



SCHOOL OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY

**DEPARTMENT OF PUBLIC ADMINISTRATION AND
DEVELOPMENT MANAGEMENT**

**EMPLOYEES` ATTITUDES TOWARDS THE PERFORMANCE
MANAGEMENT SYSTEM:**

In CASE BIRHAN INTERNATIONAL BANK SHARE COMPANY

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**ADDIS ABABA UNIVERSITY
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FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF PUBLIC ADMINISTRATION AND
DEVELOPMENT MANAGEMENT**

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Declaration

I declare that this research report on Assessment employees attitudes towards performance system of Behan International Bank Share Company (BRIB) is my own original work with assistances and guidance from my advisor and not submitted before for any institution and any purpose. I further declare that all the sources used in this research report have been properly recognized and acknowledged as in-text- citation and reference list.

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Date May, 2017

Certification

This is to certify that Mss. Metasebiya Yohannes has carried out her thesis work on the topic entitled “Employees Attitudes towards the Performance Management System” **in** case of Behan International Bank Share Company (BRIB) under my guidance and supervision and this research paper has not previously submitted for the award of any degree fulfillment. Therefore, this thesis work is original in nature and is suitable for submission for the award of Master’s Degree in Public Administration (MPH)

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I just stand here and call out having nothing weigh against to the gifts I received from you, so regardless of the deficient ability of my words, many sincere thanks to be you my trustworthy God.

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Lists of Acronyms

BRIB Birhan International Bank Share Company

HR Human Resource

HRM Human Resource Management

KPI Key Performance Indicators

PA Performance Appraisal

PMP Performance Management Practice

PMS Performance Management System

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Abstract

Employees are the most valuable resource of an organization and assessing their attitudes towards their internal business process make a difference to company performance. Hence, this paper demands assessing the employees' attitudes (job satisfaction, motivation, commitment and training and development) towards the performance management system (planning, monitoring, rating, feedback and review) of Birhan International Bank Share Company. In the way to answering the basic questions of the research, the study applied descriptive research design using mixed research approach. Data was gathered through questionnaire, interviews and document review. To collect representative data, a five-point Likert-scale is used and descriptive analysis with Frequencies and percentages were applied during data analysis. The finding of the research shows that job satisfaction is the most positively influencing employees' variable towards PMS and employees commitment is negative towards the PMS. This explains Whether or not an employee have loyalty to the organization, have willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and a desire to maintain membership in the organization has a very limited effect on PMS as compare to the job satisfaction, motivation and training and development programs. Based on the findings, the organization is recommended to improve the commitment level of employees, which can be best done by applying 360-degree evaluation that enables checking the managers' perceptions for accuracy, fairness, balance, reasonableness, and consistency. In addition, it is better to conduct training need assessment in order to improve the responsiveness of employees to training and development programs included in PMS.

Key words: *Employees Attitudes, Job satisfaction, Motivation, Commitment, Training and Development, performance management system*

Chapter I

Introduction

1.1 Background of the Study

This world is full of change, transformation, continuous development and sophistications (Nickell 2003). From the wide bundle of development, the stages of economic development is one which has been characterized by a major structural change from pre-industrial to post-industrial which is dominated by knowledge based service sector. According to the handbook of Development studies (2000), the current reality of our time reveal that post-industrial knowledge based service sector led the world even if its composition and structure differ from country to country. The peculiar characteristic of this service sector is its emphasis on Human-to-Human interaction, which is a major factor of economic growth (wealth).

It is worth saying that banking sector is one of the service-based organizations that play a catalytic role in the economic growth of any country. The contributions of financial sector organizations to the economic growth and development are also considerably remarkable. Our country is determined to be one of low middle-income countries by the year 2025. In the way to the big strategy, banks play their role in facilitating the financial matters both in domestic and foreign markets. Starting from the 1992 “Financial Liberalization Reform in Ethiopia”, the development of banking sector has registered its contribution to the country’s economic development and strategy of “Gradualism” (gradual opening of private banks expansion) have given the opportunity for the expansion of different banks around the country (cited from Yesuf 2010).

As indicated in National Bank yearly budget report 2016, currently there are two public owned and 16 privately owned banks operating in Ethiopia. Often they offer same services and propose same investment opportunities but the impact of non-tangible resources towards the success of the company is irreplaceable or is wealth of the organization, which cannot be easily imitated and copied by other competing organizations. As the web page of the bank indicates, Birhan International Bank S.C is one of the private banks, which started its operation during 2009 with the Commercial

Code of Ethiopia 1960. According to the HR department report as of June 2016, there are 1315 employees and 126 branches operating all over the country. As it was pointed out in the bank's report, deploying motivated and qualified human resource is one of its grand missions. In addition, performance management system is used as a mechanism to improve the effectiveness and efficiency of both organization and employees.

Employees are the lifeblood of the organization and the most significant resource, their behavior and attitudes in the subject of HRM recognize an important position (Smith 2002). Similarly, Pickens (2005) indicates Motivated, trained, committed and satisfied employees towards their organization's internal business process and its overall growth are a primary tool to mark their organization with successful brand or cause a devastating failure in the reverse scenario. Hence, this research paper mainly demands to assess the attitudes of employees' towards the performance management system of Birhan International Bank Share Company since as Nickell, 2003 indicates "people are the most valuable resource of an organization, and assessing their attitudes towards their internal business process makes a difference to company performance".

Attitudes are extremely difficult to define and cannot be directly seen or measured, so behavior is inferred from what people say or do. According to Allport (2000), attitude is a mental state of readiness, organized through experience, exerting a directive or dynamic influence on the individual's response to all objects and situations to which it is related (cited from Pickens 2005). Attitude includes affect (a feeling), cognition (a thought or belief) and behavior (an action). Thus, when employees' attitudes are raised in relation to PMS in this research, it refers to the three components i.e. an employee's attitudes towards the PMS, how the employees feel about the PMS and the activities geared to those thoughts and emotions.

According to Sari and Judge (2004), employees' attitudes and opinions revolve around the four pillars of strength in the organization: Communication, motivation, job satisfaction, and Commitment. On the other hand, Milman (2002) specify, job satisfaction, commitment, motivation and training & development can be taken as employees' attitudes predictors. Greater insights on the relationship between employees'

attitudes and business performance became a major interest to the field of organizational behavior and the practice of human resources management, which will assist HR professionals as they strive to enhance the essential people side of the business in a highly competitive global arena.

Job satisfaction has been correlated with enhanced job performance, positive work values, a high levels of employees' motivation, lower rates of absenteeism, turnover and burnout (Spector, 1997). Locke (1991) stated if the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude. It plays an enormous role in determining the attitudes of employees and their job satisfaction and performance. Job satisfaction is so important in that its absence often leads to lethargy and reduced organizational commitment (Sari and Judge 2004, *Sagie 1998*). Organizational commitment on the other hand, focuses on employees attitudes towards the entire organization. Although a strong relationship between satisfaction and commitment has been found, research that is more recent gives further support to the idea that commitment causes satisfaction. However, most studies treat satisfaction and commitment differently (Kipkebut 2010, Kim 2002 and Luthans 2005). For the sake of this research study, the two are treated differently.

As the study of Campbell (2001) Supports, Months of research failed to locate objective evidence in support of connecting attitude and training, its impact on job proficiencies, and the employee's perception that lack of responsiveness to training directly affects proficiencies and performance. Employee attitude and behavior refers to the responsiveness of an employee (Allport 2000). Thus, when employees are nominated in different workshops, and training sessions, the employees' attitudes and behavior will determine the seriousness in training and development programs and their performance at work. Herzberg (1996) also discussed the importance of training and its impact on job performance. In addition, effectively training and developing employees will become more aligned for career growth that in turn enhances personal motivation. The study of Pool (2007) also indicates, the organizational commitment or "the relative strength of an individual's identification and involvement in a particular organization" depends on effective training and development programs. This indicates, the responsive employees

will learn different skills, which will increase the employees' performance, which in turn affects the organizational productivity.

The motivation of employees is one of the other employees' attitude variable. Meyer (2004) described motivation as it comes down to a straightforward formula of inputs (i.e. effort and enthusiasm, skills and abilities, flexibility and adaptability, loyalty and commitment to the organization) must equal outputs (i.e. financial compensation, praise and recognition, additional responsibility and autonomy, job security, a sense of career advancement or personal growth). This indicates, the perception of employees about the fairness of their rewards relative to others influences their level of motivation and their level of performance. In connection with this, the Adam's Equity theories of motivation rose questions about the applicability of the theory especially for the managers to motivate their employees to achieve their performance targets. Equity theory states employees pursue a balance between their investment in and the rewards gained from their work so as their own investment (reward ratio) is the same as that of similar others. The sense of fairness, which commonly underpins motivation, is dependent on the comparison a person makes between his or her reward/investment ratio with the ratio enjoyed (or suffered) by others considered to be in a similar situation. These days where the retention of employees becomes a major challenge for most organizations, knowing the attitudes of employees about the PMS will help managers to understand the behaviors and the resulting actions.

1.2. Statement of the Problem

An attitude has a potential to make employees behave in a positive or negative way. If the employees attitudes negatively affected by any of their organization's internal business process, she/he will develop a negative attitudes concerning their work and express this behaviors through overgeneralization and labeling, personalization and blame, jumping to conclusions and focusing on the negative side of every aspects of their work environment which in turn directly affects the performances of employees.

Employees with negative attitudes can ruin the profitability of the organizations especially service organizations predominantly banks. In banks where the firms compete

to excel in the quality of customer care and quality services delivery , “lower level bureaucrats” as called by Elmore (1980), or employees at front line customer service who have direct interaction with the customers, have the potential to bring a visible and positive change to superior performance and vice versa. Since the customers they serve, co-workers they work with and the managers who supervise them can easily recognize employees with negative attitudes.

When introducing new HR practices to the internal business processes, most organizations focus on the managers’ side of the story as they are expected to be the figureheads of their organizations. Nevertheless, employees are the ones who receive the end of HR practices and deal with it in every day operations. Failing to assess the attitudes of employees towards the newly introduced system, makes it difficult to measure the effectiveness of the system as Msiza (2012) also agreed, positive workforce attitudes create value to the organization otherwise the system which looks perfect in papers turn out with no fruit.

In line with this, nowadays, in order to cope with the rapidly changing customer demand and secure the competitive advantage of their internal business processes, most organizations shift their attention from traditional method of management to new and enhanced management approaches Guest (2002). Performance management is one of those systems and as the web page of the bank indicates BRIB have been using it since 2010 as a mechanism to address drastic changes around the business environment and stay competitive in the industry. From many factors that affect the effectiveness of the performance management system, as Pulakos (2004) indicate, the employees’ attitudes and use of the system has a potential to bring visible, value-adding benefits in the areas of performance planning, performance development, feedback and achieving results.

However, the system which is believed to bring positive result end up reversing the purpose and have been noticed in creating chaotic work environment. The researcher of this paper has got a chance to ask the views of few employees of BRIB about how they perceive the performance management system. They all agree in one way or another that the system is being developed only to serve and benefit the organization and used by

managers to manipulate and threaten them without rewarding their effort. Nevertheless, the most important rationale behind the development of performance management system is to help both managers and employees align their efforts to the organization's strategy in a manner that brings visible, value-added benefits in the whole process of PMS (Pulakos 2014). Moreover, as Neely (1999) also agreed, the basis for introducing the system is to effectively achieve organizational goal and improve the efficient use of resources. Saari and Judge (2004) also point out that the fundamental goal of PMS is to promote and improve employees' effectiveness. This indicates there was a problem in marketing and communicating PMS in BRIB, which influences the employees' job satisfaction, motivation, commitment and the responsiveness they have for the training and development program of their organization.

Banking environment is suitable especially for managers in creating interactive and communicative environment with their employees. However, employees perceive PMS as a system that damages the relation between employees and managers, disliked activity and one that seems to elude mastery. Managers do not like giving the performance and behavioral expectations to employees and employees do not like receiving them. Besides, managing the performance of employees most of the time emerged to be the issue of the final appraisal and evaluation period when HR professionals recall the deadline for the submissions of filled performance forms. As a result, both managers and employees feel the tension of those results and the work environment is filled with full of tension, surprises, and disturbances. Conversely, as most researchers agreed, (Wendy 2006, Anthony 2003, Niven 2002, Kaplan and Norton 2001) managing employees' performance has the components of tracking the day-to-day activities and review has to be conducted throughout the performance management cycle.

What is more, most employees perceive PMS pushes employees so hard in an effort to pursue success and greater performance in a short period focusing only on numbers. Moreover, most managers are hesitant and fail to communicate the appraisal results back to employees in fear of reprisal or damaging relationships. On the other hand, employees feel their manager lack the coaching ability and are unskilled in communication. Furthermore, the performance results have not been used to recruit employees who are in

need of training and those who are entitled for development programs. Some managers also rate their employees below the point of their achievement and some others above their achievements in order to avoid the difficulty of writing narrative descriptions for employees who exceed expectations and who perform below expectation. In addition, some managers prefer to give the higher possible rating for all of their employees in order to avoid possible complaints and follow up meetings.

Nevertheless, at the same time, little has been researched on how the employees' attitudes affect the performance management system. Some empirical studies in the late 1990s and early 2000s were interested only in the implementation processes of the Performance Management System rather than evaluating the reaction of the employees towards the PMS and thus, according to Boyle 2007, a large number of organizations are having problems and struggling to perform this task.

In addition, most organization-based surveys focus on the impact of HR policies and organizational outcomes (such as turnover, productivity, and financial measures. In this regard, the attempt made by scholars like Msiza (2012), Pulakos (2004), Pickens (2005), Penal (2015), Nigatu (2008) and Menalegn (2008) is praise worthy. Nevertheless, their focus is on different attributes, which influence the performance of the organization and job satisfaction of the employees. The study of Nigatu (2007) for example focused on employees' attitudes towards one part of PMS i.e. performance appraisal. He tried to assess employees in relation to their individual or group performance targets. however, this paper aimed at assessing employees' job satisfaction, motivation, commitment, and training and development towards the performance management system linking each individual's performance and objectives to the organization's overall mission and goals.

1.3 Research Questions

The above listed problems are attached with the employees' attitudes and perception towards the PMS in BRIB. Stepping on them, the following Research Questions were investigated through the course of the research.

- What is the motivation of the employees towards the performance management system?
- What is the employees' commitment towards PMS?
- What is the responsiveness of employees' to the training and development program of PMS?
- What is the job satisfaction of employees towards PMS?
- Which variable of employees attitudes have more influence on PMS?

1.4. Objectives of the Study

1.4.1. General Objective

The main objective of this research study is to assess the employees' attitudes towards the performance management System of Birhan International Bank Share Company. In addition to the main objective, the research tries to investigate the following specific objectives

1.4.2. Specific Objectives

- To assess the motivation of employees towards performance management system.
- To evaluate the employees commitment towards the PMS.
- To investigate the employees' responsiveness to training and development Program of PMS
- To investigate job satisfaction of the employees towards PMS
- To examine which variables of employees attitudes have more influence on PMS

1.5. Significance of the Study

The study will help and can be an additional reference for those researchers who seek to get answers in areas of performance management practice and employees attitudes. The researcher of this paper believes the finding of this research study truly support the effort of the organization under study in trying to achieve a trustworthy bank relaying on its employees. Because, quality services and the resulting trustworthiness developed by the stakeholders of the bank are, largely a product of employees with positive attitude

towards their internal business practices. The researcher of this paper also wishes to gain significantly overwhelming new insight of the subject matter under study.

1.6. Scope of the study

Behan international bank has 1315 clerical and non-clerical employees all over the country, of which this study focuses only on clerical employees. In addition, performance management system may be affected by other attitude variables other than purposefully selected variables on the study (i.e. job satisfaction, motivation, commitment and training and development). This particular research paper is delimited by the boundary of performance management approaches developed since 1990.

1.7. Limitation

Although there are many employees' attitudes variables, this research limits itself on the four major variables namely: job satisfaction, motivation, training and development and commitment. The major limitation of the study was that the researcher could not find empirical studies in the area of performance management system and employees attitudes in Ethiopian context and therefore, literature review part of the study was not rich enough with cases from Ethiopian context.

1.8 Organization of the Paper

The first chapter deals with the introduction part, which contains the background of the study, statement of the problem, research questions, objectives, significance, scope, limitations of the study and organization of the paper. The second chapter is dedicated to the theoretical review of literature on the Performance Management system (PMS) concepts and its process, application, purpose and problems mostly hinder the proper implementation of the system. The chapter also explores the cognitive, affective and behavioral aspects of attitudes referring the concepts and theories under study. Lastly, the conceptual framework for this research work with its supportive theories is presented. The third chapter deals with research design and methodology. Chapter Four is about data presentation and analyses. Lastly, on Chapter five, the researcher based upon the findings forwards summary, conclusions and recommendation.

CHAPTER II

Literature Review

This chapter explores the cognitive, affective and behavioral aspects of attitudes and four selected attitude variables referring the concepts and theories related to the topic under study. The pertinent theories of the research with the conceptual and structural framework are also presented. The meaning of Performance Management system (PMS), process, application and purpose is also the area covered under this chapter.

2.1 The Meaning and Formation of Attitude

The health of the organization is a reflection of the attitudes of employees it have. Attitudes are extremely difficult to define and cannot be directly seen or measured, so behavior is inferred from what people say or do. According to Weiss and Cropanzano (1996), employee attitudes and opinions revolve around the four pillars of strength in the organization: Communication, motivation, job satisfaction, and Commitment. Greater insights on the relationship between employees' attitudes and business performance will assist HR professionals as they strive to enhance the essential people side of the business in a highly competitive, global arena.

Our behavior at work often depends on how we feel about being there. Therefore, making sense of how people behave depends on understanding their work attitudes. While attitudes give us hints about how a person might behave, it is important to remember that behavior is also strongly influenced by situational constraints. Attitudes influence our decisions, guide our behavior, and affect what we selectively remember (not always the same as what we hear) (Guest 2002). Attitudes come in different strengths, and like most things that are learned or influenced through experience, they can be measured and they can be changed (Brief, A. P. 1998).

According to the definition given by Guest (2002), attitude refers to our opinions, beliefs, and feelings about aspects of our environment. Allport (1935), described attitude as a mental state of readiness, organized through experience, exerting a directive or dynamic influence on the individual's response to all objects and situations to which it is related

(cited from Pickens 2005). When we refer to a person's attitudes, we are trying to explain his or her behavior. Because attitudes are invisible as they constitute a psychological phenomenon, which cannot be observed directly. They can be observed by observing the behavior of an individual. From the definitions given above, attitude can be understood as a persistent tendency to feel and behave in a certain way. Attitudes are complex cognitive variables that have three basic characteristics: they are directed toward an object about which a person has feelings and beliefs, they persist unless changed in some way; and they range along a continuum from positive to negative.

From the definitions given, we can understand that an attitude is the subjective evaluation of objects, people, events, ideas, activities and feelings. This evaluation is normally of a positive or negative nature and is based normally on experiences which you have conflicting feelings towards the environment. Attitudes help us define how we see situations, as well as define how we behave toward the situation or object.

Attitudes have a past, present and future, to which behavior develops in a sequence. According to Spector (1997), attitudes have three components emotional, informational, and behavioral. An affective component reflects a person's feelings about or valuing of the object. Behavioral component centers on how a person behaves towards an object, and finally the cognitive component focuses on the beliefs around the attitude object. Behavior can be observed, but the feelings and belief that gives rise to the behavior cannot be observed.

Attitudes, being persistent often help employees adapt to their work environment by providing a way of interpreting things or happenings in the environment. There are four functions that attitudes have in this process:

- I. They help people adjust to their environment,
- II. They help people defend their self-image,
- III. They provide people with a basis for expressing their values, and
- IV. They help supply standards and frames of reference that allow people to organize and explain the world around them.

2.2. Important Variables of Employees' Attitudes

2.2.1. Job Satisfaction

Employees have attitudes or viewpoints about many aspects of their jobs, their careers, and their organizations. However, according to Khaleque, A. & Choudhary (1984), Job satisfaction is one of the most researched attitudes in the literature of industrial/organizational psychology, social psychology, and organizational behavior. Job satisfaction is essential for organizations interested in developing and retaining productive employees for organizational success (Siegel and Lane, 1974).

As described by Locke (1960), Job satisfaction is the feelings people have toward their job. Likewise, it is pleasurable or positive emotional state resulting from the appraisal of one's job or job experience and it is an individual's contentment with their work. Job satisfaction is a result of employee's perception of how well their job provides those things that are viewed as important (Locke and Lathan 1976). Locke stated if the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude. Worker attitude and job satisfaction deals with how an organization behaves. It involves the management directing employees into improving organizational and personal effectiveness. It plays an enormous role in determining the attitudes of employees and their job satisfaction.

According to Saari and Timothy (2004), the major causes of employee attitudes towards job satisfaction, is a work situation, dispositional and cultural influences and the work itself. They indicate that an accumulating body of evidence indicates that differences in job satisfaction across employees can be traced, in part, to differences in their disposition or temperament. According to Luthan (1998, there are three important dimensions to job satisfaction:

- ✓ Job satisfaction is an emotional response to a job situation. As such, it cannot be seen, it can only be inferred.
- ✓ Job satisfaction is often determined by how well outcome meet or exceed expectations.

- ✓ Job satisfaction represents several related attitudes, which are most important characteristics of a job about which people have effective response. These as described by Luthans include; the work itself, pay, promotion opportunities, supervision and coworkers.

Other researchers (e.g. MacDonald, 1996; O'Toole, 1980) in the other side argue in favor of the control of job satisfaction by factors intrinsic to the workers. Their arguments are based on the idea that workers deliberately decide to find satisfaction in their jobs and perceive them as worthwhile.

When an employee is happy, it is usually because they are satisfied with their work. This also improves the quality of their work. Attitude and job satisfaction may not fall completely on the management but also on the employees. If employees enjoy their work, they will not need external motivation from management, but instead the satisfaction they attain from completing their work will motivate them (Robbins, 2004).

Job satisfaction is a form of attitude towards work related conditions or aspects (Wiener 1982). In the reverse scenario, Jepsen and Sheu (2003) observed that such an attitude, either in the form of liking or disliking a job is a universal and an essential aspect of career development.

According to Luthans, (1992) four features are necessary in measuring the job performance like salary, uniqueness of job, working environment and management political affairs. Variety of uniqueness in the job is there in employee performance and Kreitner and Kinicki elucidate that highly satisfied employees can demonstrate high level of performance.

A well-defined set of rules, clearly defined prospects of long-term employment and clearly set career ladders that signal steady and predictable progression are critical in reducing employee risk and increasing employee satisfaction with the organization. Moreover, when employees are evaluated on a clearly stated SMART goal they enjoy their work and will not need external motivation from management

Job satisfaction has been correlated with enhanced job performance, positive work values, a high levels of employee motivation, lower rates of absenteeism, turnover and burnout (Spector, 1997).

2.2.2 Employees Training and Development

Employee attitude and behavior refers to the responsiveness of an employee. When employees are nominated in different workshops, and training sessions, the employees attitudes and behavior will determine the seriousness in training and development programs. Any institution of higher learning or business whose goals are to survive and prosper in this present day diverse and regressed economy has found it imperative to invest in ongoing training and development to improve proficiencies in production as well as to acquire the greatest return in investment of human capital (Knoke D., Kalleberg A. L.1994).

As the study of Ampbell J. P., Kuncel N. R. (2001) Supports, Months of research failed to locate objective evidence in support of connecting training and attitude, its impact on job proficiencies, and the employee's perception that lack of meaningful training directly affects proficiencies and attitude. This research tried to evaluate the attitudes of employees in terms of training and development program in connection with the performance management practice.

Chang and Ho (2001) also discuss the importance of training and its impact on job performance. In addition, effectively training and developing employees will become more aligned for career growth that in turn enhances personal motivation.

Performance management system by itself demands rendering sufficient training and development programs by the employer. During the performance management process, employees should have to receive the performance results back and feedbacks by their supervisors (managers). Hence, to strengthen the weakness inspected on the previous performance quarter. If the employees do not receive any training and feel that they are not given fair and equal opportunity of training it may cause conflict between the two parties. This further aggravates frenzied chaos, dissatisfaction, grievances, and turmoil in the organization. "One of the most frequently encountered human capital development

interventions is training (Campbell and kuncel p. 278). In order to enhance job performance, training skills and behaviors have to be transferred to the workplace, maintained over time, and generalized across contexts.

The responsive employee will learn different skills, which will increase the employee performance. Employee performance will affect the organizational productivity. Organizations have positive prospects from employee training programs, formulate their attitude, behavior, and trust through diverse nature of training and performance tools (Chang 1999). Performance management allows continuous improvement, promotes learning and professional development and facilitates engagement and rewarding for employees. Furthermore, the study of (Pool and Pool 2007), indicate the organizational commitment or “the relative strength of an individual’s identification and involvement in a particular organization” depends on effective training and development programs. According to these authors, organizations demonstrating keen insight make provisions for satisfying the training needs of their current workforce.

Moreover, when programs target communication skills with coworkers, there are significant increases in profit as well as a greater number of reported positive working relationships that are formed. Employees with good communication skills will serve their customers in a more educated way, gather more information concerning procedures and technologies related to job performances, thus assuming greater accountability and subsequent responsibility, both of which effect improve proficiency. In addition, training and education have been shown to have a significant positive effect on job involvement, job satisfaction, and organizational commitment (Karia&Asaari, 2006).

Similarly, Ahmad and karia (n.d) have emphasized the relationship between training and attitude as it relates to working with others. Employees with positive attitudes become stakeholders in the process and job accomplishment are of a higher priority. Furthermore, successful organizations achieve a partnership between workers and management. The partnership includes participation in teamwork activities and continuous learning application.

There are different approaches to employees' development and training these include:

- Formal education
- Job experiences
- Assessment
- Inter personal relationships

2.2.3. Commitment

Through the literature search, organizational commitment was found to have a diverse set of definitions. One particular good definition of organizational commitment was stated as “multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership” (Bateman, 1984). To Northcraft and Neale (1996), commitment is an attitude reflecting an employee's loyalty to the organization, and an ongoing process through which organization members express their concern for the organization and its continued success and well-being.

Numerous impediments are there in mounting employees' commitment in the organizations. Research has shown that employee commitment to goals is critically important for goal attainment and that employees must feel that they are able to achieve their goals because attainment of career objectives has positive impact on employee commitment (Chang 1999). According to Busch, T., (1998), Commitment is a bond employees experience with their organization. This implies, employees who are committed to their organization generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organization. The benefit of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support.

There are three components of organizational commitment; these are affective, continuance, and normative commitment (Meyer and Allen, 1997, p.11). Individuals who have strong affective commitment remain in the organization because they feel they want

to, some with a stronger normative commitment remain because they ought to and those with strong continuance commitment remain because they need to.

Commitment is defined as “the employee’s emotional attachment to, identification, and involvement in the organization” (Meyer and Allen, 1991, p. 67). Commitment creates a positive interaction between the individual and the organization because both have similar values (Meyer and Allen, 1997). Those who stay in their organizations with a strong commitment retain their position not only because they need the occupation, but also because they want it (Meyer et al., 1993, p. 539).

Most employees are hesitant to accept the introduction of new system to their organizations. Those employees who want to stay connected to their organizations are believed to adjust their behavior, attitudes, and thinking towards the new system.

Employees’ attitudes, thinking, behavior and trust towards organization and work setting, increase job performance and commitment (Oliver, 1990). The notion of employee commitment comprises of constructive behaviors and attitude in route for organization. Thus, employee commitment can be considered as behavior forecaster. Oliver (1990) emphasized that there is positive relationship between job commitment and employee performance.

According to Nortcraft and Neale (1996), Organizational commitment is determined by a number of factors including; personal factors (e.g., age, tenure in the organization, disposition, internal or external control attributions); organizational factors (job design and the leadership style of one's supervisor); non-organizational factors (availability of alternatives). All these things affect subsequent commitment.

2.2.4 Motivation

A recent databased comprehensive analysis concluded that competitiveness problems appear to be largely motivational in nature (Mine, Ebrahimi, and Wachtel, 1995). Along with perception, personality, attitudes, and learning, motivation is a very important element of behavior. Luthan (1998) defines motivation as, "a process that starts with a physiological deficiency or need that activates behavior or a drive that is aimed at a goal

incentive". He asserts that motivation is the process that arouses, energizes, directs, and sustains behavior and performance. This implies motivation is a process of stimulating people to action and achieve desired task.

Many researches significantly identified that job attitude and working morale are the key sources to enhance performance of employees (Milman, A., 2002, Goymour, D., 2002, Powell and D.Wood 1999). Leader influence the attitude, affect psychologically on their subordinate in building higher organizational performance and augment employees satisfaction all the way through motivation. If managers know what drives the people working for them, they can tailor job assignments and rewards to what makes these people "tick." Organizations that motivate their employees have higher level of performance than the less motivating organizations (Hall, 1971).

Researchers to explain the concept of job satisfaction have used several theories. These theories fall in two groups, namely content and process theories. Content theories attempt to identify the factors, which contribute to job satisfaction and job dissatisfaction. These theories include Maslow's hierarchy of needs (1954), Herzberg's 'two factor theory' (1959) and McGregor's 'Theory X and Y' (1960). On the other hand, process theories attempt to describe the interaction among variables in their relationship to job satisfaction. These theories include equity theory, expectancy theory and goal setting theory.

The major variables to explain and describe how people start, sustain and direct behavior aimed at the satisfaction of needs or the reduction of inner tension is explained by Vroom's expectancy theory and Adam's equity theory.

Adam's Equity Theory of Motivation - Equity theory suggests that individuals engage in social comparison by comparing their efforts and rewards with those of relevant others. It is based on the premise that employees will put forth a particular level of effort that they feel compares to the reward potential. It comes down to a straightforward formula of inputs (effort and enthusiasm, skills and abilities, flexibility and adaptability, loyalty and commitment to the organization) must equal outputs (financial compensation, praise and recognition, additional responsibility and autonomy, job security, a sense of career

advancement or personal growth). The perception of individuals about the fairness of their rewards relative to others influences their level of motivation. Equity exists when individuals perceive that the ratio of efforts to rewards is the same for them as it is for others to whom they compare themselves. Inequity exists when individuals perceive that the ratio of efforts to rewards is different (usually negatively so) for them than it is for others to whom they compare themselves.

2.3. Definition of Performance Management

There are many variations in definitions of performance management and According to Guest, D. (2011), it can be viewed from a diverse range of perspectives including strategy, organizational behavior, operations management, economics and accounting, and HRM. For the sake of this study, the HRM perspective is adopted which is conceptually suitable for the research under study.

Various researchers have perceived performance differently, but according to Awada (2012), performance is related with measurement of transactional efficiency and effectiveness towards organizational goals. Neely's definition too relates to this concept and defines Performance Management as the sets of indicator used to measure the level of efficiency and effectiveness of the action made by the employees in the firm (Neely, A 1999).

According to Harrison (1997), performance is the outcome of the interaction between an individual's needs, perception of the result required and the amount of effort, energy and expertise that individuals have or wish to apply to the task in hand (cited from Nigatu Teshome 2007). This definition imply how the perception, needs and attitudes of employees affect the performance of the organization and ensures the strategic aim of the firm to be fully supported by the employees performance.

As described by Richman (2000), performance management is the ongoing process of minimizing the number and impact of problems and providing an environment where in the project can succeed. In addition, according to Barrows & Neely (2012), performance management is a way of aligning the goals of the organization with the annual objectives

of individual employees so that everyone knows what is expected of them. The definition given by Armstrong 2006 states, Performance management is a process of improving the performance of an organization by helping individuals and team to develop their capacity to reach the intended destination (Cited from MelatYilma 2014). The term performance management can also be defined as a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals (H. Aguinis 2005). The definitions imply that PMS is both strategic and integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

The common concept shared by the above definitions indicates Performance Management system is that vital part of Human Resource Management, which aligns and optimizes individual performance with the overall performance of the organization. It helps the organization in achieving the mission and goal set, aligning and developing the employees and team effort in an ongoing and cyclical manner. The definitions also shows that there is a direct link between an individual performance and an organization's goal achievement which assist in creating shared understanding about what is to be achieved and how it is to be achieved. The definitions also imply PMS is goal-oriented process directed towards ensuring organizational processes in order to maximize the productivity of employees, teams, and ultimately the organization making sure the employee and the organization are focused on the same priorities.

From the definitions given, we can also understand that the essence of performance management is about improving performance, and usually refers to a range of management initiatives, which seek to make performance more 'manageable'.

2.4. The Purpose and Characteristics of Performance Management

According to Otley (1999), a general performance management system considers such problems: "What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the organization adopted? what are the

processes and activities that will be required to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience (Cited from Olivia Msiza 2012).

Indicating the general purpose and objectives, DeNisi and Smith (2014) conclude performance management is said to be strongest when the system is;

- ❖ Visible to all employees and salient to everyone (i.e. practices and policies are posted and reinforced frequently)
- ❖ Associated with legitimate authority (i.e. practices and policies come down from the highest levels in the organization and persons at those levels are seen as legitimate)
- ❖ Relevant (i.e. employees see how they can achieve personal goals that are aligned with strategic goals)
- ❖ Stated and administered consistently (i.e. policy statements and related decisions made do not vary by the person involved)
- ❖ Instrumental for goal attainment (i.e. employees can see how these policies can help them achieve personal and strategic goals)
- ❖ Valid (i.e. the policies and practices reflect best practices)
- ❖ Fair (i.e. the policies and practices are applied equally to all employees and do not have any type of adverse impact against any group of employees)
- ❖ Agreed upon by HR decision-makers (i.e. all HR decision-makers endorse and support all policies and decisions) (Cited from Beven, 1999).

2.5. The Process of Performance Management System

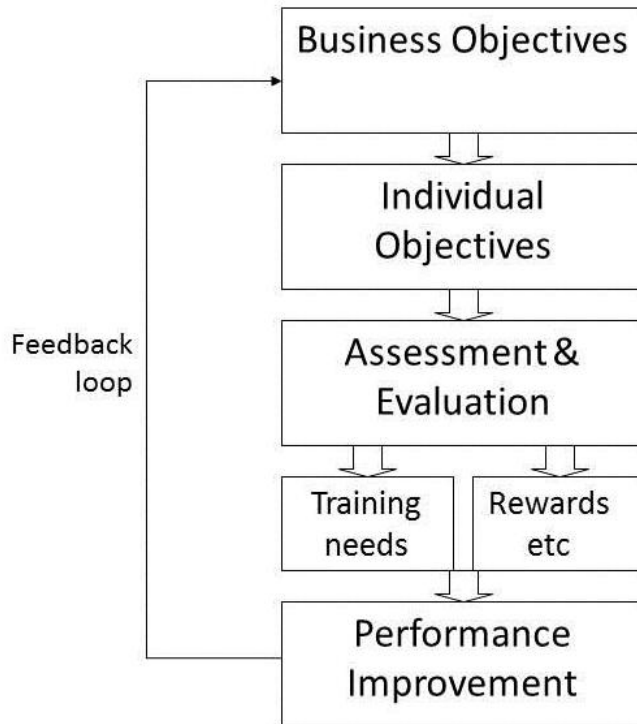
It has been agreed that if an organization has to attempt to introduce a new system to the work environment, the purpose, business needs, organizational culture and the system's integration with other human resource management systems have to be considered in deep analysis (Pulakos 2004). Even though the approaches of PM used by many firms are similar, their implementations differ according to different business settings. This will imply that best practice for one firm does not exactly be the same in others rather; organizations should consider the above factors to create their best fit of the system. According to Beven (1999), Effective performance management systems have a well-articulated and designed process. He also adds PM is not likely a rigid and bureaucratic process used to tightly control the employees as most people think rather it is a tool meant to bring collaborative working environment and increase the communication between managers and employees.

The performance management process allows employees to understand:

- What their goals and/or duties are and what is expected of them;
- The criteria for success and how well they are doing;
- How their responsibilities help achieve organizational goals; and,
- How they can improve job performance. (cited from Boipono M. 2014)

There is no single universally accepted model of performance management phase. Mabaey (1999) prescribed the models of performance management system in the form of "performance management cycle". These contain elements, which suggest how performance management system should be implemented in an organization.

Figure 1.1 performance management cycle



Source: The Work Foundation, 2014

This element of PM cycle includes:

- I. Setting of objectives
- II. Measuring the performance
- III. Feedback of performance results
- IV. Reward system based on performance outcomes
- V. Amendments to objectives and activities

In general, employee performance management includes:

- ❖ Planning work and setting expectations,
- ❖ Continually monitoring performance,
- ❖ Developing the capacity to perform,
- ❖ Periodically rating performance in a summary fashion, and
- ❖ Rewarding good performance

2.5.1. Planning

Planning is the process of setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives (Aguinis, H. 2011). Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done. This will involve getting together with an employee and evaluating expectations for a period. Guest (2002) implies the regulatory requirements for planning employees' performance includes establishing the elements and standards of their performance appraisal plans. In addition, Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable.

Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required (Neely, A 1999).

Performance Management Process Manual of the State of Oklahoma lists important tasks of planning phase of PM;

- ✓ Review the employee's job description to determine if it reflects the work that the employee is currently doing.
- ✓ Identify and review the links between the employee's job description, her or his work plan, and the organization's goals, objectives and strategic plan.

Develop a work plan that outlines the tasks or deliverables to be completed, the expected results and the measures or standards that will be used to evaluate performance. The

performance expectations should be SMART i.e. they should be Specific, Measurable, Achievable, Relevant and Time Bounded (Aguinis, H. 2011).

- ✓ Identify critical areas that will be key performance objectives for the year. The choice of areas may be determined by the organization's strategic plan, by the employee's desire to improve outcomes in a certain part of his or her job or by a need to emphasize a particular aspect of the job.
- ✓ Identify training objectives that will help the employee grow his or her skills, knowledge and competencies related to the work.
- ✓ Identify career development objectives that can be part of longer-term career planning (Cited from Olivia Msiza 2012).

According to Msiza (2012), the most difficult part of the planning phase is developing clear and appropriate language to describe performance objectives and measures or indicators of success. Supervisors need to ensure that the performance objectives are a good representation of the full range of duties carried out by the employee, especially everyday tasks that take time, but are often not identified as significant accomplishments. It is also noted that establishing realistic, challenging, yet attainable performance expectations and standards are the most important part of the performance management process.

According to the supervisory guide prepared by Commercial Bank of Ethiopia, Employees with easily accomplished expectations and standards may have their knowledge, skills and abilities overstated, while employees with very difficult or unattainable expectations and standards may have their knowledge, skills and abilities understated. The first group may appear better than they actually are and the second group may appear worse.

This all indicate, supervisors must be able to develop and communicate expectations and standards to employees in a manner that can clearly be understood and accepted by the employees.

In performance planning the following key steps are followed

- Cascading of goals and targets
- Holding performance planning discussion with individual performers
- Signing of contractual agreement with individual performer
- Distribution of Contractual agreements to employees
(supervisory guide prepared by Commercial Bank of Ethiopia)

2.5.2 Measuring performance and Monitoring

Employee performance measurement is a continuous process of determining, monitoring and reporting of plan accomplishments particularly work plans towards pre-established goals (cited from Menalegn Ferede 2008).

Monitoring involves consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals (Neely, A 1999). He described regulatory requirements for monitoring performance includes conducting progress, reviews with employees where their performance is compared against their elements and standards. According to Smith M (2002), ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. By monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned.

According to Armstrong (1996), the following guidelines are important in defining performance measures: (cited from Menalegn Ferede 2008)

- Measures should relate to results not efforts
- The results must be within the job holders' control
- Measures should be objective and observable
- Data must be available for measurement

2.5.3 Developing

Developing in the context of performance management encompasses increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods (Otley, D 1999). Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology (Neely, A 1999).

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

2.5.4 Rating

From time to time, organizations find it useful to summarize employee performance. This can be helpful for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers are (Smith M 2002).

Within the context of formal performance appraisal requirements, rating means evaluating employees or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record (Msiza 2012). The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force.

2.5.5 Performance review

Assuming that feedback has been provided on an ongoing basis, the formal performance review session should simply be a recap of what has occurred throughout the rating

period. In other words, there should be no surprises in the performance review (Smith M (2002).

During this meeting, managers should discuss with employees their ratings, narratives and rationale for the evaluation given. The performance review session is also a good time to plan developmental activities with employees. Experienced practitioners have found that competency models and performance standards like those described above help managers and employees identify and address development needs. Obviously, any performance standards that are not currently being met should be identified as development areas. If all current job standards are being met, employees and managers can look to the next level's performance standards to identify requirements and developmental areas to pursue in preparation for advancement (Otley, D 1999).

2.6. Performance Management vs. Performance Appraisal

Performance management (PM) and performance appraisal (PA) confuse most people and sometimes it is common to apply them interchangeably. Nevertheless, performance appraisal is a system that involves employee evaluations once a year, without an ongoing effort to provide feedback and coaching so that performance can be improved (H. Aguinis 2005). It is the systematic description of an employee's strengths and weaknesses and is one important component of performance management. It is practiced for relatively a long period by organizations and one of the key emphases of it is to assess employees in relation to their individual or group performance targets (Smith, PC 2002). On the other hand, performance management is continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals (Montebello 2003).

As to Dessler (2003), performance management process encompasses goal settings, employees' selection and placement, performance appraisal, compensation, training and development (cited from MenalegnFerede 2008).

This shows Performance management is a communication process and a total system of managing the attainment of organizational goals and objectives by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals (Budhwar 2001).

Thus, performance appraisal occurs formally at a specific time to review and evaluate individual or team task performance whereas performance management is a dynamic, ongoing, continuous process of measuring and improving the value of the workforce as a whole. Performance Management is 'the process that unites goal setting, performance appraisal and development into a single common system' (Dessler 2008)

2.7. The Pertinent Theories to This Research

2.7.1 The Behavioral Theory

The relevance of Behavioral Theory to this research is it has been developed based on the evaluation of the behavior and attitudes of the employees.

Employee attitude has been viewed as a mechanism to evaluate and predict their capabilities in performing the task (Hogan et al. 1996). The behavioral perspective has focused on the role of employees' behaviors, which could mediate the relationship between the performance management system and the firm performance that is relevant to this research.

Plomin (1989) proposed that attitude or behavior could be modified through the learning process and thus, the human beings' act has been considered as behavior. However, in the field of this research, behavior has been referred to as any activity of the employees that is influenced by the work environment and the bank's particular business processes. Furthermore, motivation has been considered as the pillar of the behavioral aspect of the human being (Mitchell 1982; Cesare&Sadre2003). Additionally, behavior was found to

have been greatly influenced by motivation and the actions were a good reflection of performance.

Wiley (1997) claimed that biological, cultural and situational factors could be the determinant factors that could influence behavior and attitude. However, behavior or attitude has to be studied holistically because needs were found in a variety of combinations instead of in isolation (Chung 1969). Thus, this research includes four key variables that could influence behavior and attitude. These are motivation, job satisfaction, commitment and training and development.

The behavioral perspective or matching model as introduced by Beer, Spector and Lawrence (1984) has been criticized because the perspective assumed a degree of freedom on the part of the employees. In reality, the changes have been normally rejected by the workforce because they are reluctant to learn new things but they were forced to follow the new measurement as their key performance indicators (KPI) were imposed on them by the management (McKeena& Beech 2002).

2.7.2 Justice Theory

Justice theory, also known as organizational justice, refers to the extent in assessing the perceptions of the employees regarding organization's performance management system. These performances can influence attitudes and behavior of the employees (Boipono, M. (2014). These behaviors can have a negative or positive impact on employees' performance and the organization's success (Baldwin, n.d.). According to a study, there is a positive correlation between organizational justice and job satisfaction. In other words the better the employee perception of an organization, the higher the satisfaction level of that employee (Ali, 2010).

Organizational justice is also positively correlated to motivation, implying that where justice is observed, a general positive attitude emerges by itself (Çelik & Saritürk, 2012). Allameh & Rostami (2014) studied the relationship between organizational justice and Organizational Citizenship Behavior (OCB). In the study authors found strong and positive relationship between the two. Similarly study by (Wan, 2016) shows that citizenship behavior are employee behaviors that go beyond the call of duty. Similarly,

the above authors also suggested that an organization needs to ensure the practice of organizational justice so that it can create confidence, loyalty and commitment among the employees. This will influence employee's organizational citizenship behavior.

A peculiar characteristic of justice theory includes;

- Voice gives the chance to be heard and gives the opportunity to present the information. This can enhance the feelings among the employees that they are being listened to. Other initiatives promoting voice might include suggestions schemes, empowerment programs and participative management.
- Organizations should treat its employees with utmost dignity and respect. Such culture can boost the morale and enhance their productivity level, which ultimately translates into better and more efficient output.
- Employees often seek some sort of interaction with their supervisors. It gives the opportunity so that employee can share the information appropriately. An explanation or apology can reduce or eliminate the sense of anger generated and avoids rude and cruel remarks.
- Perceptions on a manager's authority can affect organizational justice judgments. One should take decisions based on facts and not on vested interests and personal feelings of the decision maker.

Based on various studies it can be said that there should be a well-defined system that promotes fair and equitable justice in an organization. This type of system is a key to improve the employee productivity and helps in realizing the goals of an organization. The advantages of just treatment by work organizations include; commitment, fostering job performance, job satisfaction, motivation, reduced absenteeism and improved health (Cropanzano & Byrne, 2001, and Organ, 1988).

- General guidelines for avoiding bias and evaluating employee performance objectively include Working with each employee at the beginning of the

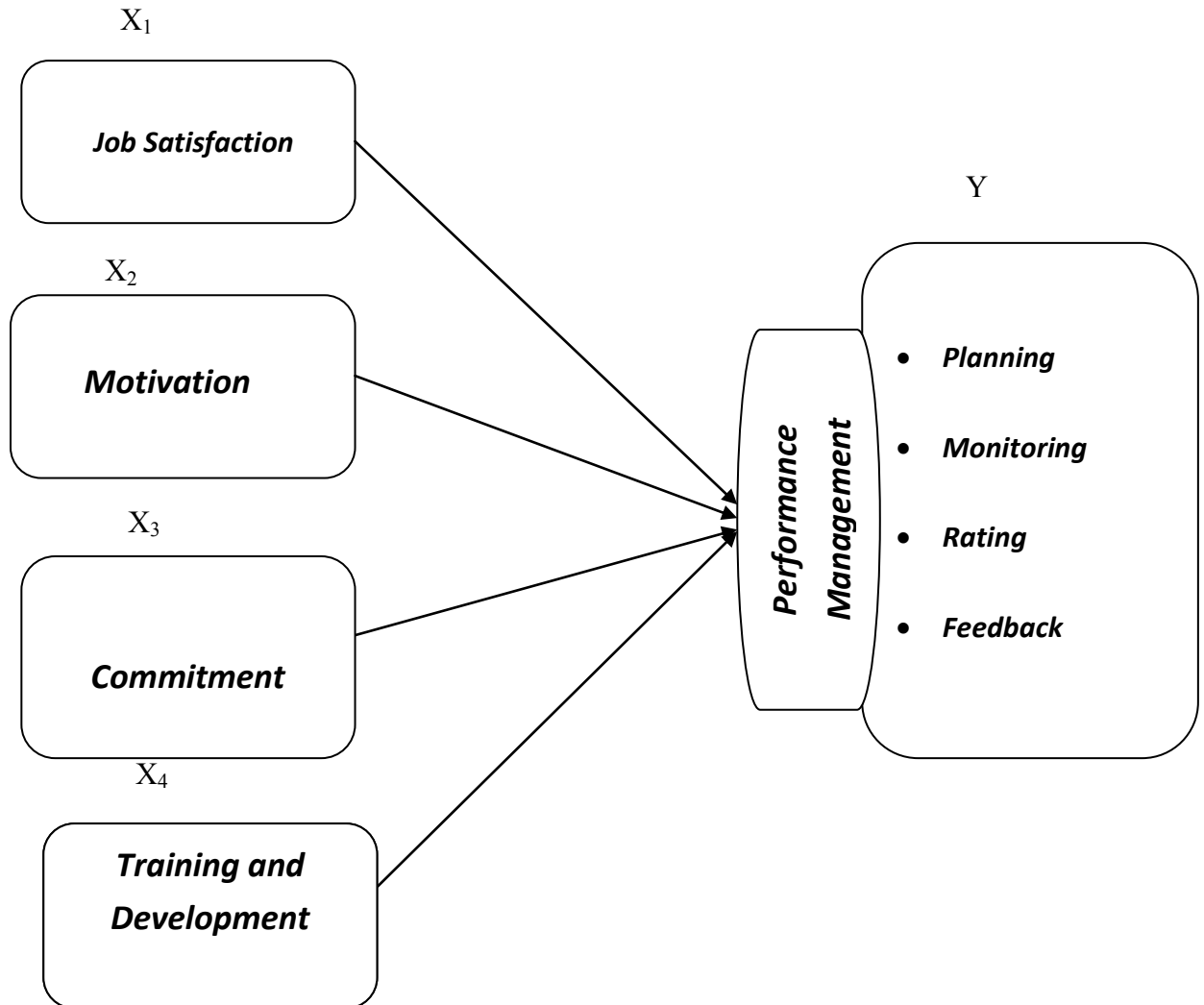
evaluation cycle to develop S.M.A.R.T. performance goals and appropriate competencies to develop.

- Throughout the evaluation period, focusing on observable behaviors related to goals and competencies; document our observations and provide feedback and coaching to the employee;
- Comparing observed behaviors to the established goal or competency, not to other people or the employee's past performance.
- Considering factors which may have changed the nature or scope of the job, including circumstances beyond the employee's control and your own role in the employee's performance

2.8 Conceptual Framework for the Topic under Study

This study tried to examine employees' attitudes towards the performance management practice of Birhan International Bank Share Company. It situates the topic under study within prior theoretical and empirical studies and explains key constructs and terms. Referring various theoretical and empirical studies, the following self-developed conceptual framework is constructed. The selection of the variables under each category has been made as per the identified research gaps and according to the research question under study.

Figure 2.1 Structural Framework



Source: the researcher's work

From many factors that impact the effectiveness of the performance management system, Pulakos (2004), indicate, the employees attitude and use of the system has a potential to bring visible, value-adding benefits in the areas of performance planning, monitoring, developing, rating and feedback. From several theories under the subject matter, the researcher has identified two theories (i.e Behavioral theory and Justice Theory), which are supposed to be suitable considering the functionality and flexibility to study and the employees' attitudes in relation to performance management practice.

In order to explain the relationship and association of employees attitudes towards the performance management practice, four important employees attitude variables has been taken and this include; job satisfaction, commitment, motivation and employees development and training.

According to Armstrong (2006), positive and favorable attitudes towards the job indicate job satisfaction, motivation, commitment and responsiveness for the training and development program. Relating employees attitudes to behavior and hence to performance is relatively new in HRM but there are a growing number of studies that have done this (for example stroff & Bowen, 2000; Judge et al., 2001, Msiza 2012). Their study suggests that positive workforce attitudes create value to the organization. In seeking to understand this downstream connection between attitudes and performance and upstream between HR practices and attitudes social exchange theory explains as HR practices that are viewed by employees are personalized commitment to them by the organization which is then reciprocated back to the organization by employees through positive attitude and behavior (Olivia Msiza 2012).

Bussim, M (2012) emphasized that attitudes toward performance management affect the performance of employees in organizations. Employees with good attitudes tend to exhibit motivation, commitment, job satisfaction and responsive for the training and development programs included in the performance management system. Hence the above structural framework indicates employees with positive attitude (satisfied, motivated, committed and responsive for the training and development program) tend to exhibit positive performance through all PMS cycle (i.e. planning, monitoring, rating and feedback).

Chapter III

Research Design and Methodology

3.1. Research Design and Approach

According to C. R. Kothari (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This study adopted a descriptive research design. This research design allows a researcher to use both qualitative and quantitative data to find out what are the employees' attitudes towards the performance management system. Moreover, it is found to be effective in describing the correlation job satisfaction, commitment, motivation and training and development has on performance management system. Descriptive research design is also appropriate to collect quantitative information that can be tabulated along a continuum in numerical form and it involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection.

In order to satisfy the objectives of the research under study, both qualitative and quantitative approaches (mixed research approach) is employed. Mixed research approach is best suited to grasp the advantages of both research approaches. Qualitative approach has been found to be suitable of explaining the association or relationship between the employees' attitudes and performance management system and in order to understand the particular context within which the participants act, and the influence this context has on their actions. On the other hand quantitative research approaches has been used to gather data in the form of structured questionnaire.

3.2. Target Population

According to Jackson, S.L. (2009), "target population" is a set of elements that the researcher focuses upon and to which the results obtained by testing the sample to be generalized. It is a set of individuals who possess the same set of entities that the researcher is interested in. According to the data obtained from human resource department of BRIB, the total number of employees at the end of June 2016 reached 1,315. For the sake of this study, the target population is taken to be 632 permanent

clerical employees, which excludes non-clerical staffs and managers. The managers are excluded from the distributed questionnaire considering the fact that district supervisors evaluate them even prior to the PMS become effective and the evaluating criteria are much different from the employees working in the branches. In addition, employees found in the branches are the main implementers of the system and directly responsible for the implementation of the cascaded PMS. Non-clerical staffs are excluded from the questionnaire and the interview considering the fact that they are not exposed for the system. However, some managers' view is gathered using interviews in order to get depth information and cross check the responses given by employees.

3.3. Sampling Method

To make the research more valid and reliable, the researcher uses both probability and non-probability sampling methods. Cluster sampling is used to select samples from the target population. The rationale behind applying cluster sampling is that it is appropriate to select representative sample size for geographically dispersed population given the costs and desired accuracy. BRIB has extended its branch network all over the country and at the end of 2016 fiscal year, there are 126 branches of which 57 are found in the metropolis and the remaining 69 resides in outlying countries. Branches found in Addis Ababa and outlying branches are considered the two clusters of the study. Each cluster is treated as the sampling unit so; sampling is done in a population of clusters. Branches found in Addis Ababa and outlying branches have been considered as the two clusters for study. This is because of the similarity in structure and system across branches and for the difficulty of collecting questionnaires on very remote and far location of branches.

Simple random sampling technique has been employed once the two different clusters are identified by registering all members for each cluster using excel. The main benefit of the simple random sampling is that each member of the population has an equal chance of being chosen. This means that it guarantees that the sample chosen is representative of the population. In turn, the statistical conclusions drawn from analysis of the sample will be valid. In order to gather data in the form of interview, purposive sampling is applied considering the interviewees' knowledge, relationships and expertise regarding a research subject under study not to mention the time and cost constraint faced by the researcher.

3.4. Sample Size

The sample size is the actual respondents representing the total target population. After determining the target population for the study (i.e. 632), sample size is calculated using the Slovin's formula (Serakan, 1992) cited in Unam (2012 PP.52). Accordingly,

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

Where n is the sample size, N is the population size, and e is the level of precision. With the level of precision e= 5% and N= 632

i.e.
$$n = \frac{632}{1 + 632(0.05^2)} = 244.96$$

Thus, the sample size for this particular research study is calculated to be 245, which is large enough to represent the population.

3.5. Sampling Distribution

Two hundred forty five (245) sample respondents are taken in which the distribution is selected as mentioned from the cluster of population in to two groups (i.e. branches found in Addis Ababa and outlying branches). Thus, the total sample size of the study was 245, which is 38.8% of the total population (245/632 x 100= 38.8%).

Table 3.5.1 illustrates the sample distribution found in the two given clusters i.e. 351 employees are working in outlying branches and the remaining 281 are the employees of branches found in Addis Ababa.

The researcher assumes 90% of respondent's rate, and 10% of non-respondents for total sampled population, which are 25. In order to fulfill this 10% of non-respondent level, the researcher added 10% more questionnaires of total sample size.

Table 3.5.1. Total population and cluster samples from branches found in Addis Ababa and outlying branches with proportional weight of samples for each location

No	Geographical locations of branches	Population (N)	Population Rate	Sample Size (n) (N*38.8%)
1	Outlying branches	351	$(351/632)*245$	136
2	Branches found in A. Ababa	281	$(281/632)*245$	109
	Total	632	$(632/632)*245$	245

The researcher distributed 270 questionnaires to employees of Birhan International Bank Employees. From the questionnaires distributed, 242 completed questionnaires were returned to the researcher. This is giving an effective response rate of 91.1%. This response rate is considered to be very good.

3.6 Data collection methods and tools

There are many methods used to gather data, each with its own strengths and weaknesses. In order to get the data necessary for the study, both primary and secondary data were employed. In order to gather secondary sources of information, BRIB human resource management policies, yearly budget reports, magazine, books and journals on human resource management, and previous researches have been used.

3.6.1 Questionnaire

Questionnaire had been used as a primary data-gathering tool considering its appropriateness to collect information on facts and attitudes from a wide range of sources. Moreover, it is one of the most important tools to guide the respondents since it gives clear choices to check. The questionnaire was specifically designed to accomplish the objectives of the study. The items were adapted from Work Motivation Behavior Scale of the Akinboye's 2001 Executive Behavior Battery, Minnesota Satisfaction

Questionnaire by Weiss (1967), organizational commitment questionnaire (OCQ) by Mooday, Steer, and Porter) and extracted from the study of He, et al. Various aspects that might have an attitudinal impact on the performance management system were addressed. A five point Likert-scale questionnaire comprising of three categories was used as a data gathering technique to determine the attitudes of participants towards the PMS. The first category consists of personal profile of the respondents; the second category is survey questions related to employees attitudes towards the performance management practice. The questions are prepared to evaluate the employees' attitudes in the form of job satisfaction, motivation, commitment and training and development. For some outlying branches, pre-addressed enveloped questionnaire was distributed to secure the respondents convenience.

3.6.2 Interview

Though questionnaires are considered as the major data-gathering tool, unstructured interview was prepared as a means of getting additional and supporting data from three HR supervisors, four branch managers, and four above five years experienced employees. The method of purposive sampling was used to develop the sample of the research under discussion. According to this method, which belongs to the category of non-probability sampling techniques, sample members are selected based on their knowledge, relationships and expertise regarding a research subject (Freedman, 2007). In the current study, the sample members who were selected had special relationship with the phenomenon under investigation, sufficient and relevant work experience in the bank, active involvement in several PMS initiatives and training, as well as proven research background and understanding of raw data, which the researcher is intended to gather.

The main advantage of personal interviews is that they involve personal and direct contact between interviewers and interviewees, as well as eliminate non-response rates. Moreover, it offers flexibility in terms of the flow of the interview, thereby leaving room for the generation of conclusions that were not initially meant to be derived regarding a research subject. However, sufficient care is taken to minimize the risk of deviating from the pre-specified research aims and objectives.

3.7 Data analysis technique and presentation modality

The necessary data was gathered through questionnaires, interviews and document analysis and quantitative and qualitative data analysis method has been used. For analyzing demographic data, descriptive data analysis method is used. After information was gathered through the employed methods, it was encoded, processed, analyzed and interpreted using SPSS version 20.

The qualitative data collected by interview were analyzed manually and some direct words of the interviewees in the form of case stories are presented as appropriate in the study.

3.8 Pilot study

Though the instruments have already been standardized and validated, the situation under which they were standardized are different from the environment of the present study site. Hence, pilot test was distributed to 25 employees who are other than sampled employees in main sample. However, from the questionnaires distributed, a total of 22 completed questionnaires were returned to the researcher and the researcher conducted analysis in order to check on if necessary amendments are needed for the instruments and to find the reliability of the instruments

The questionnaires considered by the researchers were distributed for two experts and advisor in the field of Management for validation. The main thrust was to determine whether the questionnaires items and dimension adequately reflected by the instruments prescribed by the objectives and were in consistent with the establishment of content validity and the face validity.

From the pilot study, the researcher has got constructive feedback which has been used as inputs to make adjustments. This includes; some ambiguous words in the questionnaire has been replaced with clear and precise words contextualizing the organization under study, the questions are printed on front and back page so as to minimize the frustration some employees might exhibit seeing many pages of the questionnaire. likewise, prior to the distribution of the questionnaire, the researcher has planned to include some open

ended questions but the pilot study respondents suggested the content is sufficiently included in the lists of closed ended questionnaire thus the researcher considers the given suggestions and corrected accordingly.

3.8.1. Results of Validity

It is the strength of conclusions, inferences or propositions. It involves the degree to which one is measuring what is supposed to measure or the accuracy measurements (Adams et al, 2007). The instruments used are almost standardized as adopted from commonly used scales globally. In addition, the views of experts in the subject area like research advisor and course instructors have judged the validity of the questionnaire according to its content, clearness of its meaning, appropriateness to avoid any misunderstanding and to assure its linkage with the study objectives. Other than these, most distributed questionnaires are given selectively to those clerical employees who are exposed to the PMS. In addition, the informal questions comments and discussions, which the investigator had with the mentioned individuals revealed that the instrument had significant face and content validity.

3.8.2 Reliability

It estimates the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency Adams et al, (2007). To make sure that the data collection methods were error free and to minimize the instruments' biases the researcher undertook the following:

- ❖ The researcher has made a pilot test on 22 employees and got a result of Cronbach's Alpha 0.81.
- ❖ The researcher, when collecting the questionnaires, has tried to make sure that it is the respondents who have complete the questionnaire through making the distribution and collection time gap short as much as possible.

CHAPTER IV

4. Data Analysis and Interpretation

In this section, the data collected by distributing questionnaires to sampled respondents were presented and the analysis was done by standardized linear regression analysis of SPSS version 20. The general background of respondents and the influences of each independent variable, which are job satisfaction, motivation, commitment and training and development on the performance management system, were discussed by using frequencies and percentages.

4.1. General Background of Respondents

In this section, the general characteristics of the respondents were presented in the following two consecutive Tables 4.1.1 and Table 4.1.2. In The first table, the sex and age of respondents and their years of services are cross-tabulated. Next, cross tabulation of educational qualification and job grade (designations) of respondents with year of service was presented. Description using cross tabulation has been deliberately selected to display the inclusion of the respondents with varies profile.

As one can see from the Table 4.1.1 male respondents were majority in size 146 (60.33%) and among them about 85 (35.12%) were with years of experience of less than five, about 50 (20.66%) are between five to ten years of experience and the remaining 11 (4.55%). In addition, as it is shown in the table, total number of respondents who are 'female' is 96 (39.67%) with experience less than five years. It shows big difference in years of service among bank workers which is most probably due to the age of the bank. Among respondents, with total sum 149 (61.57%) of both male and female respondents do have work experience of below five years.

Table 4.1.1 The Cross tabulation of respondents' status of years of service with sex and age

		Employees Years of Service			Total	
		< 5 years	5-10 years	11-15 years		
Sex of Employee	Male	Count	85	50	11	146
		% within sex of employee	35.12%	20.66%	4.55%	60.33%
	Female	Count	64	27	5	96
		% within sex of employee	26.45%	11.16%	2.07%	39.67%
	Total	Count	149	77	16	242
		% within sex of employee	61.57%	31.82%	6.61%	100.00%
Age	< 25	Count	65	17	2	84
		% within Age of employee	26.86%	7.02%	0.83%	34.71%
	26-35	Count	77	43	6	126
		% within Age of employee	31.82%	17.77%	2.48%	52.07%
	36-45	Count	6	18	7	31
		% within Age of employee	2.48%	7.44%	2.89%	12.81%
	46-55	Count	0	0	1	1
		% within Age of employee	0.00%	0.00%	0.41%	0.41%
	Total	% within Age of employee	61.16%	32.23%	6.61%	100.00%

Source: Data collected through questionnaire

It is also seen from the table, respondents with the age range between 26-35, were 77 (31.82%) and age less than 25 were 65 (26.86%) have less than five service years. Respondents with experience of 5-10 were 43 (17.77%) and 17 (7.02%) with the age group 26-35 and <25 years respectively. This shows that more than 85% the organization employees are young age group.

Table 4.1.2. The Cross tabulation of respondents status of years of service with qualification level and job grade

			Employees Years of Service			Total
			< 5 years	5-10 yrs	11-15 yrs	
Educational Qualification	Certificate	Count	0	0	0	0
		% within Edu.Qual of employee	0	0	0	0
	Diploma	Count	14	4	3	21
		% within Edu.Qual of employee	0.06	0.02	0.01	0.09
	BA/BSC	Count	131	69	17	217
		% within Edu. Qual of employee	54.13%	28.51%	7.02%	89.67%
	Masters	Count	1	2	1	4
		% within Edu. Qual of employee	0.41%	0.83%	0.41%	1.65%
	Total	Count	146	75	21	242
		% within Edu. Qual of employee	61.16%	32.23%	6.61%	100.00%
Job Grade	Job grade 7	Count	48	13	3	64
		% of Total	19.83%	5.37%	1.24%	26.45%
	Job grade 9	Count	77	36	9	122
		% of Total	31.82%	14.88%	3.72%	50.41%
	Job grade 10	Count	19	19	3	41
		% of Total	7.85%	7.85%	1.24%	16.94%
	Job grade 11	Count	2	8	1	11
		% of Total	0.83%	3.31%	0.41%	4.55%
	Job grade 12	Count	2	2	0	4
		% of Total	0.83%	0.83%	0.00%	1.65%
Total	Count	148	78	16	242	
	% of Total	61.16%	32.23%	6.61%	100.00%	

Source: Data collected through questionnaire

As one can see from Table 4.1.2, respondents who have BA/BSC educational qualification were majority in size i.e. 217 (89.67%) from which 131 (54.13%) with experiences of less than five years, 69 (28.51%) with experiences between five-ten service years and the remaining 17 (7.02%) fall under between 11 to 15 years of

experience. This shows that the bank has stopped recruiting professionals below degree level and focus on upgrading diploma holders. This also explains why there are no any certificate holder employees in the representative sample size.

From the total number of respondents 21 (0.09%) have Diploma from which 14 (0.06) have less than five years of experiences, 4 (0.02) with 5 to 10 years of experiences and the remaining 3 (0.01) fall under 11 to 15 years of experiences. Masters Degree holders account for 1.65 % (4), of which 0.83% has experiences between 5 to 10 years.

Relatively higher number of respondents i.e. 122 (54.41%) fall under job grade 9 i.e. customer service officers and 64 (26.45%) were with job grade 7, junior officers. This is because when the number of customers increases, the transaction also increases and the organization recruits additional employees who can deliver service to those customers. Most of these job grade 7 employees are expected to be newly recruited employees of the organization. When we come to the respondents with job grade 10, 11 and 12; their number is relatively lesser than that of job grad 7 and 9; with total number of 41, 11 and 4 respectively.

4.2. Analysis of the Data

From many factors that affect the effectiveness of the performance management system, as Pulakos (2004) indicates, the employees' attitudes and use of the system has a potential to bring visible, value-adding benefits in the areas of performance planning, performance development, feedback and achieving results. job satisfaction, motivation, organizational commitment and the responsiveness to training and development program of the organization has been taken as an employees' attitudes predictors toward the performance management system throughout the research. . In this part descriptive analysis was performed one by one by using descriptive statics; frequencies and percentages to assess the current level of employees' job satisfaction, motivation, commitment and training & development. In this analysis of response, each specific variable are compared using the frequencies and percentile score. The degree of satisfaction or dissatisfaction of the respondents for each statement are also analyzed by summarizing the five point likert scale response in to three. Which is done by

consolidating the satisfied and very satisfied responses in to one positive response (i.e. satisfied), dissatisfied and very dissatisfied responses in to one negative response (i.e. dissatisfied) and the neutral response is taken as it is.

4.2.1 Employee’s Job Satisfaction Toward PMS

Table 4.2.1.1 Results of job satisfaction on performance management system

Variable	Response	Frequency	Percentage
Employee’s Job satisfaction	Strongly Agreed	37	15.3%
	Agree	151	62.4%
	Neither agree nor disagree	28	11.6%
	Disagree	22	9.1%
	Strongly disagree	4	1.7%

Source: developed for the research

The above Table 4.2.1.1 shows, 15.3% of the respondents strongly agree on the topic that dealt with they were satisfied on their job while 62.4% of respondents agree, 11.6% respondents neither agree nor disagree, 9.1% of respondents disagree and 1.7% of the respondents strongly disagree that they were not satisfied on their job. This shows that 67.7% of respondents, were agree that they were satisfied with their job and their attitudes toward performance management system is positive. It means respondents are satisfied because their job is rewarding, encourages them to do their work in more efficient way, their organization value their individual work, and the promotion made is based on merit. From this, the researcher interpret that the job satisfaction employees have towards performance management system is positive.

4.2.2 Employees' Motivation Toward PMS

Table 4.2.2.1 Result on employee's motivation towards PMS

Variable	Response	Frequency	Percentage
Motivation	Strongly Agreed	33	13.6%
	Agree	129	53.3%
	Neither agree nor disagree	27	11.2%
	Disagree	44	18.2%%
	Strongly disagree	9	3.7%

Source: developed for the research

The level of motivation employees have towards performance management system is described in the above table. It indicates that 13.6% of the respondents strongly agreed and 53.3 % of respondents agreed. This accounts 66.9% of the respondents number and are positive on the items that states their job is rewarding, they are encouraged to develop new and more efficient ways to do the work, job promotions are awarded based on merit, it is clear how their daily activities contributes to the success of their organization and their organizations value individual worker.

The subsequent 11.2% of respondents neither agreed nor disagreed on the items listed above and prefer to stay neutral. The remaining 18.2% and 3.7 % of the respondents disagreed and strongly disagreed on the point that state their organization value individual worker, their job is not rewarding, it is not clear how their daily activities contributes to the success of their organization and it is clear how their daily activities contributes to the success of their organization.

4.2.3 Employees' Commitment Toward PMS

Table 4.2.3.1 Result on employee's commitment level towards PMS

Variable	Response	Frequency	Percentage
Employee's Commitment	Strongly Agreed	45	18.6%
	Agree	38	15.7%
	Neither agree nor disagree	12	5.0%
	Disagree	145	59.9%
	Strongly disagree	2	0.8%

Source: developed for the research

This section seeks to provide respondent's views on the organizational commitment towards performance management system. Table 4.2.3.1 indicates that 18.6% of the respondents strongly agree and 15.7% agree on the items that indicate their commitment toward performance management system. 5% neither agree nor disagree on the topic, 15.7% of the respondents disagree and the remaining 0.8% strongly disagrees.

The majority of respondents i.e. 59.9% have negative attitude on the items, which lists the commitment they have towards performance management system. They disagree on the particulars which states; front line employees know the best way of handling customers and PMS allows flexibility to use those ways, PMS improves their loyalty to the organization, have willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and a desire to maintain membership in the organization. In addition, the employees' commitment towards the PMS is not emanated from the salaries they received from their organization.

4.2.4 Employee's Responsiveness to Training and Development Program of PMS

Table 4.2.4.1 Result on training and development and their attitude toward PMS

Variable	Response	Frequency	Percentage
Training And Development	Strongly Agreed	56	23.1%
	Agree	22	9.1%
	Neither agree nor disagree	115	47.5%
	Disagree	45	18.6%
	Strongly disagree	4	1.7%

Source: developed for the research

As it is shown on the above Table 4.2.3.1, the respondents' responsiveness for the training and development programs of performance management system is moderately negative. 23.1% of respondent's strongly agree on the items PMS Provides support i.e. (training, coaching, etc.) and adequate time for improvement when performance problems are identified, Training need assessment is undertaken, training selection is fair and objective and through the performance review process they are able to identify gaps and improve where necessary.

On the other hand 47.5% of the respondents neither agree nor disagree (neutral), 18.6% disagree, 9.1% agree and the last 1.7% strongly disagree on the particulars listed above. ,

4.3. Performance management system

Table 4.3.1 result of relevance of performance management system variables

Responses		Variable			
		Planning	Implementation	Evaluation	Feed Back
Strongly Agreed	Frequency	32	125	25	141
	Percentage	13.20%	51.70%	10.30%	58.3%
Agree	Frequency	97	35	125	54
	Percentage	40.10%	14.50%	51.70%	22.3%
Neither agree nor disagree	Frequency	62	30	35	21
	Percentage	25.60%	12.40%	14.50%	8.7%
Disagree	Frequency	49	51	45	21
	Percentage	20.20%	21.10%	18.60%	8.7%
Strongly disagree	Frequency	2	1	12	5
	Percentage	0.80%	0.40%	5%	2.1%

Source: Developed for the research

In Table 4.3.1 shown that the result of respondent attitude about the relevance of planning for performance management system. The majority of respondents, i.e. constituting 13.2% of the respondents were strongly agreed, followed by 40.1% of the respondents were agreed on the contribution of planning for performance management system. Of the entire respondents, 25.6% neither agree nor disagree, 20.2% were disagree and 0.8% respondents were strongly disagree. . As indicated in this Table, from the total respondent 53.3% agree the contribution of planning for the performance management system. Respondents believe that PMS is aligned with the bank's organizational goals, both behavioral and result expectations are set and given to employees, performance management system provides behavioral standards that describe what is expected of employees and during the performance planning process, managers review and discuss

this behavioral standards with employees. From the above finding the researcher interpret that the planning is relevant for effective execution of performance management system this shows employees attitude is positive.

Implementation

In Table 4.3.1 shown that, the result of respondent attitude about the relevance of implementation for performance management system. The majority of respondents, constituting 51.7% of the respondents were strongly agreed, followed by 14.5% of the respondents were agreed on the contribution of implementation for performance management system. Of the entire respondents, 12.4% neither agree nor disagree, 21.1% were disagreed and 0.4% respondents were strongly disagree.

As indicated in this Table, from the total respondent 53.3% agree the contribution of planning for the performance management system. Respondents believed that Performance standards and measures are communicated before implementation, work processes are well organized within the organization, keeping a copy of the initial PMS document that includes the expectations set at the beginning of the performance management cycle, performance management is generally a concern of human resource department not of individual line managers and the PMS supports honest two-way communication between managers and employees. From the above finding the researcher interpret that the planning is contributes for performance management system and employees attitude is positive.

Evaluating

As it is shown at table 4.3.1, the respondents view to the question about significances of evaluation or rating of employee to performance management system were distributed un-uniformly. 10.3% of respondent's strongly agree, 51.7% of employee agrees on the contribution of rating to the system. 14.5% were neither agree nor disagree, 18.6% respondents disagree and 5% were strongly disagree on the relevance of evaluation. From the above table 52% of respondents were agreed and 23.6% respondents were disagreed on it. This is because the respondents believe that PMS Provides support i.e. (training, coaching, etc.) and adequate time for improvement when performance problems are

identified, training need assessment is undertaken and the training delivered is relevant, the selection of training participant (target group) is fair and objective and Through the performance review process they were able to identify gaps and improve when necessary

Feed Back

In providing the necessary feedback on performance management system result to employees, Table 4.3.1 indicate that 58.3% of respondent strongly agree that the organization give them a regular feedback about their result, 22.3% agree, 8.7% neither agree nor disagree but 8.7% of the respondent disagree and 2.1% strongly disagree and dissatisfied with the feedback aspect of performance appraisal system. Most interviewee responds that there is regular feedback process. The respondents thought that their manager is skilled in Providing ongoing monitoring and feedback on daily performance, show them the performance results and to sign on it, they were provided with continuous feedback, and believes formal and periodical performance evaluation is more effective than informal day-to-day feedback and coaching this makes them encouraged to make suggestions to improve the way things are done in the organization.

4.4. The Results of Interviews

As it was mentioned on the methodology, interviews were conducted with three HR supervisors, four branch managers, and four above five years experienced employees. Hence, the results of the discussion are summarized as follows;

Most interviewees agreed that they know their organization's vision, mission and core values but some say it is not clear how those values are aligned to their day-to-day objectives and claimed that they do not know how to forward their questions to the respected authority. According to the HR supervisors, agreeing on the employees feelings, added there is a planned training and dissemination of internal manual and memos regarding how the PMS is directly aligned to the organization's objectives. This shows Performance management is a communication process and a total system of managing the attainment of organizational goals and objectives by which managers and

employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization.

Regarding the PMS capability of responding to ever changing customer needs, most employees approved that the procedures and key performance measures of the organizations has not been changed for relatively a long period. Particularly those who employees who worked above 5 years insist on most customers are active in getting the information about new banking services seeing the experiences of other banks and need to bring those kinds of services in the respected bank for which their account reside. For example, most customers nowadays became the users of ATM services. Hence, the quantity estimated in the performance measurement terms did not changed since there are a few users of ATM service. The frontline customer service employees complain, now most customers are not requesting ATM registration form rather they complain about shortage of money on the ATM machine, accessibility, functionality of the machine and the like. According to Johnson and Kaplan (1987), Because of the incapability of addressing drastic changes around the workplace, many organizations face chaotic situations because of adopting the PMS.

HR supervisors replied for the above question saying there is still the problem of internalizing the PMS among most employees. This is the results of many reasons not to mention lack of readiness to accept new system and less responsiveness to know about the system. Most employees think that PMS is generally a concern of Human Resource Department, not of individual line managers and branch employees. This causes the organization not to readily respond to the current situation. According Mc Keena& Beech (2002), the changes have been normally rejected by the workforce because they are reluctant to learn new things but they were forced to follow and imposed on them by the management the new measurement as their key performance indicators (KPI).

Most employees think that the PMS is prone to personal bias and subjective judgments. Thus, the system promotes a considerable amount of dissatisfaction and grievances among employees. Most managers rate the employees on those grounds, which are acceptable behaviors for themselves rather than the predetermined performance

measurement criterion. Moreover, according to the views of considerable number of employees, most managers are not skilled in follow up, coaching and monitor the day-to-day operation rather; the PMS became a surprise at the end of the month when the manager is in hurry in fulfilling the requirements of HR department. Most PMS literatures suggest, the actions of managers bring policies to life and have a potential to make employees go the 'extra mile' for the organization that is reflected in improved employees attitudes and performances.

The advantages of just treatment by work organizations include; commitment, fostering job performance, job satisfaction, motivation, reduced absenteeism and improved health (Cropanzano& Byrne, 2001, and Organ, 1988). Where justice is observed, a general positive attitude emerges by itself (Çelik & Saritürk, 2012)

According to the employees response during the interview, most agreed the number one criteria, which motivates them to work harder, is their employer fair treatment. In addition, the recognition received from their manager constitutes the second motivational factor for most employees. Salary is by far the third and fourth issue around the employees when it comes to the motivation aspect.

In addition, the results of the interview showed that PMS misses some qualitative measures, which are important for the organization.

Some employees complain that they did not receive any training on the subject of performance management system. In addition, when employees are recruited for training there is no prior assessment.

The suggestions given by the interviewees to make the implementation of the system better include;

- creating friendly environment where everyone is encouraged to express her/his feelings formally or informally in any time
- Giving much value for employees' suggestions because most employees are aware of the best way of handling customers through experience and have an opportunity to take feedback from the customer face-to-face (negative or positive

feedback). Employee attitudes are most positive when based on open communication and understanding of management goals and other employees.

- Managers should give chances to employees to see the performance results. Managers should not only be clever only on playing with numbers during the performance evaluation sessions.
- The shortcoming employees encountered during the rendering of the service should be considered and possible remedies have to be taken

CHAPTER V

5. SUMMARY, CONCLUSION AND RECOMMENDATION

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

5.1 Summary

The main objective of this study was to assess employees' attitudes towards the Performance Management System of Birhan International Bank by having the following basic questions to be addressed;

Employees' attitudes have been viewed as a mechanism to evaluate and predict their capabilities in performing the task (Hogan et al. 1996). In addition, according to Armstrong (2006:264), positive and favorable attitudes towards the job indicate job satisfaction, motivation, commitment and strong desire and responsiveness for the training they received. On the other hand, negative and unfavorable attitudes towards the job indicate job dissatisfaction, less commitment, less motivation and low responsiveness for the training and development program.

Depending on the pertinent theories of the research, employees' attitudes can be expressed by job satisfaction, motivation, commitment and their attitude towards the training and development program of their organization. Based on this, the study tried to assess what these four variables of employees related to the performance management system.

Hence, the finding of the research revealed

- Employees Job satisfaction have strong and positive correlation towards the performance management system. The majority of the respondents positively took the particulars which the PMS renders to them through the PM cycle.
- Employees motivation towards the performance management system is positive hence the motivation of the employees is positively associated with the PMS

- The majority of employees disagree on the particulars which states the positive variables of Commitment towards the performance management system.
- The responsiveness of employees' for the training and development program of PMS is not positively perceived by 47.5% of the respondents claiming that the PMS do not provides support i.e. (training, coaching, etc.) and adequate time for improvement when performance problems are identified. In addition, training need assessment is not undertaken, training selection is unfair and subjective and through the performance review process they couldn't able to identify gaps and improve where necessary.
- Job satisfaction found to be the most influencing variable of the PMS. This shows that job satisfaction is probably the most important job attitude and according to Wiener (1982), Job satisfaction is a form of attitude towards work related conditions, facets or aspects. It includes the totality of factors which are intrinsic and extrinsic for the employee
- As it was indicated in the standardized coefficient table, which measures allow for a direct strength comparison between the model's four independent variables, job satisfaction is by far the most important predictor of PMS, followed by training and development, motivation and lastly commitment. Whether or not an employee have loyalty to the organization, have willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and a desire to maintain membership in the organization has a very limited effect on PMS as compare to the job satisfaction, motivation and training and development programs.

5.2 Conclusions

Job satisfaction has a significant effect on PMS (planning, monitoring, rating, feedback and review). Employees feel that PMS creates clear duties and responsibilities; their organization supports sufficient resources and provides support to balance their work and personal life. In addition, the satisfaction they acquire emanated from the good working relationships with their coworkers.

According to the result of the finding, the commitment employees have to their organization is not emanated most from the salary they received rather the number one criteria which motivates them to work harder is their employer fair treatment. According to Cropanzano& Byrne, 2001, and Organ, (1988), just treatment by work organization increases; commitment, job performance, job satisfaction, motivation, reduced absenteeism and improved health. This explains why the variations commitment made towards the PMS is the least influencing variable of the whole predictors. The commitment employees have to their organization account least considerable number of variations in the implementation of PMS. However, the correlation would have been positive and strong if PMS is not prone to personal bias and subjective judgments. Thus, to some extent, the system promotes dissatisfaction and grievances among employees. As it was also confirmed by the employees during the interview, there is some personal bias and subjective evaluations accompanied in the rating processes.

Employees agree that the PMS have a room for improving the identified gaps during the performance rating sessions but some employees complain the training they receive is not directly relevant for the duties they are currently been on and is not based on prior assessment.

According to the results of the finding, most employees agree that they are motivated because they are encouraged to develop new and more efficient ways to do their job and have a room to be innovative so as to use their skills to meet the customer needs. Motivation has been considered as the pillar of the behavioral aspect of the human being (Mitchell 1982; Cesare&Sadre2003). Additionally, behavior was found to have been greatly influenced by motivation and the actions were a good reflection of performance.

5.3 Recommendation

As a recommendation, the organization needs to improve the commitment level of their employees because it is the least contributing variable of employees' attitude towards the performance management system. The negative effect of one of the four employees' attitudes variables can have future negative consequences for currently positive attitudes.

This is because attitudes influence the employees' decisions, guide their behavior, and affect what they selectively remember.

In order to improve the above problem of employees commitment, the organization can use 360-degree evaluation (that is self-assessment by the employees, feedback from customers and supervisors). The findings of the study revealed job satisfaction, commitment, motivation and training and development programs influence the performance management system. In order to make the evaluation of the employees fair, transparent and secure positive mentioned attitudes variables within the organization, it is better to include the evaluation of customers, self-assessment and the managers. This enables checking the managers' perceptions for accuracy, fairness, balance, reasonableness and consistency.

In addition, the organization has to give much emphasis for including other qualitative measures, which are not included in the current system. The researcher of this paper have got a chance to purposively look some employees' performance scores and the values customer attached with those employees but the customers' rating is the reverse of the manager's rating. This means some customers feel comfortable for those employees who are sociable in her/his approach, who asks beyond the service at hand (for example family health, children schooling and mortgage) this makes some customers to have a family like relationships and increase customer satisfaction. However such kinds of employees are evaluated negatively by their managers for not serving considerably many customers within the timeframe given.

Moreover, training need assessment should be done before employees are sent to training. The recruitment for training should be based on the weakness and strength they exhibit during the performance measurement session. Performance management system by itself demands rendering sufficient training and development programs by the employer. once there is training and development program supported by need assessment, the employees' attitudes and behavior will determine the seriousness and responsiveness in training and development programs when they are nominated in different workshops, and training sessions. Performance management system by itself allows continuous improvement,

promotes learning and professional development and facilitates engagement and rewarding for employees (Pool and Pool 2007).

Besides, according to the interview and discussions made with managers and employees, performance management system do not still been used by the organization to support any of the company's strategic reasons (i.e. retention strategy, reward allocation, identification of training or development needs, facilitate promotion, transfer, termination decisions, clarify job requirements and etc). Therefore, as long as the organization incurs cost to make the system in practice, the organization should utilize the PMS for any one or more of strategic reasons.

Lastly, it is wise to give much value for employees' suggestions because most employees are aware of the best way of handling customers through experience and have an opportunity to take feedback from the customer face-to-face (negative or positive feedback). This is because employee attitudes are most positive when based on open communication and understanding of management goals and other employees.

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Appendix I
Addis Ababa University
School of Graduate studies
Faculty of Business and Economic

Department of Public Administration and Development Management

Questionnaires on Performance Management system related to Birhan International Share Company.

To: Bihan International share company employees.

Dear Respondent;

The purpose of this survey questionnaire is to collect data for a research to be undertaken on the topic: **THE EMPLOYEES ATTITUDES TOWARDS THE PERFORMMANCE MANAGEMENT SYSTEM OF BIRHAN INTERNATIONAL BANK SHARE COMPANY (BRIB).**

The aim of this research is to conduct research for the partial fulfillment of Masters in Public Management and Policy in Addis Ababa University, Faculty of Business and Economics. Even though the purpose of the research is purely academic, the researcher believes that the findings will be an input in identifying the pros and cons of the system so that the management of BRIB and other organizations will use it as a reference. It will also be noted that the possible solutions and directions will be highlighted for the successful implementation of the system. All information provided by you for the intended use shall be kept strictly confidential.

Hence, I hope your genuine, reliable and timely response will be useful to realize the research under study. You are kindly requested to give your honest and frank opinion to this questionnaire.

The researcher extends her gratitude's in advance.

THANK YOU

Metasebiya Yohannes
(The researcher)

GENERAL DIRECTION

Please mark your response in the space provided putting "✓" mark in the boxes that most explain your answer/s. You can have more than one answer for some questions.

Remarks;

- ✓ No need of writing your name.
- ✓ PMS stands for Performance Management System
- ✓ PMP stands for Performance Management Practice
- ✓ Please write short and brief answers or additional opinions, if any, in the space provided as much as possible.

THE QUESTIONNAIRE CONSISTS OF THE FOLLOWING PARTS

1. Personal profile of each respondent.
2. Survey questions related to employees attitudes towards the performance management practices of BRIB S.C
3. Open ended questions

PART I: - PERSONAL PROFILE OF THE RESPONDANT

1. Which age group do you belong to?

a) Less than 25

b) 26- 35

c) 36 - 45

d) 46- 55

e) Above 55

2. Sex:

a) Female

b) Male

3. Educational level: a) Certificate

b) Diploma

c) BA/BSC Degree

d) Masters

4. Total relevant work experiences in years:

- a) Less than 5 years b) 5-10
 c) 11-15 d) 16-20 e) above 20 years

5. Designation/Position of employee-----

6. Branch/Department -----

7. Job grade

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

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I know my organization's vision, mission and values.					
2	The PMS is aligned with the bank's organizational culture and values					
3	Both behavioral and result expectations are set and given to employees					
4	performance management system provides behavioral standards that describe what is expected of employees					
5	During the performance					

	planning process, managers review and discuss this behavioral standards with employees					
6	Performance standards and measures are communicated before implementation					
7	Work processes are well organized within the organization.					
8	We keep a copy of the initial PMS document that includes the expectations set at the beginning of the performance management cycle.					
9	Performance management is generally a concern of Human Resource Department, not of individual line managers					
10	The PMS supports honest two-way communication between managers and employees					
11	Everyone of us evaluated based on the same values and principles					
12	<i>I was evaluated against clearly stated goals & objectives that</i>					

	<i>were stated at the beginning of the performance term</i>					
13	The performance measure elements are measurable, understandable, achievable and verifiable					
14	The performance review process is fair, open and transparent					
15	The evaluation and feedback is received in a timely manner					
16	<i>Our manager is skilled in Providing ongoing monitoring and feedback on daily performance.</i>					
17	The managers show us the performance results and we sign on it					
18	We are provided with continuous feedback					
19	Formal and periodical performance evaluation is more effective than informal day-to-day feedback and coaching.					
20	Employees are encouraged to make					

	suggestions to improve the way things are done in the organization.					
21	PMS creates clear duties and responsibilities					
22	Our organization provides sufficient resources to carry out the duties and responsibilities					
23	I have good working relationships with my coworkers					
24	Our organization provides employees with support to balance their work and personal life.					
25	The managers focus on what the person did or did not rather than personal characteristics					
26	My job is rewarding					
27	I am encouraged to develop new and more efficient ways to do my work.					
28	Job promotions are awarded based on merit					
29	Our organization values the					

	individual worker					
30	It is clear how my job contributes to the success of this organization					
31	Front line employees know the best way of handling customers					
32	The PMS allows employees to apply those ways in order to quickly respond to customers' needs					
33	PMS creates committed employees in serving customers					
34	<i>The PMS motivates me to accomplish my duties in a better way</i>					
35	I am satisfied with my organizational culture (e.g. teamwork).					
36	<i>The PMS Provides support i.e. (training, coaching, etc.) and adequate time for improvement when performance problems are identified.</i>					
37	Training need assessment is					

	undertaken					
38	The training I receive is relevant to my job					
39	The training selection is fair and objective					
40	Through the performance review process I am able to identify gaps and improve where necessary					

Appendix II
Addis Ababa University
School of Graduate studies
Faculty of Business and Economic
Department of Public Administration and Development Management
Interview questions prepared for the Partial Fulfillment of Masters Degree in Public
Administration and Policy

Employees Attitudes towards the Performance Management System of Birhan International Bank Share Company

PREPARED BY; Metasebiya Yohannes

Interview questions for managers and HR Supervisors

- 1) Most employees claim that PMS is administrative burden for most managers because they give more emphasis for following the procedures of PMS and only fulfilling the requirements of HR rather than be part of the process. What is your opinion?
- 2) Sometimes some managers urge her/his employees to go out of the office to bring new customers and do some marketing roles. However, even though deposit mobilization is the grand objective of the bank, it is not put specifically on the predetermined Performance measures of the employee during planning. So, how do you evaluate this employee?
- 3) PMS is prone to personal bias but the most common underpins of motivation for employees is fairness. How do you reconcile this two opposing scenarios?
- 4) Mostly managers are hesitant and fail to communicate the appraisal result back to employees. What do you think is the reason?
- 5) Do you think that the PMS used in your organization considers the contextual realities of serving customers? (capable of responding to the ever-changing customer needs)

- 6) Sometimes some employees who received lower rating from their manager according to the predetermined measures of PMS receive appreciation by customers whom they serve. What do you think is the reason?

Interview questions for employees

- 1) Do you know your organization's vision, mission and core values?
If yes, what are they?
If no, why
- 2) Do you think that the PMS used in your organization considers the contextual realities of serving customers? (capable of responding to the ever-changing customer needs)
- 3) Do you think that PMP is prone to personal bias in your organization?
- 4) Sometimes some employees who received lower rating from their manager according to the predetermined measures of PMS receive appreciation by customers whom they serve. What do you think is the reason?
- 5) What will be your response for your manager if you disagree with the performance results?
- 6) Do you got any training or have awareness about performance metrics implementation?
- 7) What motivates you to get your job done?
- 8) If you were leading your branch, what would you do differently to create positive attitude among employees towards PMS?
- 9) Most employees think PMS ruin the conducive communication environment between manager and employee. What do you think is the reason?

Appendix III
Addis Ababa University
School of Graduate Studies
Faculty of Business and Economic
Department of Public Administration and Development Management
SPSS Result of Data Analysis

Frequencies

		<i>Statistics</i>							
		<i>Planning</i>	<i>Implementation</i>	<i>Evaluation</i>	<i>Feedback</i>	<i>Job. Satisfaction</i>	<i>Motivation</i>	<i>Commitment</i>	<i>Training. Development</i>
<i>N</i>	<i>Valid</i>	242	242	242	242	242	242	242	242
	<i>Missing</i>	0	0	0	0	0	0	0	0

Frequency Table

		<i>Planning</i>			
		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i>	1	32	13.2	13.2	13.2
	2	97	40.1	40.1	53.3
	3	62	25.6	25.6	78.9
	4	49	20.2	20.2	99.2
	5	2	.8	.8	100.0
	<i>Total</i>	242	100.0	100.0	

		<i>Implementation</i>			
		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i>	1	125	51.7	51.7	51.7
	2	35	14.5	14.5	66.2
	3	30	12.4	12.4	78.6
	4	51	21.1	21.1	99.6
	5	1	.4	.4	100.0
	<i>Total</i>	242	100.0	100.0	

Evaluation

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	25	10.3	10.3	10.3
2	125	51.7	51.7	62.0
3	35	14.5	14.5	76.4
4	45	18.6	18.6	95.0
5	12	5.0	5.0	100.0
<i>Total</i>	242	100.0	100.0	

Feedback

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	141	58.3	58.3	58.3
2	54	22.3	22.3	80.6
3	21	8.7	8.7	89.3
4	21	8.7	8.7	97.9
5	5	2.1	2.1	100.0
<i>Total</i>	242	100.0	100.0	

Job. Satisfaction

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	37	15.3	15.3	15.3
2	151	62.4	62.4	77.7
3	28	11.6	11.6	89.3
4	22	9.1	9.1	98.3
5	4	1.7	1.7	100.0
<i>Total</i>	242	100.0	100.0	

Motivation

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	33	13.6	13.6	13.6
2	129	53.3	53.3	66.9
3	27	11.2	11.2	78.1
4	44	18.2	18.2	96.3
5	9	3.7	3.7	100.0
<i>Total</i>	242	100.0	100.0	

Commitment

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	45	18.6	18.6	18.6
2	38	15.7	15.7	34.3
3	12	5.0	5.0	39.3
4	145	59.9	59.9	99.2
5	2	.8	.8	100.0
<i>Total</i>	242	100.0	100.0	

Training, Development

	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Valid</i> 1	56	23.1	23.1	23.1
2	22	9.1	9.1	32.2
3	115	47.5	47.5	79.7
4	45	18.6	18.6	98.3
5	4	1.7	1.7	100.0
<i>Total</i>	242	100.0	100.0	