables of employee perception towards employees' engagement for performance management system and it has further advanced the existing literature on HR practices. The study contributed to the body of knowledge in the following ways; the findings of the study will assist the employers to embrace employee perception and their engagement for performance management system as the study discovered that the perceived antecedents of employee engagement contributes to turnover intention. Where when perceived present, performance management system will be effective and when perceived absent or not supported, the for performance management system becomes unsuccessful. By undertaking the study, the antecedents of employee perception and outcomes of employee engagement towards performance management system in organizations will be explored. This goes a long way in adding past findings value and enabled users have information and a deeper understanding of the need for a sound implementation of employee engaged performance management system in reducing its negative outcome – wrongness, unreasonableness and unfairness including turnover intention. The study also offered a logical ground on which empirical indicators and hypotheses could be identified and tested so as to verify the theories. This study greatly funded to the body of knowledge and to other researchers as they will be able to appreciate the effects of employee perception towards employee engagement for performance management and inspire similar and further research in other industries and also contribute to the existing literature on employee engagement, fair performance management and associated perceptions.

## **5.6 Limitations of the Study**

The study had the following limitations. First, the existing literatures and journals could not effectively differentiate between performance appraisals and performance management system but they applied two concepts interchangeable. Thus, there may be a challenge to obtain access to literature in developing countries about performance management system. In addition, the effect of employees perception on performance management system practice is a broad topic based on people's perspective and the study focused more on the most crucial element; it is also important to know that people have a lot to discuss regarding on performance management system and its impact. But, the willingness of employees to express their views was limited because of the main focus of the thesis. Thus, it is intended to use multiple research instruments to get pertinent data from the targeted population and surveyed organization.

## **5.7 Areas for Further Studies**

Due to the limitations emphasized in the study, it was not possible to use all the individual employee perceptions variables or factors or antecedents and their outcomes in performance management system of organizations. Research should therefore be conducted to establish other antecedents that influence employee perceptions since only some like attitude, understanding, trust, communications, and experiences were covered in this study while there are others like employee perception practices for example employee awareness, responsiveness, accountability, recognition and attentiveness. Further research can also be done on the other outcomes of organizational behaviors for example organizational citizenship behavior, commitment and job satisfaction. Other studies may focus on turnover intention. To this end therefore the same study should be carried out in other public and private service organizations and manufacturing industries to find out if the same results would be obtained.

## REFERENCES

- Abraham, Zewdie, AssegidDemissie and AssefaTsegay, 2014, The Effect of Employees' Perception of Performance Appraisal on Their Work Outcomes, *International Journal of Management and Commerce Innovations* ISSN 2348-7585 (Online), Vol. 2, Issue 1, pp: (136-173)
- Armstrong M and Taylor S, 2015, *Armstrong's Handbook of Human Resource Management Practice*, London: Kogan Page
- Armstrong M, 2016, *Armstrong's Handbook of Strategic Human Resource Management*, London: Kogan Page
- Dereje. Kebed, 2015, *The Implementation, Achievements and Constraints of Performance Management*. AAU, MA dissertation, unpublished.
- Egbosionu, Anthonia Nneka, 2020, Employee Perception of the Impact of New Technology on Organizational Performance: A Case Study of Anuzo Palm Kernel Oil, Emene, Enugu, Nigeria *Asian Journal of Economics, Business and Accounting* 19(4): 64-70, 2020; Article no.AJEBA.61411 ISSN: 2456-639X
- Eneanya, A. N.,2018, Performance management system and public service delivery in Nigeria: Impacts, problems, challenges, and prospects. *Africa's Public Service Delivery and Performance Review*, 6(1), 1-9.
- Fatimah, Mahmud. and Nik, Anis Nik Azemi, 2019, Factors Influencing Employee Perception on Performance Management System, in FGIC 2nd Conference on Governance and Integrity 2019, KnE Social Sciences, pages 537–550. DOI 10.18502/kss.v3i22.5072
- Firehiwot, Tesfaye., 2017, *Assessment of Performance Management System in Commercial Bank of Ethiopia: A Case of City Branches In Addis Ababa and Head Office*, MA thesis, St. Mary's University, School Of Graduate Studies, School Of Business

- Frost, J. (2017). How to interpret R-squared in regression analysis. Retrieved from <http://statisticsbyjim.com/regression/interpret-r-squared-regression/> Accessed on 08 May 2022
- Habtamu, Tadesse, 2020, Assessment Of Employees' Performance Management Practice: the Case of Commercial Bank of Ethiopia, Addis Ababa Area, School Of Graduate Studies St. Mary's University
- Idowu, A., 2017, Effectiveness of Performance Appraisal System and its Effect on Employee Motivation. Nile Journal of Business and Economics, 3(5), 15-39, Faculty of Industrial Management, Universiti Malaysia Pahang, Lebuhraya Tun Razak, 26300
- Kalkidan, Mulugeta., 2018, Perception of Employees towards Performance Appraisal in Commercial Bank of Ethiopia, MA thesis, St. Mary's University, School Of Graduate Studies
- Kothari, C. R., 2019, *Research methodology: Methods and techniques*. 4 th edition, New Age International Publications New Delhi.
- Lohman, C., Fortuin, L., Wouters, M., 2004, Designing a performance measurement system: a case study", *European Journal of Operational Research*, Vol. 156 No.2, pp.267-86.
- Ly, A., Marsman, M., & Wagenmakers, E. J., 2018, Analytic posteriors for Pearson's correlation coefficient. *Statistica Neerlandica*, 72(1), 4-13

- Martha, Githinji, 2012, Employees Perception of Performance Management Practices at World Bank Group Kenya Country Office Master of Business Administration (MBA), School of Business, University Of Nairobi, Kenya
- Matejka, M., 2018, Target setting in multi-divisional organizations. *Journal of Management Accounting Research*, 30 (3), 13–27. <https://doi.org/10.2308/jmar-52159>
- Morgeson F. P. , Reider M. H. & Campion M.A., 2005, Selecting individuals in team settings: The importance of social skills, personality characteristics, and teamwork knowledge. *Personnel Psychology*, 58 (3), 583 – 612
- Morris Nzomoi Mulwa, 2017, The Influence of Performance Management System on Employee Performance in Commercial Banks in Kitui Town, Kitui County, Kenya. *International Journal of Humanities and Social Science*, Vol. 7, No. 6.
- Mucha, J., 2009, A performance management framework. *Government Finance Review*, 25(5), 51-54.
- Mufeed, S.A. and Saloome,Showkat, 2021, Employee’s Perception towards Performance Management System in Banking Sector-An Empirical Study, *International Research Journal of Human Resources and Social Sciences* ISSN(O): (2349-4085) ISSN(P): (2394-4218)
- Noe R.A., 2016, *Fundamentals of Human Resource Management*. 6th ed. New York: McGraw - Hill Education.
- Okechukwu, C. S., Peace, N., &Ebele, O., 2019, Work stress and staff performance in selected banks in Anambra state. *International Journal of Management and Entrepreneurship*, 1(1), 144-162.
- Reiss, S., 2004, Desires, *Review of General Psychology*, 8 (3): 179–19
- Richard, Abugre and Ibrahim, D. Yakubu, 2019, Exploring the Qualitative Factors Influencing the Perception of Employees on Performance Management Practices of Public Organizations in Ghana- The Case of Bolgatanga Polytechnic, *Journal of Resources Development and Management*, ISSN 2422-8397 An International Peer-reviewed Journal DOI: 10.7176/JRDM, Vol.59, 2019

- Rupa Shrestha, 2019, Employee Engagement and Organizational Performance of Public Enterprises in Nepal, *International Research Journal of Management Science*, ISSN 2542-2510, Vol.4, Issue 1 - Dec 2019
- Sharma, D.N., Patidars, S., Shukla, R.K., Sharma, V., 2017, Employee Perception towards Performance Management System in State Electricity Board. *International Research Journal of Advanced Engineering and Science*, 2(1), 57-59.
- Sharma, N. P., Sharma, T., & Agarwal, M. N., 2016, Measuring employee perception of performance management system effectiveness: Conceptualization and scale development. *Employee Relations*, 38(2), 224-247
- Shirley, M. & Xu, C. L., 2000, Empirical Effects of Performance Contracts: Evidence from China, *Journal of Law, Economics and Organization*, 17(2), 32-39.
- Solomon Mekonnen, 2016, Assessment of Employee's Performance Management System Practice: The Case of Abay Bank S.C. Unpublished Master's Thesis, Addis Ababa University.
- Stephanie, D., 2018, Beta Weight: Definition, uses. Retrieved from <http://www.statisticshowto.com/beta-weight/> Accessed on 02 may 2022
- Tommy Uduak Ime, Umoh Victor. A, Inegbedion Daniel Osemudiamen, John, Nsikan Efiok, 2015, Effective Performance Management Systems and Employee Productivity: Evidence from Multichoice Company, Nigeria. *International Journal of Management and Applied Science*.
- Varikunta, O., Kumar, M., & Reddy, T. N., 2019, Job satisfaction in public sector bank Employees. *International Journal of Innovative Technology and Exploring Engineering*, 8(9), 929-932. <https://doi.org/10.35940/ijitee.I7856.078919>
- Vivian, Kaposambo., 2016, Employee Perception of Performance Appraisal and its Relationship with Organizational Commitment: The Case of a Meat Corporation in Namibia, Degree of Master of Philosophy in People Management, Faculty of Commerce, and University of Cape Town
- Yusuf, Abubakar, 2021, The Perceptions of Bank Employees on Performance Target, Alden Dissertations and Doctoral Studies Walden Dissertations and Doctoral Studies Collection, Ibrahim Walden University

## APPENDIX

### Appendix I Questionnaire

#### ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

*(To be filled by Employees)*

##### Human Resource Management Performance Management Survey

I am, Samrawit Negash, a postgraduate student of Addis Ababa University, School of Commerce. I pursue my thesis that aimed to gather relevant information that will be useful for the research topic “*Employee Perception on Performance Management Practice of Commercial Bank of Ethiopia*”.

I am pleased to inform you that, you have been selected as one of the respondents in this study. I, therefore kindhearted request your utmost cooperation in filling the questionnaire honestly and accurately, as the quality of information you provide determines the ultimate reliability of the study. Please put the tick mark (✓) on the appropriate space in the box to the point which mostly reflects your idea.

*Note:-*

- ✓ *Please do not write your name.*
- ✓ *All information will be used only for academic purpose and treated confidentially.*
- ✓ *Your honest and unbiased response will greatly contribute for the research to achieve its objective.*

If you are interested to have further information about this study or have any problem in filling the questionnaire, please contact me through:

Samrawit Negash

*Tel.:* +251 968567190...

*Email:* samrawitnegash6@gmail.com

*Thank you for your co-operation in advance*

## PART I. Demographic Information

Direction - Please put (√) mark to select the response

### Gender

Male  Female

### Age

18 -30  31-40  41-50

51 & above

### Educational Level

High school  College  First Degree   
Diploma

Master's  Other

### Marital status

Single  Married  widowed

Divorced

### Work Experience

< 1 year  1-5 years  6-10 years

above 11   
years

### Please indicate your job level in CBE.

Senior  Middle  Junior   
Management Management Management

General   
Staff

## Part II. Questions on employees attitudes towards the current practices of Performance Management system

Direction - Please put (√) for your responses on the space provided parallel to numerical symbols for the following part II questions. Numerical symbols for the statements indicate that: if you Strongly Agree(SA)= 5, Agree(A)= 4, Neutral(N) =3, Disagree(D)= 2 and Strongly Disagree(SD)=1.

Variables	Code	Sub variables	Level of Perception				
			5 SA	4 A	3 N	2 D	1 SD
<b>Personal Attitude</b>	PA1	Performance management practices at CBE are effective.					
	PA2	Performance management practices are handled properly.					
	PA3	Performance management practices mechanisms are innovative.					
	PA4	The existing Performance management creates positive job attitudes.					
	PA5	The existing Performance management is fair process.					
	PA6	The existing Performance management is accurate.					
<b>Past Experience</b>	PE1	Performance management system in CBE creates a positive social change. .					
	PE2	Performance management system in CBE reduces work related stress.					
	PE3	Performance management system in CBE creates good working environment.					
	PE4	Performance management system in CBE creates social justice in the workplace.					
	PE5	Performance management system in CBE creates a					

		positive financial change.					
	PE6	Performance management system in CBE creates an achievement sprit in the bank.					
<b>Communication</b>	PEV 1	My supervisor often discusses with me the results of my performance evaluations.					
	PEV 2	Performance management system in CBE creates open communication will all stakeholders of the bank.					
	PEV 3	Performance management system in CBE links between performance and rewards.					
	PEV 4	Performance management system creates well stated performance standard in CBE.					
	PEV 5	CBE's performance standards have clear objectives.					
	PEV 6	Employees' feedback able to state what the employees did compare with their goals					
	PEV 7	Employees' level of communication has been improved due to performance management system.					
	PEV 8	Employees' feedback helps to guide performance in the right direction.					
<b>Understanding</b>	UN1	I am comfortable to freely expressing my feelings to my supervisor.					
	UN2	I am free to discuss job-related problems with my supervisor.					
	UN3	I understand the performance management process at CBE.					
	UN4	CBE's performance management is a means of getting better results.					
	UN5	I understand CBE's performance management system within an agreed framework of planned goals.					
	UN6	I understand CBE's performance management system within performance standards.					
	UN7	I understand CBE's performance management system within competence requirements.					
<b>Trust</b>	TR1	I trust my supervisor accurately report my performance to his/her supervisor.					
	TR2	My immediate supervisor is fair.					
	TR3	My supervisor is familiar with the details and responsibilities that my job entails.					

	TR4	I feel my supervisor evaluate my job properly.					
	TR5	I have a good relationship between my line manager and me.					
	TR6	The behaviors of employees instill confidence in CBE's performance management.					
	TR7	Employees feel safe in their performance activities with their respective managers.					
	TR8	Managers are polite to employees in performance management practices.					
	TR9	Managers of CBE have knowledge to answer employees performance management related questions.					
<b>Employee Engagement towards Performance Management</b>	EME1	I am satisfied with my career and opportunities for advancement					
	EME2	I enjoy a degree of autonomy which I need to be able to do my job					
	EME3	My working environment fosters a feeling of well-being					
	EME4	I am able to manage both work and family life well					
	EME5	I believe I am paid appropriately					
	EME6	My working hours are flexible enough for me					
	EME7	Good performance is well rewarded in our company					
	EME8	I believe not enough is demanded of me in my work					
<b>Other Performance Management related Practices</b>	PPR1	I asses my own performance before performance review meeting					
	PPR2	CBE has strong feedback and performance management system.					
	PPR3	CBEs' leaders work daily to improve the performance of the employees.					
	PPR4	CBEs' leaders create confidence in the organization by developing high ethical and standards performance.					
	PPR5	CBE follows internationally accepted performance management system.					
	PPR6	Further improvements are necessary to enhance effectiveness of performance management at CBE.					
	PPR7	Fair evaluation of employees' performance is being practiced in CBE.					

Please indicate employees' perception on performance management system practices in CBE

---

---

---

---

Do you believe CBE is very successful in implementing performance management?

Yes  No

If Yes please explain

---

---

If No please explain

---

---

CBE capacity to achieve its objectives has greatly improved after the introduction of performance management

If yes please explain

---

---

If No please explain

---

---

*Thanks for your valuable participation!*

## Appendix II- Interview Checklist

Dear,

*I am Samrawit Negash a student of Addis Ababa university school of commerce. I am conducting an academic research regarding employees 'perception on performance management practice of CBE.*

Can I proceed? Thank you!

1. Would you suggest if there is anything to be considered regarding with the current practice of Performance Management system of CBE?

.....  
.....  
.....  
.....

2. Would you suggest if there is anything to be considered regarding with the level of employee perception on performance system in general?

.....  
.....  
.....  
.....

3. Would you suggest if anything regarding with the level of employees perception on and performance in finical institutions?

.....  
.....  
.....  
.....

**Thank you!**