

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE HRM (MA) PROGRAM

**EFFECTS OF PERFORMANCE MANAGEMENT SYSTEM ON
EMPLOYEES' AFFECTIVE COMMITMENT IN CASE OF
COMMERCIAL BANK OF ETHIOPIA**

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This is to certify that, this Thesis work “**EFFECTS OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEES’ AFFECTIVE COMMITMENT IN CASE OF COMMERCIAL BANK OF ETHIOPIA.**” undertaken by **MICKIAS MEAZA ABRAHAM** for the partial fulfillment of Masters of Art HRM at Addis Ababa University school of commerce, is an original work and not submitted earlier for any Degree either at this university or any other university.

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LETTER OF DECLARATION

I declare that the thesis work entitled “**EFFECTS OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEES’ AFFECTIVE COMMITMENT IN CASE OF COMMERCIAL BANK OF ETHIOPIA.**” is my original work that all sources of material used for the work have been duly acknowledged.

MICKIAS MEAZA ABRAHAM

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ABBREVIATIONS

AC	Affective Commitment
AOC	Affective Organizational Commitment
CBE	Commercial Bank of Ethiopia
PMS	Performance Management System
SPSS	Statistical Package for Social Sciences

ACRONYMS

Analysis of Variance

ANOVA

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ABSTRACT

The research was conducted to examine the effects of performance management system on employees' affective commitment in case of Commercial Bank of Ethiopia. Data was gathered from 254 professional and managerial employees of CBE in Addis Ababa. Inferential statistics was used to analyze the data and also Cluster sampling was used followed by stratified random sampling to select samples. Primary data were collected using five Point Likert-Scale questionnaires and 232 responses were properly filled and returned. Statistical package for social science studies (SPSS) version 23 was used to analyze empirical data collected through the close ended questionnaire. The independent variables are setting goals, monitoring and evaluation, feedback and reward whereas the dependent variable is employees' affective commitment. The mean and standard deviation of the dependent and independent variables were computed and interpreted. Pearson correlation Coefficient (r) was used to determine the relationship between each independent variable with the dependent variable. The major finding of this study is that the independent variables, which are setting goals and feedback, have insignificant effect on employees' affective commitment. Meanwhile, monitoring and evaluation and reward system has significant effect on employees' affective commitment. From the result multiple regression analysis setting goals, monitoring and evaluation, feedback and reward of the Bank had positive effect on the employees' affective commitment. From the study the researcher concluded that feedback improves communication on work place, pay decisions are not linked to performance achievements and employees are not happy to spend the rest of their carrier in the bank. The researcher recommended that, the system should have inputs from the staff members through setting out goals and evaluation systems of the bank. The pay decisions should be linked to performance achievements. The result of the evaluation should be connected with the reward system of the bank and also the career development of the employees.

Key Terms: Performance management system, Affective Commitment, Commercial Bank of Ethiopia

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CHAPTER ONE

1. INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Performance management system is a systematic and integrated process for improving employee affective commitment by developing the performance of individuals and teams working in them. It is a means of getting better result from the organizations, teams and individuals by understanding and managing performance within agreed framework of planned goals, standards, and competence requirement (Armstrong, 2009). Performance management system (PMS) was born out of the realization of the importance of human capital because performance of an organization depends on the performance of its people, regardless of the organization's size, purpose or other characteristics (Aguinis, 2009). The ultimate goal of performance management system is to achieve sustainable individual and organizational performance. The aim is also to create an enterprise where the employees are thriving for success Armstrong, (2009).

In Ethiopia, in order to achieve high productivity and improving their organizational performance, commercial banks, have been implementing several management tools. CBE plays a substantial role in the economic progress and national development of the country particularly, through employment creation and financing development projects. Currently Commercial bank of Ethiopia (CBE) is implementing performance management system for further improvement. Given the current rate of competition among the financial institutions, strengthening their internal working system is relevant. Among the helpful tools of management to improve their working system, employee's performance management system is paramount. Performance management system comprises all activities that guarantee the organizational objectives are constantly being attained in an efficient and effective manner (Armstrong and Baron, 2008). Measuring and managing employee performance is of special relevance as it leads to employee satisfaction by linking benefits with higher performance which again, enables 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 (Coens& Jenkins, 2002).

Commercial bank of Ethiopia is learning from successful experience of international large banks, and establishing a comprehensive performance management system which helps the bank to improve service delivering process and achieving its strategic objectives (Annual report 2014/2015). As a result, the process of measuring and managing employee affective commitment is currently seen as critical to the development and success in the bank. Performance management system is seen as management's systematic application of processes aimed at fully utilizing human resources and it carries somewhat connotation when considered from the employee's perspective. Thus to enhance effects of performance management system, it is important to understand employees' perceived perception toward the performance management system practice since the process requires high involvement and commitment from employees. Therefore the purpose of the study is to investigate the effects of performance management system on employees' affective commitment in commercial bank of Ethiopia.

1.2. STATEMENT OF THE PROBLEM

Performance management system has become the backbone of any organization specifically in competitive industries like banking; pharmacy etc. Many organizations are using PMS formally with the desire to achieve better organizational performance. The study on 278 multinational corporations across 15 countries conducted by Cascio (2006), as explained on Kinicki, Prussia, Peterson, and Jacobson (2013), says that Performance Management System is implemented in most organizations. On the study, 91% of the studied organizations are using Performance Management System. Practically, organizations are facing different obstacles while implementing an effective Performance Management System. This obstacles may cause for many organizational problems, such as create dissatisfaction, increased turnover, lack of employee's involvement, disagreements between employee's and their immediate boss regarding performance assessment, unwillingness to take organizational responsibility, reduce organizational commitment and citizenship behavior (Rajesh, 2013).

Based on the current information of the researcher and literature review, it was found that few researches were conducted on the impact of PMS and Affective Commitment. Even though researchers like Gupta & Upadhyay (2012); Ayanyinka & Emmanuel (2013); Bhosale & Kumar (2015), in three top private banks in india, ten selected companies in Nigeria, and among two hundred managers from twenty companies, the studies were on the impact of

PMS on Commitment, their study gives emphasis mainly on performance appraisal which is traditional practice in HRM. They were not concerned in studying the effects on Performance Management System on Affective Commitment.

Previous studies on the concept of commitment (Mowday, Porter & Steers, 1982; Meyer & Allen 1991) have substantiated that employee commitment to the organization has a positive influence on job performance and a negative influence on intention to leave or employee turnover. The study conducted on CBE in 2017 by Senait Gebru by the title “The effect of employee retention factors on organizational commitment: the case of CBE has clearly stated that CBE is facing employee retention problems in recent years. Also, a study conducted in 2014 by Kahen Abiy on Staff perception towards the new employee performance management System has clearly pointed out that there were many indicators that there is a problem with the performance management system that performance management system is not effectively communicated to all employees of the CBE. The same has been reflected by employees on different training and events organized by CBE.

Particularly in Ethiopian context, various assessments were conducted on the effectiveness of PMS practice both in private and public organizations (Abiy, 2014; Gessese, 2017; Leyikun, 2015; Kiflu, 2015). However, an intensive investigation reveals that there is no attempt to examine the effects of PMS on employees’ affective commitment so far. There is also research gap in attempting to investigate the effects of PMS on affective commitment in CBE context. Therefore, this justifies the rationale for the study. Hence, in order to bridge this research gap, the study tried to assess the effects of the existing PMS on employees’ affective commitment in Commercial Bank of Ethiopia.

1.3. RESEARCH QUESTIONS

- Does performance management system have significant effect on employees’ affective commitment?
- Does setting goals have significant effect on employee affective commitment?
- Does feedback has significant effect on employee affective commitment?
- Does evaluating and monitoring performance have significant effect on employee affective commitment?
- Does rewarding system have significant effect on employee affective commitment?

1.4. OBJECTIVES OF THE STUDY

1.4.1 GENERAL OBJECTIVES

The main objective of the study is to analyze the effect of performance management system on employees' affective commitment in commercial bank of Ethiopia.

1.4.2. SPECIFIC OBJECIVES

- To investigate the effect of the existing performance management system on the affective commitment of employees in the Commercial Bank of Ethiopia.
- To investigate the effects of participative goal setting on employee affective commitment.
- To investigate the effects of feedback on employee affective commitment.
- To assess the effects of evaluating and monitoring employee performance on employee affective commitment.
- To assess the effects of reward system on employee affective commitment

1.5.SCOPE OF THE STUDY

The research was conducted in different branches of commercial bank of Ethiopia located in Addis Ababa district. The scope of this study is by large limited to assessing the effect of CBE's performance management system on employees' affective commitment. Other variables being affecting and affected by performance management system won't be addressed.

1.6.SIGNIFICANT OF THE STUDY

The result of this study is significant in various aspects. Firstly, on the basis of the findings of the study, the paper will draw some conclusions and identifies the effects of the current performance management system on employees' affective commitment and will give signal to the sampled branches managers. Secondly, it will be a piece of contribution to the current knowledge in the practice of performance appraisal in the sampled branches of commercial bank of Ethiopia and invites for further research to bring behavioral change in the area of performance appraisal both in the mind of the appraiser, appraises and those parties responsible in the design of the instruments of PMS forms. Thirdly, it will give the researcher the opportunity to gain deep knowledge in the practice of performance appraisal. The researcher presumes that this research paper will contribute for the accumulation of knowledge in the study area. The preparation of this research paper will help the researcher to

develop practical experience on how to undertake research and it will also be used as a stepping stone for other researchers who would like to undertake research on similar and related area of study.

1.7.LIMITATION OF THE STUDY

Because of the big size and scattered location of the Commercial bank of Ethiopia, it is difficult to take large sample size from different geographical area. So it is concentrated to one geographical area therefore it may not be generalized. Lack of awareness among the respondents to fill out questionnaires with due care and return them on time and lack of willingness to fill questionnaires were some of the limitations that the study faced while collecting the data from the respondents.

1.8.Definition of terms

Affective commitment: - Affective commitment refers to an employee's desire to remain with the organization because they want to do so (Allen and Meyer, 1990).

Performance management system (PMS):- is a tool involving the continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Aguinis & Pierce,2007).

Employee commitment:- is a psychological state that: Characterizes the employee's relationship in the organization (Allen and Meyer 1990).

1.9.ORGANIZATION OF THE PAPER

This study organized in to five chapters. The first chapter is the introduction which includes background of the study, statement of the problem, objective of the study, research question, significance of the study, scope of the research, limitation of the study and hypothesis of the study. The second chapter is about literature review. The third chapter is the methodology of the research. The fourth chapter is research findings and results and the last chapter goes to the conclusion and recommendation.

CHAPTER TWO

2. LITERATURE REVIEW

A literature review drives the research (Berg, 2004) and is an essential first step when undertaking a research project (Neuman, 2006). This chapter builds a theoretical foundation for the research through a thorough review of the existing literature on the Impact of Performance Management System on affective commitment.

In this world of competition as organizations effort to remain competitive and sustainable, human resource (HR) professionals and strategic planners should collaborate strongly in designing strategies, which are more productive and useful. Based on many researches, the most winning organizations in the 1st century will be those to focus on integrated HR processes and systems. So the role of human resource becomes more and more vital which includes personnel related areas such as job design resource planning, performance appraisal system, recruitment, selection, compensations and employee relations. Among these functions, one of the most critical ones that bring global success is performance appraisal.

An organization implements the performance appraisal system to allocate rewards for the employee, provide development advice as well as to obtain their perspectives, and justice perception about their jobs, department, managers, and organization. Prior studies reveal that employee perception of fairness of performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal. A good perception will create a positive working environment in the organization, while a negative perception will affect the company performance. These perceptions depend on the manager or supervisor's actions and behaviors toward the employee. If performance appraisals are perceived as unfair, therefore, the benefits can diminish rather than enhance employee's positive attitudes and performance.

2.1. Performance management system

In different literature there are various models of performance management. Each model has its importance as a system for managing organizational performance, managing employee performance, and for integrating the management of organizational and employee performance. Performance management involves multiple levels of analysis, and is clearly linked to topics studied in strategic HRM as well as performance appraisal. Different terms refers to performance management initiatives in organization, for example, performance

based budgeting, pay for performance, planning, programming and budgeting, and management by objectives.

A performance management system is increasingly as a means of integrating HRM activities with the business objective of the organization where management and HR activities are working together to influence individual and collective behavior to support the organization strategy. Performance management system is kind of completed and integrated cycle for performance management. The emphasis of performance management system is on continuously improving organizational performance and this is achieved through improved individual employee performance. The main purpose of performance management systems is to ensure that:

- The work performed by employees accomplishes the work of the company
- Employees have a clear understanding of the quality and quantity of work expected for them.
- Employees receive ongoing information about how effectively they are performing relative to expectations
- Awards and salary increases based on employees performance are distributed accordingly
- Opportunities for employee's development are identified.
- Employee performance that does not meet expectation is addressed.

2.2. AFFECTIVE COMMITMENT

Affective commitment refers to feeling of belonging and sense of attachment to the organization and it has been related to personal characteristics, organizational structure, and work experience, for example; pay, supervision, role clarity and skill variety Hartman, (2002). This form of commitment is the most influential one because employees with high AOC stays in an organization because they want to and not because they have to.

Porter, Steers, Mowday and Boulian (1974) has defined commitment as the strength of an individual's identification with and involvement in a particular organization but then further stated that commitment is characterized by three factors:-

- (a) A belief in and acceptance of goals and values,
- (b) A willingness to exert effort, and
- (c) A strong desire to maintain membership. In their review of the workplace commitment literature, Klein, Morrow and Brinsfield (in press) defined commitment as an individual's perception that they are bound to a given target.

This definition depicts commitment as attachment rather than a force. They note that defining commitment as a perceived bond rather than a force more clearly:-

- (a) Distinguishes commitment from its antecedents,
- (b) Places commitment within the individual, and
- (c) Recognizes the considerable variance in how individuals make sense of their environment.

The overall idea of organizational commitment is a partial degree of an individual's identification with the organization and his participation and involvement in the organization. A lot of studies have looked into the link between HR practices and commitment. Kehoe and Wright (2013) found that HR practices directly influence commitment of employees when studying perceived HR practices. Marescaux, (2013) developed and carried out an empirical test of the link between HR practices (eg. development appraisal, training) and commitment but found inconsistent results with some practices being significantly related with commitment and others not. To explain these inconsistent results, Meyer and Smith (2000) argue that "although HRM practices can be valuable tools in the establishment of employee commitment, their effects are neither direct nor unconditional". This suggests there are moderating variables that affect the relationship between HR practices and Commitment, which is important to be studied as the importance of generating commitment in employees, for example to increase firm performance, is well founded and understood (e.g. Meyer, Paunonen, Gellatly, Goffin and Jackson, 1989; and Wright & Bonett, 2002). The concept of Affective commitment; "the emotional attachment to, identification with, and involvement in the organization" borrowing from Meyer et al.(2002). This definition was chosen over others because of its appearance in theories of this study area allowing for simpler correlations to be made, and the definition also clearly shows the benefit that the company receives from the increased affective commitment. The link between HR practices and affective commitment can be explained from self-determination theory. The theory suggests that basic need satisfaction is needed to create positive HR outcomes (Baard et al, 2004), including affective commitment (Greguras and Diefendorff, 2009). This explains the basics of why HR practices lead to increased affective commitment; HR practices satisfy needs which employees reciprocate with increased commitment. Existing studies have build on this need satisfaction logic to propose an unconditional and linear relationship between HR and commitment. So effectively, more training would lead to more commitment, and that there are no conditions to the use of HR practices by employees. This contradicts Meyer and Smith"s (2000) suggestion

that the effect of HRM practices on affective commitment is unconditional, and also goes against the basics of Self-determination theory which assumes that people are active in their search towards psychological growth and development. Scholars who study the efficiency and effectiveness of an organization, for example scholars in the field of industrial-organizational psychology, economics, marketing and management, have become increasingly interested in organizational commitment. This is not surprising since organizational commitment is found to be empirically related to economical concepts like job performance (Mowday ,Porter) and turnover intentions and cognitions (e.g., Mowday, & Boulian, 1974). In an attempt to synthesize the organizational commitment research Allen and Meyer (1990) and Meyer and Allen (1991) analyzed an extensive amount of commitment literature. In both reviews they define organizational commitment as a psychological state that characterizes the relationship that the employee has with the organization; a relationship that influences the decision of the employee to stay in or leave the organization. In the same articles they conceptualize three distinguishable components of commitment. The first component, affective commitment has three subcomponents:-

- 1) The emotional attachment to the organization
- 2) The identification with the organization and
- 3) The involvement in the organization.

Allen and Meyer (1996) argued that there was enough evidence regarding the construct validity of the three components of organizational commitment. In 2002, a Meta-analysis of empirical studies from Meyer, Stanley, Herscovitch and Topolnytsky showed that the three components of commitment are related yet distinguishable from one another. Allen and Meyer (1990) and Meyer and Allen (1991) argued that it is likely that the three conceptual different components of commitment have different antecedents and different implications for work relevant behavior other than turnover. Based on this idea they created the three-component model of organizational commitment. The model is mainly based on induction, only a small part of the model is based on empirical evidence (Meyer & Allen, 1991). To date, empirical research has shown that affective commitment predicts employee performance (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989), absenteeism (Sagie, 1998), turnover (Tett & Meyer, 1993) and organizational citizenship (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Organ & Ryan, 1995) better than the other components of commitment. However there is no consensus about the causal ordering and the strengths of the relationships between all the antecedents and between the antecedents and affective

commitment (Bateman & Strasser, 1984; Brown & Peterson, 1993; Curry, Wakefield, Price & Mueller, 1986; Vandenberg & Lance, 1992). According to Meyer and Allen (1991) work experiences have the strongest and most consistent positive relationship with affective commitment. They refer to Herzberg (1966) to make a distinction between the comfort and the competence categories in work experiences.

Organizational commitment is conceptualized by Allen and Meyer, (1997) in to three dimensions: the first one is attitudinal or affective commitment, which is drawn from positive work experience. Employees that are strong affective committed want to stay employed in the organization. The second one is continuance commitment, which is derived from prior investment and possible cost of leaving the organization, the second component; continuance commitment refers to perceived costs when the employee would leave the organization. Employees with this kind of commitment stay employed in the organization because they need to be. And the third one also normative commitment, which is loyalty, or sense of obligation to remain attached to the organization. Normative commitment concerns a perceived obligation to stay with the organization. Employees that are strong normative committed stay in the organization because they believe they ought to. As per the above classification of organizational commitment by Meyer & Allen (1997) even though the three measurements of organizational commitment are important, in this study the researcher focuses on affective organizational commitment (AOC), in which commitment is considered as an affective or emotional attachment to the organization and it is more related with perception of employee.

2.3. Studies on performance management system and Affective commitment

The following are previous studies that were conducted on performance management system and commitment stated with their findings:-

2.3.1 Empirical Literature review

Even though there are extensive empirical studies in relation to employees of commitment with PMS and its consequence work outcomes, in the form of work performance, affective organizational commitment and turnover intention. Therefore, in this section the most selected and related empirical finding of related literatures are presented.

A study conducted by Biniyam Kifilu in 2015 on the effects of performance appraisal and promotion practices on organizational commitment on packaging and printing manufacturing

sector in Addis Ababa reveals that there is a positive relationship between performance appraisal and promotion practices with organizational commitment.

The study conducted by Tilahun Gessese in 2017 on the impact of performance system on employees' organizational commitment in Fitcha Hospital reveals that the Hospital should give more attention in improving the effectiveness of the existing practice of performance execution, performance assessment, performance review and performance renewal and reconstructing.

A study conducted by Bruk Leykun in 2015 on the effects of performance appraisal quality on affective organizational commitment and job satisfaction reveals that performance appraisal quality has a significant positive effect on affective organizational commitment of employees working in the selected bilateral donors; DFID Ethiopia and USAID.

Brown (2010) studied the relationship between performance appraisal quality, job satisfaction, commitment, and non-managerial employees working in Austrian public sector. He found that employees who reported a low performance appraisal quality (lowest levels of trust in supervisor, poor communication, and lack of clarity about expectations, and the perception of less fairness in the performance appraisal process) also reported lower levels of job satisfaction and commitment. This proved the strong positive relationship between the performance appraisal quality and affective organizational commitment and job satisfaction.

Asma & Mehboob (2012), argue committed employees are very crucial in upbringing the performance of the organizations. They help to increase the efficiency and effectiveness of the organizations. The employee's commitment with organizations is not an avoidable aspect in the service sector because they are providing services where skill, expertise and proficiency matters a lot in building relationships with customer and saving time, resources and cost associated with it. In this regard PMS practice also energizes people working in the organization. And also the commitment and motivation built through good PMS practice can lead to hard work.

Human resources management practices, leadership styles and trust within the organization are other organizational factors that have been associated with organizational commitment (Meyer & Allen, 1997). In nine studies involving 2 734 persons, Dunham, (1994) examined how participatory management and supervisory feedback influenced employee levels of affective, continuance, and normative commitment.

The researchers found that when supervisors provided feedback about performance and allowed employees to participate in decision-making, employee levels of affective

commitment was stronger than both continuance and normative. That is, employees indicated staying with the organization was more related to wanting to, rather than needing to or feeling they ought to.

In a study of 238 nurses, Cohen (1996) investigated the relationship between affective, continuance, and normative commitment and the following other types of commitment: work involvement, job involvement, and career commitment. Findings revealed that affective commitment was more highly correlated with all the other types of commitment. In other words, employees who remained with the organization because they wanted to were more likely to exhibit higher levels of commitment to their work, their job, and their career. Importance of training in developing committed employees cannot be ignored. Training generates a feeling of belongingness among employees. Likewise executive development program also seems to be a platform of producing committed employees.

Moynihan, (2000) hypothesized that job satisfaction and affective commitment would positive association with general performance and leadership while continuance commitment would exhibit a negative association. As predicted, job satisfaction associated positively with performance, though not with leadership. Continuance commitment negatively associated with both performance and leadership.

Increased organizational commitment has also been positively associated with valuable organizational outcomes, including job performance ratings, decreased intention to search for new jobs and reduced turnover intentions Bergmann, (2000). Few behavioral scientists believe that for generating commitment organizational support is also a key factor.

Irving, (1997) investigated the relationship between affective, continuance, and normative commitment and the outcome measures of job satisfaction and turnover intentions. Total participants for the study included 232 employees. Results revealed that job satisfaction was positively related to both affective and normative commitment.

However, job satisfaction was negatively related to continuance commitment. All three types of commitment were negatively related to turnover intentions, with continuance commitment having the strongest negative relationship.

2.4. Performance Management System and Affective Commitment

The variables of interest in this study will be Setting Goals, monitoring, evaluation, feedback and reward system.

2.4.1. Setting Goals and Affective Commitment

According to Baron and Armstrong (2004), performance goal setting is the fundamental constituent of any performance management process which forms the foundation of any performance appraisal system in every organization. James Harter and Gallup (2009) describes goal setting as given high priority and approached consistently throughout the organization, is the mechanism by which the business delivers results against its strategy. Improved shareholder value, greater profitability, increased revenue, inspired innovation none of these can be realized without an organized process that deconstructs strategies and cascades relevant and measurable elements of those strategies appropriately through the workforce.

Under the right conditions, goal setting can be a powerful technique for motivating organization members. The following are practical suggestions for managers to consider when attempting to use goal-setting to enhance motivation, commitment and performance (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011).

Goals Need to Be Specific

(DuBrin, 2012; Greenberg, 2011; Newstrom, 2011) stated that organization members perform at higher levels when asked to meet a specific high-performance goal. Asking organization members to improve, to work harder, or to do your best is not helpful, because that kind of goal does not give them a focused target.

Specific goals (often quantified) let organization members know what to reach for and allow them to measure their own progress. Research indicates that specific goals help bring about other desirable organizational goals, such as increasing commitment and reducing absenteeism, tardiness, and turnover (Locke & Latham, 2002).

Goals Must Be Difficult but Attainable

A goal that is too easily attained will not bring about the desired increments in performance. The key point is that a goal must be difficult as well as specific for it to raise performance. (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011). However, there is a limit to this effect. Although organization members will work hard to reach challenging goals, they will only do so when the goals are within their capability. As goals become too difficult, performance suffers because organization members reject the goals as unreasonable and unattainable (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011).

Goals Must Be Accepted

Goals need to be accepted. Simply assigning goals to organization members may not result in their commitment to those goals, especially if the goal will be difficult to accomplish. A powerful method of obtaining acceptance is to allow organization members to participate in the goal-setting process (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011). In other words, participation in the goal-setting process tends to enhance goal commitment. Participation helps organization members better understand the goals, ensure that the goals are not unreasonable, and helps them achieve the goal.

Feedback Must Be Provided on Goal Attainment

Feedback helps organization members attain their performance goals. Feedback helps in two important ways. First, it helps people determine how well they are doing. Performance feedback tends to encourage better performance. Second, feedback also helps people determine the nature of the adjustments to their performance that are required to improve (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011). For example, sports teams watch video reproductions of a game and adjust their play and a CEO of an organization can gauge the growth, profitability, and quality of a product line.

Goals Are More Effective When They Are Used to Evaluate Performance

When employees know that their performance will be evaluated in terms of how well they attained their goals, the impact of goals increases (DuBrin, 2012; Greenberg, 2011; Newstrom, 2011). Salespeople, for example, have weekly and monthly sales goals they are expected to attain. Telephone operators have goals for the number of customers they should assist daily. Quarterbacks are judged on the completion percentages of passes thrown and the number of yards the offense generates per game. Coaches are assessed on their win-loss record. CEOs of organizations such as IBM, General Motors, and Microsoft Corporation are evaluated on meeting growth, profitability, and quality goals.

Deadlines Improve the Effectiveness of Goals

For most employees, goals are more effective when they include a deadline for completion. Deadlines serve as a time-control mechanism and increase the motivational impact of goals. Being aware that a deadline is approaching, the typical employee will invest more effort into completing the task. In contrast, if plenty of time remains for attaining the goal, the employee

is likely to slow down his or her pace to fill the available time. However, when deadlines are too tight, particularly with complex tasks, the quality of work may suffer.

A Learning Goal Orientation Leads to Higher Performance than a Performance Goal Orientation

A person with a learning goal orientation wants to develop competence by mastering challenging situations. In contrast, the person with a performance goal orientation wants to demonstrate and validate competence by seeking favorable judgments. The learning goal orientation is particularly relevant in today's work environment, which requires employees to be proactive, problem solve, be creative and open to new ideas, and adapt to new and changing situations (Luthans, 2011).

Other Authors like Earley and Hulin (1985) suggested that the acceptance of goals and commitment to attain them is greater when the workers are allowed to participate in the goal setting process. Erez, (1985) investigated the impact of participation in goal setting on goal acceptance and performance in American college students. They hypothesized that the level of goal acceptance will increase as the degree of participation increases and that participation influences performance through its influence on acceptance hence commitment to the goals. Erez (1985) the results revealed that participative and representative goal setting significantly increased individual goal acceptance hence employee being committed to the goals. Erez and Earley (1987) investigated participation in goal setting and its effect on goal acceptance in a cross-cultural context. The results from this study suggest that participation in goal setting increases acceptance, even when the goals are difficult therefore employees work hard to accomplish them.

Erez and Arad (1986) investigated the social, cognitive, and motivational factors that underlie the effects of participative goal setting. They found out that when goals are participative set in a group, performance and commitment levels increase. They, therefore, suggested that "socio-psychological group processes" increase the likelihood of goal accomplishment. In other words, the combination of both psychological and sociological factors will influence the effect of participation in goal setting on performance and commitment.

2.4.2. Monitoring, Evaluation and Affective Commitment

Monitoring and evaluation is a process that helps improve performance and achieve results. Its goal is to improve current and future management in terms of output, outcome and impact. Monitoring and evaluation are both important activities in performance management system. In most organizations, they will have both corporate scorecard for the company as a whole, and separate scorecards for each division/employee that feeds into the overall scorecard (Gaertner, 1999). And also monitoring and evaluation system should be as relevant as possible to the organization to ensure its reliability and independence (Gaarder & Briceño, 2010).

Njama (2015) the level of commitment of top leadership and management in the organization determines to a great extent the effectiveness of monitoring and evaluation system for projects. The study revealed that leaders do not always and clearly communicate monitoring and evaluation results and also do not take active part in designing the monitoring and evaluation systems. According to Bass and Avolio (1997) leadership is the most significant factor for examining the employee performance. For an organization to be outstanding it needs to have an outstanding leadership and provides good relationships for growing organizations. Jones and George (2000) asserts that leaders are efficient when they influence their subordinates by effectively achieving the organizational objectives therefore when the leadership is good and in order then the employees will be committed to work harder. Fair monitoring and evaluation is important in any organization as it's a platform to show good governance which is a motivator to the employees. According to Bass and Avolio (1997) leadership is the most important aspect for determining the organizational performance. According to Bass and Avolio (1997) leadership is the most significant factor for examining the employee performance.

2.4.3. Feedback and Affective Commitment

Feedback is a critical component of all performance management systems. It can be defined as information about an employee's past behaviors with respect to established standards of employee behaviors and results. In studies conducted by (Phoel, 2009; Daniels & Daniels, 2004), both the manager and the employees agreed feedback was the most effective and impactful way of perceiving and receiving feedback. Indeed, when the feedback is given right away when it is needed, it has a better impact on the employee's overall behavior, motivation and performance. According to Lee (2005) performance conversations should include a two-

way exchange to ensure that the employee fully understands what is good, what is bad, and why the good performance is good and the bad is bad.

Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source. The time efficiency of quick feedback makes the feedback highly useful and valuable for both the manager and the employees. Therefore, feedback needs to be quick, specific and unambiguous (Blanchard & Johnson, 2015). Thus, most employees believe they would perform better due to quick feedback. Indeed, it is likely that the better you feel about yourself, the more motivated you will become and the better performance you will reach (Blanchard & Johnson, 2015). The goals of performance feedback are to improve individual and team performance, as well as employee commitment, motivation, and job satisfaction (Aguinis, 2009). Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop (Teke, 2002). Through this the PMS strategy is able to influence employee commitment because employees are able to know the shortcomings and improve on them.

Taylor, Fisher and Ilgen (1984) suggest that feedback is essential for organizational effectiveness and that lack of feedback can lead to anxiety, inaccurate self-evaluations, and a diversion of effort toward feedback gathering activities therefore lack of commitment. Moreover, effective feedback has the potential to enhance employee commitment, engagement, motivation, and job satisfaction (Aguinis, Gottfredson & Joo, 2011). Performance feedback is effective in changing employee work behaviour and enhances employee job satisfaction and performance (Islam & Rasad, 2006). Locke and Latham (1990) proposes a number of factors, including characteristics of the feedback source and message, and timing issues such as the amount and frequency of feedback employees received attitudinal outcomes of feedback as enhancing employee commitment.

2.4.4. Reward and Affective Commitment

Organizational rewards refer to all the benefits, financial and non-financial, that an employee obtains through his/her employment relationship with an organization. According to the tenets of social exchange theory, on being rewarded for their work by the organization, employees will reciprocate by developing effective commitment to the organization. A PMS strategy should be well structured to capture how reward system should be because reward motivates workers to achieve their goals and be best performers. The provision of rewards by

an organization has been shown to be a major factor that strengthens the psychological contract between the employee and employer Malhotra, (2007). Previous empirical work indicates that extrinsic, intrinsic and social rewards all play an important role in enhancing employee commitment towards an organization Malhotra, (2007). Employees with high levels of affective commitment wish to stay with an organization as a consequence of the positive feelings that arise from the employment relationship. There are contrasting views in literature as to the relative strength of the relationships between the different types of rewards and employee commitment. Some authors argue that the relationship between extrinsic rewards and employee commitment is stronger than that between intrinsic or social rewards and employee commitment as organizations have direct control over their provision (Angle and Perry, 1983). Others argue that intrinsic and social rewards are stronger antecedents of employee commitment than extrinsic rewards Eby, (1999).

2.5. RESEARCH HYPOTHESIS

For the purpose of analyzing the relationship between performance management system and employee affective commitment in commercial bank of Ethiopia. The following hypotheses have been proposed.

H1: There is significant relationship between the existing performance management system and employees affective commitment.

H1a: Setting goals have significant effect on employee affective commitment;

H1b: Feedback has significant effect on employee affective commitment;

H1c: Evaluating and monitoring performance have significant effect on employee affective commitment;

H1d: Rewarding system has significant effect on employee affective commitment positively;

2.6. Conceptual Framework

2.6.1. Variables

In this study, many variables are identified from literature review. These variables will be categorized into the stages of Performance management system; Pre-requisites, performance planning, performance execution, Performance assessment, Performance review and performance renewal and reconstructing.

2.6.1.1. Independent variables

In this study, the independent variable is the activities in performance management system. Each independent variable extracted from the stages of performance management system from the literature review and also the established relationship of these independent variables with affective commitment.

2.6.1.2. Dependent variables

In a research, the dependent variable is the affective commitment. From literature review, commitment could be measured with stages of performance management system.

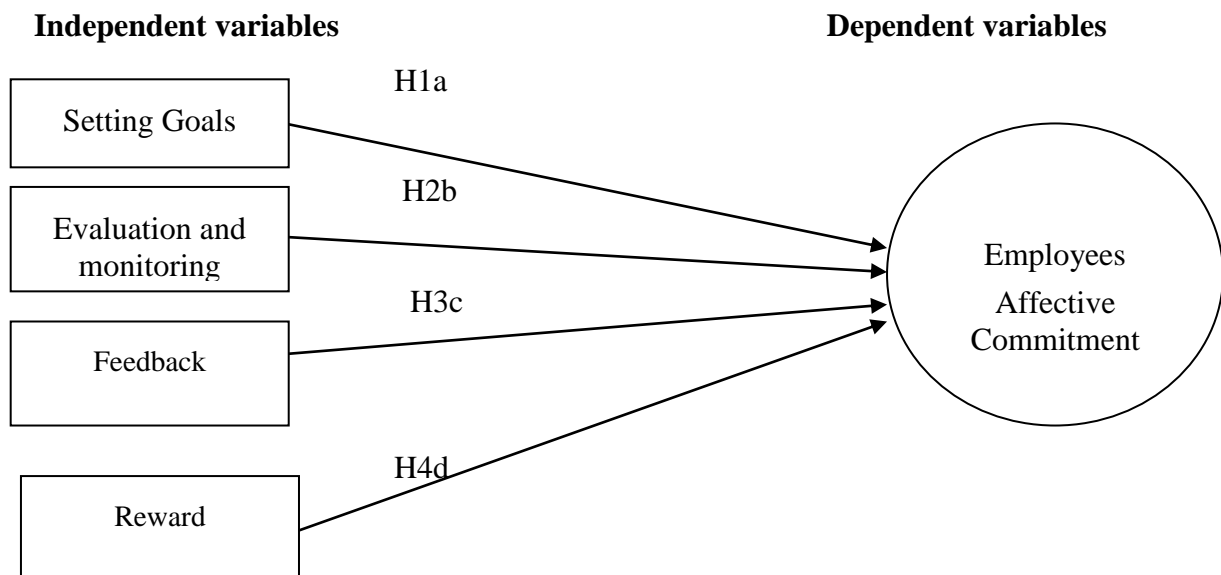


Figure 1 CONCEPTUAL FRAME WORK, Source: (Gessese, 2017)

CHAPTER THREE

3. Research Design and Methodology

3.1. Introduction

This chapter presents the research design and methodology. The chapter covers research design, Sampling method and Sampling size determination, data source and collection methods, data collection procedures and data analysis methods.

3.2. Description of the Study Area

The study's setting was Commercial Bank of Ethiopia in four districts of Addis Ababa. The bank has 32854 (thirty two thousand eight hundred fifty four) (CBE website) all over Ethiopia. The study was focused on employees of Commercial Bank of Ethiopia who worked in four districts of Addis Ababa.

3.3. Research Approach

According to Creswell (2009), there are three approaches available for researchers to design their research methodology. These are Quantitative, Qualitative, and Mixed methods research approaches. Quantitative research can be used in response to relational questions of variables within the research. Quantitative researchers seek explanations and predictions that will generate to other persons and places. The intent is to establish, confirm, or validate relationships and to develop generalizations that contribute to theory (Leedy & Ormrod, 2001). On the other hand, qualitative research method allows the researcher to explore and better understand the complexity of a phenomenon. It's concerned with subjective assessment of attitudes, opinions and behavior.

However, for the purpose of the study quantitative research method was employed. Because, quantitative method is a research method dealing with numbers and anything that is measurable in a systematic way of investigation of phenomena (Creswell, 2009). Thus, the collected data of the study was quantified and analyzed through statistical approach.

3.4. Research Design

Explanatory research is deeper in the sense that it describes phenomena and attempts to explain why behavior is the way it is. In other words, it enables us to understand the very nature of what we are actually looking at. This type of research aims at for instance, explaining social relations or events, advancing knowledge about the structure, process and

nature of social events, linking factors and elements of issues into general statements and building, testing or revising a theory Jhon, (2007). In order to answer the research questions and the problems, the researcher used explanatory research design.

This research was based on a study that used the quantitative method approach; Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics (Geoffrey, et al, 2005). The quantitative method was in the form of a questionnaire with closed-ended questions. In order to answer the research questions and the problems, the researcher used regression analysis. This type of analysis helped the researcher to see the effect of PMS in the employees' affective commitment.

3.5. Population and sample

3.5.1. Sampling method

The intention of the study is to assess the effects of current performance management system on employees' affective commitment. The researcher used Cluster sampling technique the total population was divided into four areas. These are North, South, and East and West Addis Ababa district. Then stratified random sampling was used to select samples from different branches at each district. The different branches found under the four districts in Addis Ababa were taken as strata's.

3.5.2. Sampling size determination

In order to selecting the appropriate sample size, the researcher uses the formula of Laurentina P. (Laurentina & Melchor, 2006). As of March 18, 2018, the total number of employees working in the Commercial Bank of Ethiopia is 32854(thirty two thousand eight hundred fifty four) (CBE website) employees because of the scattered and dispersed location of the employees it very difficult to take the whole employees as a sample population. Because the bank had many branches in the remote area of the country where, there is no network. So, for the homogeneity and similarity of the bank's structure and for the convenience of the area to collect the questionnaire, the researcher by far limited the target population in to employees of four districts in Addis Ababa , which has 11008 (Eleven thousand eight) workers at branches organized under the four districts.

In calculating this sample size, the researcher used the Laurentina P. (Laurentina & Melchor, 2006) formula:

$$Ss = NZ + [Se^2(1-p)]$$

$$NSe + [Z^2P(1-P)]$$

Where Ss = Sample size

$$N = \text{Total population} \quad N = 11,008$$

$$Z = \text{Confidence level} \quad Z = 99 \% = 2.58 \text{ from Z table}$$

$$Se = \text{Sampling error} \quad Se = 1\% = 0.01$$

$$P = \text{Largest possible proportion} \quad P = 0.5$$

$$Ss = \frac{11008 \times 2.58 + [0.01^2(1-0.5)]}{11008 \times 0.01 + [2.58^2 \times 0.5(1-0.5)]} = 254.1578 \text{ approximately } 254$$

An appropriate sample size for this number of population (i.e. 11008 individuals) is 254 employees.

3.6. Data source and Types

In order to answer the research questions, both primary and secondary data were used for this study. The primary data included the data to be gathered through closed ended questionnaires and unpublished internal bank's report. The secondary data were gathered from journal documents and the Website of the Bank.

3.7. Procedure of Data collection

First the researcher prepared the appropriate questionnaire keeping the personal profiles of the one who participate in files the questioner and then distribute the question to the sample employees. I have adapted the questionnaire from two sources (Zhang, 2012: and Meyer and Allen, 1990). After effectively collected the information, the researcher inserted, analyzed and summarize with SPSS and put it in table form and the major findings of the study is identified and interpreted taking in to account the theoretical perspective and based on that conclusions drawn and feasible recommendations forwarded.

3.8. Ethical Consideration

The student researcher had maintained all ethical code of conduct while collecting and analyzing data. The data were collected based on the consent or willingness of participants. Respondents were informed about the objective of the study. Also, the study provides anonymity; means the information from the respondents were confidential and were not used

for any personal interest. In addition there was equal consideration of collected responses throughout the process regardless of the personal opinion of the researcher.

3.9. Method of Data analysis

As it is explained before, the collection of data and method of analysis were based on inferential statistics method. Inferential statistics allowed the researcher to examine causal relationships. In many cases, inferential statistics allow researchers to go beyond the parameters of their study sample and draw conclusions about the population from which the sample was drawn Geoffrey, (2005). To see the effects of PMS on employees' affective commitment of Commercial Bank of Ethiopia regression analysis was conducted.

3.10. Instrument Validity and Reliability

As Geoffrey, et al., (2005) stated that, validity highlights the need to eliminate or minimize the effects of extraneous influences, variables, and explanations that might detract from a study's ultimate findings. By saying this, the researcher discussed with the advisor about the questionnaires to check the questionnaires represent the relationship between dependent and independent variables before it had been distributed. The researcher provided explanations concerning on the questions to the respondents before they had given answer for it. This insured the reliability of the available data.

CHAPTER FOUR

4. RESULTS AND FINDINGS

4.1. Introduction

This Chapter presents the demographic characteristics of the respondents and the research findings. It analyses the data systematically focusing on the study objective: effect of the performance management system on employee affective commitment.

4.2. Response Rate

Data was collected by the use of structured questionnaires, and analysis done using SPSS version 23. Questionnaires were sent to all 254 staff members of four districts in Addis Ababa. Only 232 responded. This translated to 91.34 % response rate which is satisfactory. Due to failure to give back questionnaires by employees taken as a reason hindered to do not handle fully what was disseminated to employees.

4.3. Demographic Information of Respondents

In this section, the general background of the respondents of the study is summarized by focusing their gender, age group, educational status, and years of service and category of position classification.

Table 4. 1 Profile of respondents

S. n	Respondents Classification with their Frequency		
1.	Gender composition	Frequency	Percentage
	Male	131	56.5
	Female	101	43.5
	Total	232	100
2.	Age	Frequency	Percentage
	18-25	37	15.9
	26-35	152	65.5
	36-45	35	15.1
	>45	8	3.4
	Total	232	100
3.	Educational Qualifications	Frequency	Percentage
	Certificate or Diploma	9	3.9
	BA/BSC	170	73.3
	MA/MSC	53	22.8

	Total	232	100
4.	Position	Frequency	Percentage
	Manager	5	2.2
	CSO	128	55.2
	CRO	15	6.5
	CSM	48	20.7
	SCSO, Accounts	9	3.9
	SCSO, audit	11	4.7
	KYC analyst	11	4.7
	SCSO, cash	5	2.2
	Total	232	100
5	Work Experience	Frequency	Percent
	1- 3 years	53	22.84
	4 – 6 years	91	39.22
	7 – 9 years	47	20.26
	over 10 years	41	17.67
	Total	232	100

Own Source, SPSS output 2018

Gender Composition: From the table 4.1 above, the age group of the respondents, the larger portion of the respondent are male accounts 131 (56.5%) and the rest respondents are female that accounted for 101(43.5%). Even though the number of male respondents is greater than female, the researcher concluded that the gender composition of workers in the bank is nearly equal.

Age Composition: From the table 4.1 above, the age group of the respondents, the larger portion of the respondent is 152 (65.5%) falls within the age group of 26 to 35. Age group from 36 to 45 and 18 to 25 hold 35 (15.1%) and 37 (15.9%) number of respondents respectively. Respondents of age group 45 and above contain the least number of respondents, which are 8 (3.4%). From this we can say that 80% and more of the questioners are filled with more younger, energetic and productive manpower that can be able to transform the mission and vision of the organization into reality.

Educational Qualification: with regards to educational qualification of respondents, 9 respondents have college certificate or diploma which is 3.9% of the total, 170 respondents which are the majority respondents in terms of educational qualifications have first degree and they represent 73.3% of the total respondents. The above table 4.1 also shows that 53 respondents have second degree and accounted for 22.8% from total respondents. On the other hand from the total respondents there are no responses for PhD holders in the bank. From the educational background of respondents, most respondents are 223 which are accounted for 96.1% of the total respondents are first and second degree holders. According to the response, the respondents provide relevant and reliable information needed for the study and they are fit in line with the response of the questionnaire.

Work Experience: Based on the above Figure 4.2 the collected data through questionnaire, the large portion of respondents 91 (39.22%) fall within the range of four to six years of service in CBE, the second highest number of respondents goes to 53 (22.84%) of the respondents fall between the range one to three years of experience, Work experience of seven to nine years accounts that 47 (20.26%) and respondents that have nine and above years of experience are 41 (17.67%). This shows and the researcher believes that these combinations of the respondents were good enough in finding the accurate information because the majority of respondents have four to nine years of experience in CBE.

Job Title: Based on the above table 4.1 the collected data through questionnaire, the large portion of respondents 128 (55.2%) work as customer service officer (CSO) in CBE, the second highest number of respondents goes to 48 (20.7%) work as customer service Manager (CSM) in CBE, From the total respondents CRO has frequency of 15 which is 6.5%. SCSO Audit and KYC Analyst have 11 (4.7%) similarly and from the respondents Manager and SCSO, cash have similar respondents which is 5 (2.2%) from the total respondents. This shows that the majority of respondents have a position of CSO and CSM in CBE.

4.4. Testing for Normality

An assessment of the normality of data is a prerequisite for many statistical tests as normal data is an underlying assumption in parametric testing. There are two main methods of assessing normality - graphically and numerically. Statistical tests have the advantage of making objective judgments of normality. Skewness and Kurtosis descriptive statistics is one

of the numerical tests used to check normality. The value of asymmetry and kurtosis between -2 and +2 are considered acceptable in order to prove normal distribution (George & Marllery, 2010). Hence, as it is depicted in table 4.2. The skewness and kurtosis statistics are within the range of -2 and +2 so that the assumption of normal distribution is met.

Table 4. 2 Normality Test for Variables

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Setting of goals	232	-.048	.160	-.357	.318
Monitoring and Evaluation	232	.287	.160	-.637	.318
Feedback	232	-.198	.160	-.527	.318
Reward	232	-.070	.160	-.281	.318
Affective Commitment	232	.102	.160	-.977	.318

Source: Own survey SPSS output, 2018

4.5. DESCRIPTIVE STATISTICS

4.5.1. Descriptive statistics of PMS and Employees' Affective Commitment

Illustration of the descriptive statistics for each main constructs and its dimensions using mean and standard deviation is given on this part. Performance management system is represented by four conceptual dimensions. A total of 42 statements were presented to workers in the Commercial Bank of Ethiopia through the structured questionnaire to measure their degree of agreement or disagreement over the Bank's performance management system and affective commitment. A statistical mean value and standard deviation which is calculated based on employees' response on the questionnaire for three constructs is presented.

The research questionnaire designed using 5 point Likert scale to collect appropriate responses, in relation to this the respondents indicated the extent they agree with the statements by choosing: 1- Strongly Disagree, 2- Disagree, 3-Neutral, 4- Agree and 5- Strongly Agree. Based on the response of the respondents mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed and a mean above 4.50 means the respondents strongly agreed.

High Standard Deviation means that the data are wide spread, which means that employees give variety of opinion and the low standard deviation means that employee’s express close opinion.

4.5.2. Descriptive Statistics of Setting Goals

Descriptive statistics was conducted on the five items in setting goals which employees were rated using the five point likert scales with the highest being strongly agree and the lowest-strongly disagree. The result of the descriptive statistics shows to what degree employees agree or disagree on performance management goals. The highest indicate high level of agreement with the scale item while the lowest mean figure shows high level of disagreement with the particular item being tested.

Table 4.3 Descriptive Statistics of Setting Goals

Descriptive Statistics			
	N	Mean	Std. Deviation
I clearly know the purpose and process of Performance management system.	232	3.35	1.160
The PMS was developed with inputs from the staff throughout the department and branch.	232	2.78	1.247
Performance goals have specific time frames	232	3.56	1.079
Relevant performance expectations are set between supervisor and employee	232	2.95	1.163
Managers set clear goals with their direct reports	232	3.22	1.167
Valid N (listwise)	232		

Source: SPSS Output, 2018

As it can be seen from the above table the statements called “Performance goals have specific time frames” has the highest mean value (3.56) which means most respondents agree in high level that the statted goals have specific time frames. While the statement “The PMS was developed with inputs from the staff throughout the department and branch” has the lowest mean value of (2.78) and this lowest mean value implies that respondents are neither agreed nor disagreed regarding performance management system of the bank was developed with inputs from the staff throughout the district and branch.

The statement that says “The PMS was developed with inputs from the staff throughout the department and branch” has the highest Standard Deviation which means that the data are wide spread, which means that employees or respondents give variety of opinion and the statement that says “Performance goals have specific time frames” has low standard deviation means that employee’s or respondents express close opinion.

4.5.3. Descriptive Statistics of Monitoring and Evaluation

Descriptive statistics was conducted on the thirteen items of monitoring and evaluation in which employees were rated using the five point likert scales with the highest being strongly agree and the lowest-strongly disagree. Monitoring and evaluation is a process that helps improve performance and achieve results. Its goal is to improve current and future management in terms of output, outcome and impact. Monitoring and evaluation are both important activities in performance management system. In most organizations, they will have both corporate scorecard for the company as a whole, and separate scorecards for each division/employee that feeds into the overall scorecard (Gaertner, 1999).

Table 4.4 Descriptive Statistics on Monitoring and Evaluation

Descriptive Statistics			
	N	Mean	Std. Deviation
There is honesty and fairness in my performance review	232	2.72	1.138
Performance management system helps supervisor to become a better leader	232	2.87	1.170
The PMS will result in fair Performance monitoring and evaluation of staff members	232	2.59	1.192
In my opinion , the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers	232	2.45	1.142
Monitoring and evaluation process helps to improve performance and achieve results	232	3.08	1.200
I have ways to appeal a performance rating that I think is biased or inaccurate	232	2.98	1.132
The Monitoring and Evaluation process is positively related to my emotional attachment to the organization.	232	2.78	1.155
Senior management demonstrates that they take performance reviews seriously.	232	2.81	1.086
Performance is measured against the factors previously agreed upon	232	2.88	1.068
Constant monitoring by my immediate supervisor encourages me to perform well	232	2.99	1.184
Performance management is completely measurable and fair to employees	232	2.60	1.223
My rater is influenced by his/her personal liking and dislike when evaluating my performance	232	2.75	1.202
Performance management system encourages co-operation & team spirit which leads to better employee affective commitment in my branch	232	2.68	1.225
Valid N (listwise)	232		

Source: SPSS Output, 2018

Based on the statistical results of the above table the statement which says “Monitoring and evaluation process helps to improve performance and achieve results” has got the highest mean value (3.08), which represents that the majority of respondents are neutral that monitoring and evaluation process helps to improve performance and achieve results; whereas, the statement that says” In my opinion, the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers” has the lowest mean value (2.45) which implies that on average that employees have high level of disagreement over the statement that performance evaluation form used to evaluate performance is capable of distinguishing effective performers from ineffective performers.

The statement that says “In my opinion , the performance evaluation form used to evaluate my performance is capable of distinguishing effective performers from ineffective performers” has the highest Standard Deviation which means that the data are wide spread, which means that employees or respondents give variety of opinion and the statement that says “Performance is measured against the factors previously agreed upon” has the low standard deviation means that employee’s or respondents express close opinion.

4.5.4. Descriptive Statistics of Feedback

Feedback is a critical component of all performance management systems. Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source. The goals of performance feedback are to improve individual and team performance, as well as employee commitment, motivation, and job satisfaction (Aguinis, 2009). Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop (Teke, 2002). Through this the PMS strategy is able to influence employee commitment because employees are able to know the shortcomings and improve on them.

Table 4.5 Descriptive Statistics of Feedback

Descriptive Statistics			
	N	Mean	Std. Deviation
Supervisors are well informed about my work	232	3.26	1.074
Supervisors have reasonable expectations from my work	232	3.28	1.080
My Supervisors discuss regularly my job performance with me	232	2.96	1.152
feedback improve communication in my work place	232	3.46	1.072

I am given clear instruction and objectives	232	3.29	1.081
My supervisors gives me fair feedback	232	3.07	1.063
I clearly understand my supervisors comments and opinion during the feedback	232	3.22	1.106
I am satisfied from the relationship with my supervisor	232	3.26	1.156
Supervisors set guide line for improving feedback during performance review.	232	3.05	1.080
Supervisors provide continuous, timely and constructive feedback to subordinates.	232	2.99	1.134
The feedback I get is improving my affective commitment to the organization	232	2.97	1.166
Valid N (listwise)	232		

Source: Own SPSS Output, 2018

Based on the statistical results of the above table the statement which says “feedback improve communication in my work place” has got the highest mean value (3.5), which represents that the majority respondents perceived or agreed in high level that the feedback from supervisors or higher officials improves communication in the bank; whereas, the statement that says ” My Supervisors discuss regularly on my job performance with me” has the lowest mean value (2.96) which implies that on average the employees are neither agreed nor disagreed regarding that supervisors discuss regularly on job performance with individual performer.

The statement that says “The feedback I get is improving my affective commitment to the organization” has the highest Standard Deviation which means that the data are wide spread, which means that employees or respondents give variety of opinion and the statement that says “My supervisors gives me fair feedback” has the low standard deviation means that employee’s or respondents express close opinion.

4.5.5. Descriptive Statistics of Reward

Organizational rewards refer to all the benefits, financial and non-financial, that an employee obtains through his/her employment relationship with an organization. According to the tenets of social exchange theory, on being rewarded for their work by the organization, employees will reciprocate by developing effective commitment to the organization. A PMS strategy should be well structured to capture how reward system should be because reward motivates workers to achieve their goals and be best performers. The provision of rewards by an organization has been shown to be a major factor that strengthens the psychological contract between the employee and employer (Malhotra *et al.*, 2007).

Table 4.6 Descriptive Statistics of Feedback

Descriptive Statistics			
	N	Mean	Std. Deviation
Pay decisions are linked to performance achievements	232	2.54	1.108
PMS establishes a clear connection between Performance and Rewards.	232	2.38	1.083
Reward system can help me to improve my affective commitment	232	3.29	1.173
Effective personal recognition is provided during review meeting	232	2.95	1.144
My manager recognizes me when I do a good job	232	3.14	1.191
Valid N (listwise)	232		

Source: Own SPSS Output, 2018

Based on the statistical results of the table above, the statement which says “Reward system can help me to improve my affective commitment” has got the highest mean value (3.29), which represents that the majority respondents are neutral that the reward system can help to improve affective commitment of performer. whereas, the statement that says” Pay decisions are linked to performance achievements” has the lowest mean value (2.38) which implies that on average the employees are disagreed that performance management strategy establishes a clear connection between Performance and Rewards.

The statement that says “My manager recognizes me when I do a good job” has the Highest Standard Deviation means that the data are wide spread, which means that employees or respondents give variety of opinion and the statement that says “PMS establishes a clear connection between Performance and Rewards” has the low standard deviation means that employee’s or respondents express close opinion.

4.5.6. Descriptive Statistics of Affective Commitment

Affective commitment refers to feeling of belonging and sense of attachment to the organization and it has been related to personal characteristics, organizational structure, and work experience, for example; pay, supervision, role clarity and skill variety Hartman, (2002).This form of commitment is the most influential one because employees with high AOC stays in an organization because they want to and not because they have to.

Table 4.7 Descriptive Statistics of Affective Commitment

Descriptive Statistics

	N	Mean	Std. Deviation
I would be very happy to spend the rest of my career with this organization.	232	2.49	1.238
I enjoy discussing about my organization with people outside it.	232	2.69	1.150
I really feel as if this organization’s problems are my own.	232	2.91	1.201
I think that I couldn’t easily become as attached to another organization as I am to this one	232	2.65	1.083
I feel like ‘part of the family’ at my organization.	232	2.71	1.173
I feel ‘emotionally attached’ to this organization.	232	2.66	1.082
This organization has a great deal of personal meaning for me.	232	2.73	1.161
I feel a ‘strong’ sense of belonging to my organization.	232	2.77	1.190
Valid N (listwise)	232		

As it can be seen from the above table the statements called “I really feel as if this organization’s problems are my own.” has the highest mean value (2.91) which means most respondents neutral regarding as if organization’s problems are my own. While the statement “I would be very happy to spend the rest of my career with this organization” has the lowest mean value of (2.49) and this lowest mean value implies that respondents are disagreed that they would be very happy to spend the rest of their career with this organization.

High Standard Deviation means that the data are wide spread, which means that employees or respondents give variety of opinion and the low standard deviation means that employee’s or respondents express close opinion.

4.6. Result of the Pearson Correlation Analysis (PCA)

TABLE 4. 8 Correlations of variables

		Correlations				
		Setting of goals	Monitoring and Evaluation	Feedback	Reward	Affective Commitment
Setting of goals	Pearson Correlation					
	Sig. (2-tailed)					
	N	232				
Monitoring and Evaluation	Pearson Correlation	.632**	1			
	Sig. (2-tailed)	.000				
	N	232	232			
Feedback	Pearson Correlation	.513**	.597**	1		
	Sig. (2-tailed)	.000	.000			
	N	232	232	232		
Reward	Pearson Correlation	.502**	.566**	.638**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	232	232	232	232	
Affective Commitment	Pearson Correlation	.440**	.569**	.548**	.648**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	232	232	232	232	232

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

Own Source, SPSS output 2018

Firstly, referring to table 4.12 the Pearson Correlation Analysis (PCA) evaluated the employee affective commitment with the Setting Goals, monitoring and evaluation, feedback and Reward have strong positive correlation with employee affective commitment with a p value 0.001 and with a Pearson R value of 0.440, 0.569, 0.548 and 0.648 respectively. Setting Goals, monitoring and evaluation, feedback and Reward are a significant predictor of EAC. Each component of the employee affective commitment had a significant proportion of its variance explained by Setting Goals, monitoring and evaluation, feedback and Reward.

4.7. Internal consistency of the scale

The Cronbach's Alpha has been used to measure the internal consistency of the scale in this research for the estimation of the consistency of the individual respond to items within the

scale. (Nunnally, 1978) Found that a scale of 0.7 that was widely accepted as consistent and reliable in social science research.

Table 4.9 Cronbach`s Alpha for reliability of PMS and Affective commitment questionnaires delivered to the respondents.

Reliability Statistics

Cronbach's Alpha	N of Items
0.961	42

Source: Own survey SPSS output, 2018

Table 4. 10 Table Summary of Cronbach`s Alpha for reliability of each variables questionnaires delivered to the respondents.

Reliability Statistics

Each Variables questionnaires delivered to respondents	Cronbach's Alpha	N of Items
Setting Goals	0.820	5
Monitoring and Evaluation	0.912	13
Feedback	0.924	11
Reward	0.818	5
Affective commitment	0.948	8

Source: Own survey SPSS output, 2018

As the above table shows that all variables (independent and dependent) are reliable and consistent for the research.

Table 4.11 Model Summary

Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699 ^a	.488	.479	.718

a. Predictors: (Constant), Reward, Setting of goals, Feedback, Monitoring and Evaluation

b. Dependent Variable: Affective Commitment

Own Source, SPSS output 2018

The result from data output obtained is a major contribution to existing body of knowledge on this subject matter. Performance management system is positively related to employee's performance because of its high correlation value (R) which is 0.699 (69.9%). The result reveals a high degree of dependence of employee's Affective Commitment on organizations

performance management system. R² is the coefficient of determination of the two variables which shows the percentage of total variation of the dependent variable explained by the independent variable. The analysis shows, R²= 0.488 (48.8%), which is a moderate coefficient and clearly implies that 48.8 % variation in employees Affective Commitment are explained by changes or the nature of performance management system implemented in the organization. The remaining 51.2 % variation is explained by stochastic error term (e) meaning that 51.2 % of changes in (EAC) changes are explained by factors that are not explained in the model.

Table 4.12 ANOVA F test

ANOVA ^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	111.696	4	27.924	54.172	.000 ^b
	Residual	117.012	227	.515		
	Total	228.708	231			

a. Dependent Variable: Affective Commitment

b. Predictors: (Constant), Reward, Setting of goals, Feedback, Monitoring and Evaluation

Own Source, SPSS output 2018

Table 4.11 the ANOVA table shows that the overall multiple linear regression model is significant p=0.000, this implies that the model describe the effect of performance management system on the employees' affective commitment of Commercial Bank of Ethiopia.

4.8. Linear Regressions Assumptions

4.8.1. Assumptions

When someone choose to analyze the data using linear regression, part of the process involves checking to make sure that the data that he wants to analyze can actually be analyzed using linear regression. Therefore, it is needed to do this because it is only appropriate to use linear regression if the required data "passes" four assumptions that are required for linear regression to give a valid result. Let us look at whether the following assumptions are met or not. One can check assumptions using SPSS Statistics and linearity assumptions should be checked first, before moving into others assumptions.

4.8.1.1. Multicollinearity Test

The researcher has checked if multicollinearity problem exist or not before running the regression. Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. Multicollinearity can be checked using the tolerance and Variance Inflation Factors (VIF) which are the two collinearity diagnostics factors.

Table 4. 13 Multicollinearity Test for Independent variables

Independent variables	Collinearity Statistics	
	Tolerance	VIF
Setting of goals	0.560	1.784
Monitoring and Evaluation	0.478	2.090
Feedback	0.502	1.993
Reward	0.529	1.892

a. Dependent Variable: Affective Commitment

Source: Own survey SPSS output, 2018

Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity.

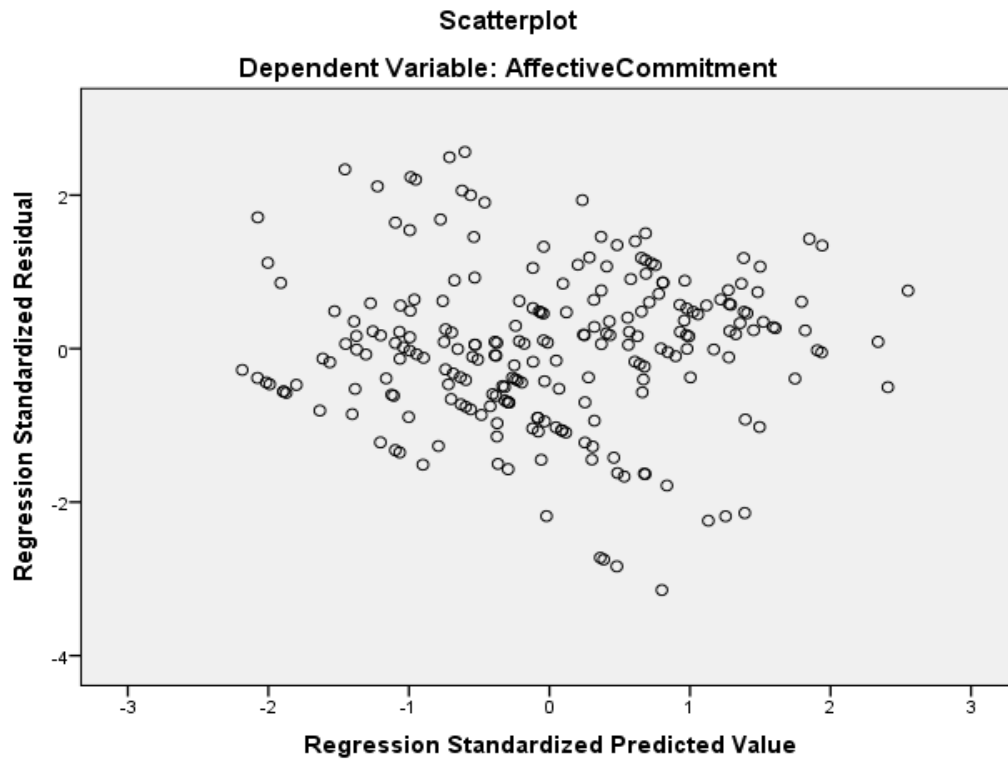
Accordingly as per table 4.7.2.1 the tolerance value for all independent variables is greater than 0.1, which implies that there is no Multicollinearity problem in connection with tolerance. Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. As per the above table 4.7.2.1 for all independent variables VIF value is less than 10, which implies there is no Multicollinearity problem.

4.8.1.2. Homoscedasticity

Homoscedasticity is an assumption in linear regression where the variance along the regression line is similar as we move along the line. At each level of the predictor variables the variance of the residual terms should be constant (Field, 2009). Consequently, this

assumption was tested. When shape of graph is not look like cone shape and residuals at each levels of predictors evenly dispersed it is assumed no homoscedasticity.

Figure 2 Scatter plot

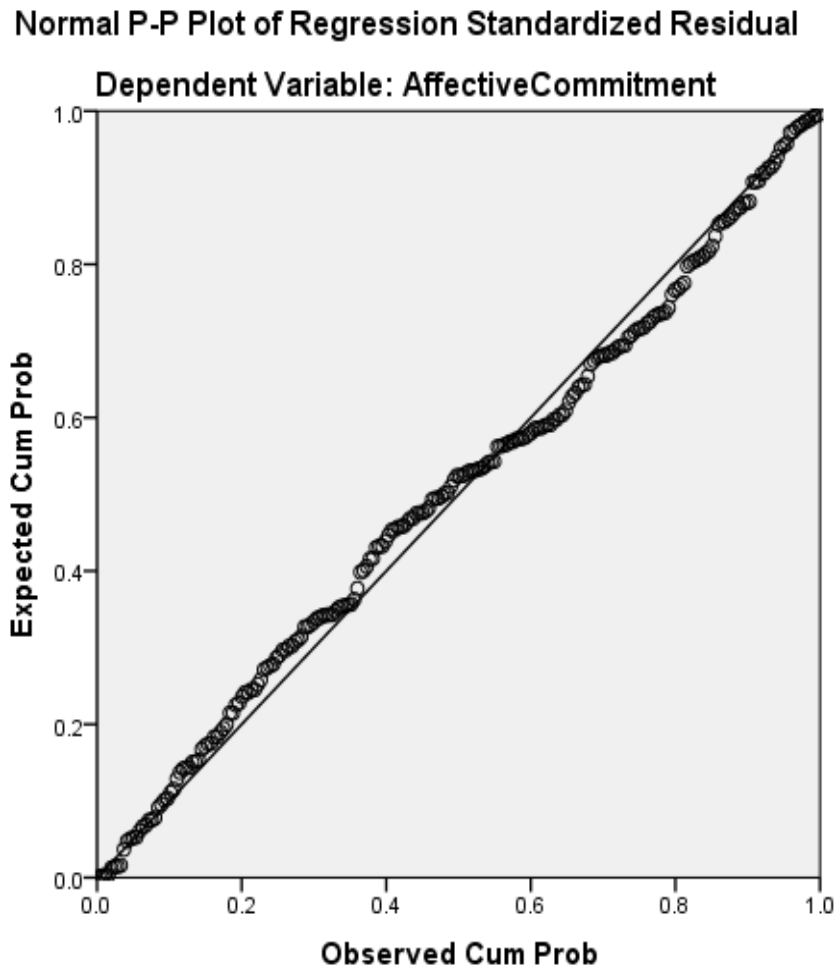


Source: Own survey SPSS output, 2018

4.8.1.3. Normally Distributed Errors

According to Field (2009), the assumption of normal distribution assumes that the residuals in the model are random, normally distributed variables with the mean of 0. If the P-P plot looks like a diagonal line and the plotted residuals compared with diagonal it is assumed that variables are normally distributed. As shown in the below figure it seems no normality problem because residuals has a normal distribution.

Figure 3 Normal P-P plot of regression standardized Residuals



Source: Own survey SPSS output, 2018

4.9. Multiple Regression Analysis

Multiple regression analyses were conducted to examine the effect of setting Goals, feedback, reward, monitoring and evaluation on employee affective commitment. The multiple regression model used to predict the employee affective commitment will be,

$$\text{Employee affective commitment} = B_0 + B_1SG + B_2ME + B_3F + B_4R+E$$

Table 4.14 Coefficients and Collinearity Statistics

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.036	.210		-.171	.864		
Setting of goals	.005	.071	.004	.069	.945	.560	1.784
Monitoring and Evaluation	.308	.084	.251	3.653	.000	.478	2.090
Feedback	.150	.080	.126	1.880	.061	.502	1.993
Reward	.486	.075	.424	6.491	.000	.529	1.892

a. Dependent Variable: Affective Commitment

Own Source, SPSS output 2018

Table 4.13 shows that employee Affective Commitment is positively associated with SG (.005), ME (.308), F (0.150) and R (0.486). The multiple regression model with all four predictors produced $R^2 = .488$, $F = 54.172$, $p = 0.000$. Since the p-value is less than $\alpha = .05$, we can conclude that some of the predictors did contribute to the multiple regression model.

The multiple regression model with all five predictors produced $R^2 = .488$, $F = 54.172$, $p < .001$. Therefore, the final model for the multiple regressions is,

$$\text{Employee affective commitment} = B_0 + B_1SG + B_2ME + B_3F + B_4R + E$$

$$\text{Employee Affective Commitment} = - 0.036 + 0.005SG + 0.308M + 0.150F + 0.486R + E$$

B₀: not analyzed (generally, it is the mean for the response when all of the independent Variables (x) take on the value 0.), employee affective commitment be -0.036.

Involvements of employees in setting goals in Commercial Bank of Ethiopia have positive significant effect on employee affective commitment $B_1 = 0.005$ with $P = 0.945$, the existing monitoring and valuation activities of the company had positive significant effect on affective Commitment of employees $B_2 = 0.308$ with $p = 0.000$ and finally the feedback and reward system of the company have significant effect on the affective commitment of employees with $B_3 = 0.150$, $B_4 = 0.0486$ with $p < 0.01$ and $P < 0.05$ respectively. From the result of multiple regression analysis presented in table 4.5.1, the researcher concluded that participation of employees in rewarding them has stronger effect on employee affective commitment than the other independent variables.

4.10. Summary of Hypothesis test result

H1: There is a cause and effect relationship between the existing performance management system and the affective commitment of employees.

Table 4.15 Summary of Hypothesis Test Result

Hypothesis	Test Result	Reject and accept the Null hypothesis	Implications
H1a: Setting goals have significant effect on employee affective commitment	Unstandardized Coefficients (B=0.005, p=0.945), P> 0.01	Accepted	This implies that setting goals has insignificant effect on employee Affective commitment other variables held constant
H1c: Evaluating and monitoring performance have significant effect on employee affective commitment;	Unstandardized Coefficients (B=0.308, p=0.000), P< 0.01	Rejected	This implies that monitoring and evaluation has significant positive effect on employee Affective commitment other things held constant
H1b: Feedback has significant effect on employee affective commitment;	Unstandardized Coefficients (B=0.150, p=0.061), P> 0.01	Accepted	This implies that had feedback activity insignificant relationship between on Affective commitment other things held constant
H1d: Rewarding system has significant effect on employee affective commitment positively;	Unstandardized Coefficients (B=0.486, p=0.000), P< 0.01	Rejected	This implies that rewarding had significant positive effect on employee Affective commitment other things held constant

Own Source, SPSS output 2018

CHAPTER FIVE

5. MAJOR FINDING, CONCLUSION AND RECOMMENDATION

This chapter focuses on the summary of the major findings of the research questions, conclusions and recommendations forwarded in light of the relevant literature developed by scholars and responses of research participants.

5.1. Summary of Major findings

According to the data analysis presented in the previous chapter, there were positive and negative findings concerning the implementation of performance management system and its effect on the affective commitment of employees in the Commercial Bank of Ethiopia.

Findings are revealed for independent and dependent variables in all performance management system dimensions.

In setting goals the statement “Performance goals have specific time frames” has the highest mean value (3.56) which means most respondents agreed that the stated goals have specific time frames. For the independent variable monitoring and evaluation of PMS the statement which says “Monitoring and evaluation process helps to improve performance and achieve results” has got the highest mean value (3.08), which represents that the majority of respondents are neutral that monitoring and evaluation process helps to improve performance and achieve results; in the feedback the statement which says “feedback improve communication in my work place” has got the highest mean value (3.5).

For the final variable of PMS the statements called “I really feel as if this organization’s problems are my own.” has the highest mean value (2.91) which means most respondents neutral regarding as if organization’s problems are my own.

The relationship of the independent and dependent variable also conducted for the correlation by Pearson Correlation Analysis (PCA) evaluated the employee affective commitment with the Setting Goals, monitoring and evaluation, feedback and Reward have strong positive correlation with employee affective commitment with a p value 0.001 and with a Pearson R value of 0.440, 0.569, 0.548 and 0.648 respectively. Setting Goals, monitoring and evaluation, feedback and Reward are a significant predictor of EAC.

The Cronbach's Alpha has been used to measure the internal consistency of the scale in this research for the estimation of the consistency of the individual respond to items within the scale which is 0.961 that shows accepted as consistent and reliable.

The model summary analysis shows, $R^2 = 0.488$ (48.8%), which is a moderate coefficient and clearly implies that 48.8 % variation in employees Affective Commitment are explained by changes or the nature of performance management system implemented in the organization.

Model of regression can be evaluated by ANOVA table, which shows that the overall multiple linear regression model is significant $p=0.000$, this implies that the model describe the effect of performance management system on the employees' affective commitment of Commercial Bank of Ethiopia.

5.2. Conclusions

At the end it is concluded that the performance management system of Commercial Bank of Ethiopia is motivating employees. Moreover participating employees in setting goals, monitoring and Evaluation, Feedback and Reward of the Bank is well connected with the needs of the employees affective commitment. These factors are helping CBE to create affective commitment of the employees and performers to give their best output for the company.

Descriptive statistics of the study can be concluded for every independent variables from the result obtained.

In setting goals "Performance goals have specific time frames" has the highest mean value (3.56) which means most respondents agreed that the stated goals have specific time frames in the bank.so, the researcher can conclude that goals are pre-determined and framed for employees.

Monitoring and evaluation process helps to improve performance and achieve results of employees which represents that the majority of respondents are neutral that monitoring and evaluation process helps to improve performance and achieve results.

The researcher has concluded that feedback in the bank improved communication in work place for employees. Also, employees really feel as if this organization's problems are their own.

Hence, from the independent variables of performance management system all variables have a positive correlation with Affective commitment. Besides the regression test done for Cronbach's Alpha has been used to measure the internal consistency of the scale in this

research for the estimation of the consistency of the individual respond to items within the scale which is 0.961 that shows accepted as consistent and reliable.

For Model summary shows that, $R^2 = 0.488$ (48.8%), which is a moderate coefficient and clearly implies that 48.8 % variation in employees Affective Commitment are explained by changes or the nature of performance management system implemented in the organization.

ANOVA F test table, which shows that the overall multiple linear regression model is significant $p=0.000$, this implies that the model describe the effect of performance management system on the employees' affective commitment of Commercial Bank of Ethiopia.

However, when the researcher comes to regression analysis, as the result shows that setting goals and feedback has no significance on affective commitment. On the other side, the researcher has found and concluded that monitoring and evaluation system of PMS and Rewarding system has significant effect on affective commitment of employees working in CBE.

5.3. Recommendations

In considering the major findings of the study and the conclusions drawn, some efforts were made to forward possible recommendations by the researcher for the attainment of a better result out of the performance management system in Commercial Bank of Ethiopia.

The Bank should always be prepared to make changes in the performance management system if the system does not work exactly as planned and also analyzes the result of the system. Even if the setting goals, monitoring and Evaluation, Feedback and Reward of the Bank have positive effect, there magnitude of the increment is not as big as the intended amount. So, the Bank has to communicate employees about the problems and possible solutions to increase their important share in increasing the employee affective commitment.

The study participating employees in setting out their goals have positive effect however the significance of the variable shows that insignificant effect on Affective Commitment. So, comparing with other independent variable setting goals has no effect for employee's affective commitment. So the company should have to work hard in creating awareness and involving of employees on their goals to increase affective commitment.

The study participating employees perception in monitoring and evaluation system of the bank as a tool for performance management system has significant effect for the affective commitment of employees. This means that the way they are monitored and evaluated gives priority to be affectively committed. So, to keep the affective commitment the bank should have to set clear ways for honesty and fairness in performance review, the performance evaluation form used to evaluate performance should have to be capable of distinguishing effective performers from ineffective performers and senior management should take performance reviews seriously.

The result of the study shows that feedback has no significant on employee affective commitment in CBE. Because employees believe that Supervisors are well informed about their work and expect reasonable work and feedback in the bank improve communication in work place by giving clear instruction and objectives and also they give fair feedback

The result of the study shows that rewarding system of the bank is significant for employees to have affective commitment for the job they are doing. So, CBE should have to use PMS that establishes a clear connection between Performance and Rewards. Pay decisions should have to get a concern to be linked to performance achievements. Also effective personal recognition should have to be provided during review meeting.

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APPENDIX

ANNEX 1 QUESTIONNAIRE

ADDIS ABABA UNIVERSITY
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT
MA PROGRAM

Questionnaires to be filled by permanent employees of Commercial Bank of Ethiopia

Dear Respondents

I am human resource management master program student at Addis Ababa University Commerce College. This questionnaire is prepared for research purpose entitled **the effects of Performance management system on Affective commitment in commercial bank of Ethiopia**. As member of your organization, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

INSTRUCTIONS: The questionnaires contain statements about employee's perception of performance management system and Affective organizational commitment. Give your own opinion and feeling about each item.

Please circle your response to each statement according to the following five-point scale in terms of your own agreement and disagreement of the statement.

5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

Example: If you **strongly agree** with any of the statements given in the questionnaire, you should circle on #5 and if you **strongly disagree** with any statements please circle on #1. For the statement, where you cannot make a decision, circle on #3 and rate others categories accordingly

Dear respondent, some words in the questionnaire have special meanings you need to know.

The definitions of some terms for the purpose of this Questionnaire are as follows

“Supervisor” means your boss or immediate manager

“Your Organization” implies your bank (commercial bank of Ethiopia)

“Affective commitment” implies to employee's perceptions of their emotional attachment to or identification with the organization.

Section1. Demographic Information:

General Background of Respondents (Demographic Information)

1. Age: -

18-25 26-35 36-45 above 45years

2. Sex

Male Female

3. Educational level: -

Certificate Diploma BA/BSc MA/MSc PhD

4. Your current position: -

Manager CSO CRO CSM SCSO, Accounts

SCSO, audit KYC analyst SCSO, cash

5. Your work experience at Commercial Bank Ethiopia

1-3 years 4-6 Years 7-9 years above 9 years

In your opinion, how does the Performance Management System of your organization meet our perception? Use these responses from 1 to 5 to answer where: **1. strongly disagree; 2.**

Disagree; 3.Neutral; 4. Agree; 5. strongly agree

Section 2 Setting Goals

Statement	Level of Perception				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Description of Items					
I clearly know the purpose and process of Performance management system.					
The PMS was developed with inputs from the staff throughout the department and branch.					
Performance goals have specific time frames					
Relevant performance expectations are set between supervisor and employee					
Managers set clear goals with their direct reports					

Section 3 Monitoring and Evaluation

Description of Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is honesty and fairness in my performance review					
Performance management system helps supervisor to become a better leader					
The PMS will result in fair Performance monitoring and evaluation of staff members					
In my opinion , the performance evaluation form used to evaluate my performance is capable of distinguishing					

effective performers from ineffective performers					
Monitoring and evaluation process helps to improve performance and achieve results					
I have ways to appeal a performance rating that I think is biased or inaccurate					
The Monitoring and Evaluation process is positively related to my emotional attachment to the organization.					
Senior management demonstrates that they take performance reviews seriously.					
Performance is measured against the factors previously agreed upon					
Constant monitoring by my immediate supervisor encourages me to perform well					
Performance management is completely measurable and fair to employees					
My rater is influenced by his/her personal liking and dislike when evaluating my performance					
Performance management system encourages co-operation & team spirit which leads to better employee affective commitment in my branch					

Section 4 Feedback

Description of Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Supervisors are well informed about my work					
Supervisors have reasonable expectations from my work					
My Supervisors discuss regularly my job performance with me					

feedback improve communication in my work place					
I am given clear instruction and objectives					
My supervisors gives me fair feedback					
I clearly understand my supervisors comments and opinion during the feedback					
I am satisfied from the relationship with my supervisor					
Supervisors set guide line for improving feedback during performance review.					
Supervisors provide continuous, timely and constructive feedback to subordinates.					
The feedback I get is improving my affective commitment to the organization					

Section 5 Reward

Description of Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Pay decisions are linked to performance achievements					
PMS establishes a clear connection between Performance and Rewards.					
Reward system can help me to improve my affective commitment					
Effective personal recognition is provided during review meeting					
My manager recognizes me when I do a good job					

Section 6 Affective Commitment

Description of Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I would be very happy to spend the rest of my career with this organization.					
I enjoy discussing about my organization with people outside it.					
I really feel as if this organization's problems are my own.					
I think that I couldn't easily become as attached to another organization as I am to this one					
I feel like 'part of the family' at my organization.					
I feel 'emotionally attached' to this organization.					
This organization has a great deal of personal meaning for me.					
I feel a 'strong' sense of belonging to my organization.					