

The Effect of Performance Management System on Employees Performance: The Case of Commercial Bank of Ethiopia, Adama District

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Abstract

The purpose of the study was to determine the influence of performance management system (PM) on employee job performance in the commercial bank of Ethiopia selected adama districts. In order to test five (05) hypotheses and achieve the objectives of this research structured questionnaire had been applied to gather primary data for analysis and interpretation. However, this questionnaire is composed of 31 questions (Likert Scale question) that personate all the variables of this paper. However, a simple random sample (n=159) was selected with 178 questionnaires that were distributed and back to ensure high response from bank staffs. Descriptive Statistics and Multiple regression model were used for data analysis. Accordingly the result of the data analysis reveal that performance management system i.e. Employee readiness, performance planning period, performance feedback, performance appraisal and, rewarding system have a significant influence on its selected outcomes. As a result, it is recommended by the researcher that study also bring about the emphasis on the presence and appearance of PMS internal experts within the banks which helps to improve the implementation of effective PMS practices. The study concluded that there are strong links with all independent outcomes but there is strong link is there with performance appraisals as indicated. Based on the results of the study, it is recommended that the management of commercial bank of Ethiopia adama district if they sit and reconcile their PMS practices to make them more sustainable.

Keywords: Employee performance management system, Performance feedback, Performance planning period, employee readiness to training, performance rewarding, employee performance and adama

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1.Introduction

Performance management is the continuous effort while we work in the organization for quality control, inequality based organization the objective of the performance is made on achievement or fulfillment of the goals rather than established standards. No doubt in performance management system which is actually the sub part of quality control having some performance standards but these performance standards are very much aligned with the organizational objectives.(SukantaMishra,2015).

It also leads to employee satisfaction improvement, rise in employee work motivation, creativity and development of the knowledge and competency levels, as a key competitive advantage (Coens& Jenkins, 2002). Therefore performance management systems have come to play an indispensable role in helping organizations to reach their goals of productivity (Stevens& Joyce, 2000).This means looking at what can be done to encourage the employees to give their best though various reward systems in whatever work they do in the organization (Armstrong, 2001).

Mone and London (2010) study found that that unfair evaluation of employee performance makes them feel insecure or discouraged leading to the development of poor relationship between the employer and employee and reduction of performance. Caruth& Humphreys (2008) recommends that performance feedback should be fair, timely and specific in highlighting the employees progress in carry out their responsibilities (Gupta &Upadhyay, 2012) and the feedback should be often (Lee, 2005). Additionally, a performance management system gives a completed and expert management procedure for an organization to evaluate the performance results of organizations and employees. Moreover, employee's performance may well be anticipated, evaluated, and encouraged Ahmad Ali (2017) squeezed that the significance of performance management system is on constantly improving organizational performance and typically accomplished by improved individual employee performance

In this manner, improving worker performance by utilizing performance management system is an approach to improve organizational performance. It is deemed necessary for individuals and organizations to understand performance management about employees (Jamil & Mohammad, 2011).

CBE institutionalized the balanced scorecard (BSC) performance management tool since2010 to formulate

and implement its strategy and measure its employee's performance. The BSC is formulated in line with the national scorecard adopted by the government of Ethiopia. To formulate its strategy, the starting point was the statement of its vision, mission and values towards which a strategy should be geared.

In the year 2014 CBE has implemented EPM system in order to aligning the strategic objectives of the bank to that of individual level. However, as shown in the EPM system follow-up report of the bank (2015), the implementation has been encountered different types of challenges like: unbalanced goals and targets were assigned for employees assigned at different assignments while they are at the same job grades, non-alignment of EPM system with benefit packages. While executing the performance management system, failure in any of the phases of PMS will impact the outcome. For instance, in performance planning stage if an employee is given unattainable target, conducting ongoing feedback and performance evaluation is meaningless.

Employee Performance management therefore needs to be tested in any particular setting taking into consideration how individuals in any particular organization are motivated and the extent to which they are most effective for a particular organization. Thus, it is on this basis that the study aims to assess Performance management systems and its impact on performance of employees the case of Commercial Bank of Ethiopia Adama District. Performance appraisal is focused on the standard set by the organizations, rather to considered the objectives of the employees, which hurt employees. Previous studies compare the standards with employees, which creates a problem (DeNisi & Murphy, 2017; Idowu, 2017). Employee

Organizations are unaware of the skills gaps in individuals, positions, or groups that they manage. As a result of this lack of awareness, managers are often blind to the skills possessed by their employees, and those needed by the organization. Irregular performance activities: There is a lack of regular performance review and management activity. As a result, organizations remain unaware of performance issues festering or entrenched within the workforce – until the next scheduled performance appraisal. Lack of Objective Assessment: Too often, employee performance is left to the opinions of a manager. Needless to say, even the most effective manager's objectivity may be questioned if they deliver less than glowing evaluations. Irrelevant job descriptions: In most organizations, the job description is the primary tool against which performance is measured and managed. With irrelevant or vague job descriptions, employees are left guessing what their performance expectations are, and manager's struggle with managing those vague expectations. Inadequate feedback: It's insufficient, as a performance management measure, to only let employees know how well or poorly they perform. Feedback must not only review and highlight performance gaps but must also include clear paths to performance improvement. Inadequacy of formal appraisal systems:

One issue with performance management systems is that they are often too formal. These systems are inadequate because they are typically scheduled as an annual or bi-annual process and often conducted using a template/cookie cutter-based system. Over-reliance on solely formal appraisal systems is often inadequate when it comes to timely and in-the-flow-of-work performance management. Absence of a plan for addressing below standard performance: Highlighting performance gaps is of no value unless there's a plan to address those gaps. Lack of a performance improvement plan leads to a wasted performance management opportunity. Hence, this study strives to addressing, identifying the influence of performance Measurement System on employee performance in the Commercial Bank of Ethiopia Adama District.

2. Methodology

2.1. Description of the Study Area

The study was done at the Commercial Bank of Ethiopia, Adama district. Commercial Bank of Ethiopia was established in 1941 G. C. The Commercial Bank Ethiopia Adama District is located in the central Rift Valley of Ethiopia, with latitude of 8° 24' north, and 39° 21' east longitude at an altitude of 1550 meters above sea level and it is about 100km far from Addis Ababa in the east of Ethiopia. The climate is characterized as semi-arid type climate (MoA, 2000). Commercial Bank of Ethiopia, Adama district currently have fifty branches and one thousand two hundred seventy five permanent employees.

2.2. Research design

This research study is designed to determine the influence of performance measurements systems on employee performances in the commercial banks of Ethiopia Adama Branches, Oromia regional states only at the time of the investigation. A cross-sectional research design having descriptive and explorative nature , with quantitative and qualitative data components, will be used in for this study. Because cross-sectional research design generally entails the collection of data at and concerning one point in time; it is also relatively inexpensive and takes little time to conduct data collection for research works.

2.2.1. Sampling Technique and Procedures

Commercial Bank Adama District employees are the target population for this study. To draw a representative samples the research study was follow a purposive and two-stage random sampling technique to select the study Banks and representative sample employees. In the first stage, seventeen (17) commercial banks branches were

selected by using purposive sampling. Accordingly, Branches was selected according to their grades from commercial banks of Ethiopia Adama districts and from the selected Branches, bank employees was identified through simple random sampling.

In the second stage, a total of 740 employees of commercial Bank Adama District during the year 2023 G.C. were selected randomly from the selected Commercial Banks of Ethiopia in Adama districts by using a simple random sampling technique (SRS). Finally, the ultimate a sample size in each Branch was determined probability proportional to the Size (PPS) of the identified numbers of employees for the study by using sample frame from each banks manager’s information/documents.

Table11.List of CBE City Branch’s and their grades under Adama district selected for the study

SN	Branch Name	Place	Grade	Number of employees
1.	District head office	Adama	District	62
2.	Kechemma	Adama	Three	28
3.	Aba Geda	Adama	Three	33
4.	Gende gara	Adama	Three	43
5.	Berecha	Adama	Three	48
6.	Adama	Adama	Four	65
7.	Elemo kiltu	Adama	Three	45
8.	Sekekelo	Adama	Two	44
9.	Hayu	Adama	Two	33
10.	Sar Tera	Adama	Two	28
11.	Genda Hara	Adama	Two	37
12.	Dhaka Adi	Adama	Two	41
13.	Dambela	Adama	Three	36
14.	Adama main	Adama	Four	70
15.	Adama Industrial Park	Adama	Two	38
16.	Bosset	Adama	Three	42
17.	Kereyu	Adama	Two	38
	Total	17		740

Source: CBE Each Branch managers, 2023

2.2.2. Sample Size Determination

A more population size results in more representativeness of the sample. Several factors limit the sample size of the study. According to Lenth (2001), constraints like resources, logistics, budget, and time limit the sample size of the study. Thus, taking an optimum and representative sample size is important for the inference of the population. There are several approaches to determine the sample size, out of them the one by (Laurentina & Melchor, 2006) was used. The sample size for the study was determined based on the following Laurentina & Melchor formula:

$$Ss = \frac{NZ + (Se2(1 - P))}{NSe + (Z2P(1 - P))}$$

$$Ss = \frac{(740)(2.58) + ((0.01)2(1-0.5))}{(740)(0.01) + ((2.58)2(0.5)(1-0.5))} \dots\dots\dots 178$$

Where Ss = Sample size

- N = Total population N = 740
- Z = Confidence level Z = 99% 2.58 from Z table
- Se = sampling Error Se = 1% = 0.01
- P = largest population Size P = 0.5

2.3. Data Types and Sources

In this study, both qualitative and quantitative data was collected from different primary and secondary data sources to identify the important variables that influence of performance measurement systems on employee performance. Primary data was the major data because it involves a larger number of respondents that will be collected from primary sources. The sources of primary data of this study were collected mainly from Bank employees (740 sampled employees) through household surveys using structured interview schedules for both qualitative and quantitative data. Secondary data that are relevant to this study were collected from Bank offices managers, websites, books, journal articles, and the central statistical authority (CSA).

2.4. Methods of Data Collection

For the conduct of this study, different data collection methods were used. The study was carried out using cross-sectional data taking the unit of analysis as Bank employees. To collect primary data from the sampled bank employees structured questionnaire based on the review of previous literature for a face-face personal interview was used. To develop draft survey questionnaire checklists was prepared to conduct key informant interviews one of the commercial bank of Ethiopia for betterment incorporation of parameters to be included in the questionnaire. Then, the draft questionnaire was prepared.

Moreover, a pretest survey was conducted in commercial banks of Ethiopia Adama District selected branches on randomly selected employees to test data collection instruments, assess the clarity of the questions for respondents, and revise the questionnaire accordingly. Accordingly, both open and close-ended questions in line with the objective of the study were included in the questionnaire. Finally, three well-trained enumerators who have good experience in survey were employed to gather the data required for this study. Then the primary data were collected from sample bank employees of a representative random sample of employees in selected commercial banks of Ethiopian branch by clearly explaining the objective of the survey for employees.

2.5. Methods of Data Analysis

Descriptive and econometric models were employed for achieving the objective of this in the study. For this study multiple regression equation to identify as well as analyze the dependent and independent variables were used. There were a total of five independent variables and a dependent variable. The mathematical model is as shown below;

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Where;

Y=Employees' performance

α_0 = constant

X1= Ensuring employee readiness

X2= Performance Planning

X3= Appraisal

X4= Rewarding & Improving

X5= performance feedback

2.6. Data Validity and Reliability

Before embarking on analysis, the data was cleaned for completeness and consistency. Statistically, to guarantee the validity of the questionnaire; criterion-related validity test was used, which steps the relationship coefficient between each item in the field and the complete field. Internal uniformity of the questionnaire was assessed with scouting test through calculating the relationship coefficients between each questionnaire. Cronbach's Alpha method was used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire.

The values of alpha is .775 for employee readiness to training, .98 for performance planning,.78 for performance appraisal and .841 for rewarding it shows that all the variables are reliable and the value of all the independent variables internal consistency is acceptable which met the Cronbach's Alpha requirement (Table 2) below.

Table 2. Reliability Statistics of Cronbach's Alpha statistics

Variables	Cronbach's Alpha	N of Items
Employee readiness to training	.775	6
Performance planning	.98	7
Performance feedback	.737	6
Performance appraisal	.78	7
Rewarding system	.841	5
Overall reliability of variables	.859	31

Source: own survey, 2023

3.Result and Discussion

3.1 General Information of respondents

As shown in Table 3 findings disclosed that respondents were represented by 54.7% male employees dominated in the bank and 45.3% female employees. This findings disclosed that most of the ages of young and adolescent respondents were represented by 32.7% employees are between age range of 30-39 years and 24.5% of the employees are between age ranges of 40-49 years. This shows that Commercial Bank of Ethiopia found in Adama district had somewhat both younger and adult human resource that are easy to customize themselves with technology that can work energetically and competitively understanding the mission and goals of the banks as

such behavior might benefit the banking sector.

Regarding the respondent educational qualification as indicated in Table 3, 53.4% of the respondents are bachelor degree holders and 20.8% of the respondents are master's degree holders and the rest supportive staff 15.2% are Diploma holders. The research tries to identify the respondents by their educational level in order to know the qualification of the respondents' to analyze weather their response are pertinent. From this it is possible to conclude that the composition of the respondents include well qualified to explain about the subject matter of the study. Overall the result shows that Commercial Bank of Ethiopia found in Adama district has in a good position interns of the necessary educational man power as the human resource management policy of each bank that requires educational level of first degree and above for the job in banking sector.

Table 3: General information of respondent's

General information		Frequency	Percent
Gender	Male	87	54.7
	Female	72	45.3
	Total	159	100.0
Age	20-29	52	32.7
	30-39	52	32.7
	40-49	39	24.5
	50 and above	16	10.1
	Total	159	100.0
Education	Diploma	27	17.0
	Degree	95	59.7
	Master	37	23.3
	Total	159	100.0
Service Year	< 2 years	10	6.3
	2 to 5 years	32	20.1
	5 to 10 years	64	40.3
	more 10 years	53	33.3
	Total	159	100.0
	Managerial	34	19.1
	professionals	106	59.6
supportive staff	19	10.7	
Total	159	100.0	

Source: Author's Survey, 2023

Moreover, 36% of the respondents have 5-10 years of experience and 29.8% have above 10 years' experience in CBE which helped the researcher to capture good quality of data regarding the performance management systems of Commercial Bank of Ethiopia found in Adama district.

3.2. Performance management system practice in CBE adama districts study banks

As it is understand from the literature, PMS purpose affects rating processes and outcomes, and the employee attitudes may vary depending on perceptions of how the PMS is used. Attitudes and perceptions towards various aspects of performance management system and process (e.g. perception of fairness and accuracy, appraisal items, appraisal interview behavior, appraisal satisfaction) have long been recognized.

The researcher adopted (Tavakol & Dennick, 2011) mean score measurement scale intervals. Accordingly, mean scores ranging from 4.21 to 5.00 consider as strongly agree, 3.41 to 4.20 represents agree, 2.61 to 3.40 represent true to some extent, 1.81 to 2.60 represents do not agree and 1.00 to 1.80 represents strongly disagree.

In view of this, employees' perception towards the performance management system of CBE Adama district, questionnaires were distributed and the participants' responses were analyzed using the frequency and percentage analysis method as presented in the following section. The first parts of the questioner were designed to know about the integration of PMS with the overall objective of the organization. For the first question raised to respondents regarding the integration of PMS with the overall objective of the organization, the majority of the respondent's i.e. 89 (50%) with mean score value of 4.03 have agreed that the performance management system (has helped the bank to integrate the individual objectives with the bank's objectives. And also most of the respondents that account about 55.6% (96) with mean score value of 3.73 have also agreed to PMS has helped the bank to manage and develop its employees in a ways it will achieve its short and long term objectives.

Regarding the performance management has helps to enhance productivity on a going basis., 57 (28.8%) of the respondents with mean score value of 3.75 have agreed to some extent that PMS of the bank enhances the employee individual productivity and also 53 (26.8%) with mean score value of 3.75 have agreed to some extent

that PMS of the bank enhance the productivity of the bank. The next question is concerned with PMS serves in providing information about how to perceive in the organization and where we stand. In this regard 27.3% (54) of the respondents with mean score value of 4.03 have agreed to some extent towards the providing information in terms of measuring the performance of employees. This clearly shows that the majority of the respondents are highly sensitive to PMS serve them in providing information (table 4).

Table 4: performance management system practiced

Statement/variables	Mean	SD
The PMS has helped the bank to evaluate performance achievements at the organizational level.	3.77	1.06
The PMS has helped the bank to manage and develop its employees in a ways it will achieve its short and long term objectives	3.91	0.96
PMS helps the bank to establish a culture in which individuals and groups take responsibility for their own skills and contributions	3.73	1.08
The performance management has helps to enhance productivity on a going basis.	3.75	1.2
PMS serves in providing information about how to perceive in the organization and where we stand.	4.03	0.86

Source: own field survey data, 2023

3.3. The level of performance management system measures practiced in CBE adama districts study area

As the table 5 below shows the performance management system measures collected data from the sample showing that they all agree with every factor as the mean between 2.25 and 3.39. Moreover, the samples agree with the relevance of performance measures given by supervisor with 3.39, the and supervisor task performances regularly their job performance with them with 4.40, the contextual performance gives them with 5.06, the achievements of goal regularly increases their job performance with them with 4.56, and competency on their self-performance make them work better with mean of 2.25. This result in lines with the study conducted by Aktaruzzaman Santi (2021).

Table 5: Level of performance management system measure in CBE Adama district

Statements/variables	Mean	SD
Relevance of performance measure	3.39	1.95
Task performance	4.40	2.04
Contextual performance	5.06	1.29
Achievements of goal	4.56	1.22
Competencies	2.25	1.23

Source: own field survey data, 2023

Regarding the bank PMS in terms of managing and developing its employees in a ways of achieving its short and long term objectives, 42.1% (75) of the respondents with mean score value of 3.74 have agreed that the performance management system has helped the bank to manage and develop its employees in a ways it will achieve its short and long term objectives. Accordingly, the performance management has helped the bank to establish a culture in which individuals and groups take responsibility for their own skills and contributions and also for the continuous improvement of business processes in which respondents are agreed to some with response percentage of 59 (33.1%) having mean score value of 3.38 and 77 (43.3%) mean score value of 3.73 respectively. Regarding the regular feedback about employee's performance, the researcher forwarded a question to see the respondent's level of agreement. In addition to the questionnaire the question was also raised on the interview. The result gained from the interview shows that there is a meeting weekly, monthly, quarterly and annually basis to assess the performance of an employee which includes a feedback from supervisor and peers in a team. This was similar with the data gathered from questionnaire. Most of the respondents, 91 (56.1%) with mean score value of 3.32 replied that to some extent they did get feedback on how they have to improve their weakness and keep up their strength from anyone. Among the respondents 28 (14.1%) of them were neutral which show they doesn't have a clear perception towards the feedback regarding their performance..

3.4. Overall independent variables mean score and interpretation

The descriptive statistics of employee management system collected data from the sample showing that they all agree with every independent factor as the mean between 3.5933 and 3.7962. Moreover, the samples agree with the employee training with 3.6761, and supervisor planes performance period regularly their job performance with them with 3.68, the colleague gives them fair feedback with 3.73, the colleague regularly discusses their job performance appraisal with them with 3.61, they always get sufficient and effective feedback on their performance with 3.63, supervisor rewarding system make them work better with 6 table below.

Table 6. Descriptive Statistics of all variables

Variables	Mean	Std. D	N	Interpretation
Employees Performance	3.5933	.47829	159	Agree
Employee Readiness to Training & Dev	3.6761	.60246	159	Agree
Performance Planning period	3.6882	.45257	159	Agree
Performance Feedback	3.6363	.67658	159	Agree
Performance Appraisal	3.6164	.61710	159	Agree
Rewarding System	3.7962	.70996	159	Agree

Source: Own survey result, 2022/23

3.5 Regression analysis of extent to which performance management system predicts employee job performance in CBE Adama

Multiple regression analysis was conducted to examine the effect of the employee performance management system on employee performance. In this survey, five hypotheses were developed to study the indirect effect of a performance management system on employee performance through readiness to training, performance feedback, planning period, appraisal and reward systems.

Table 7: Regression Analysis by Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.783 ^a	.614	.601	.30207	1.679

a. Predictors: (Constant), Rewarding System, Performance Appraisal, Performance Planning period, Performance Feedback, Employee Readiness to Training and Development

b. Dependent Variable: Employees performance

Source: Own survey result, 2022/23

The above table showed correlation values of independent variables ($R = 0.783$), R square value showed 60.1% explained variance, adjusted R square value (0.614) explained about a number of predictors in the model.

Table 8: Regression Analysis by ANOVA

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.184	5	4.437	48.625	.000 ^b
	Residual	13.960	153	.091		
	Total	36.144	158			

a. Dependent Variable: Employees performance

b. Predictors: (Constant), Rewarding System, Performance Appraisal, Performance Planning period, Performance Feedback, Employee Readiness to Training and Development

Source: Own survey result, 2022/23

The above ANOVA table shows the acceptability of the model. The p-value is less than 0.05 i.e. 0.000 which indicates the variation explained by the model is not due to chance. This means, the five explanatory variables have great impact on employee performance of Commercial Bank of Ethiopia found in Adama district. But it does not mean that all these factors influencing employee performance of the bank have equally significant correlation with employee performance. Beside the F statistics (48.625) which is used to measure the overall test of significance of the model was presented, and the model is well fitted at 5 percent level of significance.

Table 9. Regression result

Model	Unstandardized Coefficients		Standard Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.025	.209		4.900	.000
Readiness to Training and Development	-.339	.095	-.427	-3.577	.000
Performance Planning period	.444	.072	.420	6.184	.000
Performance Feedback	.232	.068	.329	3.407	.001
Performance Appraisal	.540	.099	.696	5.427	.000
Rewarding System	-.163	.059	-.243	2.791	.006

Source: Own survey result, 2022/23

Above table 9 shows factors affecting Employee Performance of Commercial Banks of Ethiopia, Adama district. The standardize beta value shows the number of standard deviations that the outcome variable will change

as a result of one standard deviation change in the predictor variable. The standard deviation units are directly comparable; therefore, they provide a better insight in to the importance of a predictor variable in the model. The large value of beta coefficient in an independent variable has the more important determinant in predicting the dependent variable.

The above coefficient table shows the constant, beta value, and p-value of the variables to examine the significance of set hypothesis. The significance level of each variable is p-value 0.000, 0.000, 0.001, 0.000, 0.006 and their standardized coefficients are -.427, .420, .329, .696 and -.243. There is no p-value of above 0.05 which implies that all independent variables are significant relationship with employee's performance. There is a positive relationship between all independent variables with employee performance. There is positive relationship with performance feedback and employee's performance, and its p-value is no different than zero. Henceforth, we conclude that all independent variables have significant relation with employee's performance.

Hypothesis 1

H1: There is a significant relationship between Readiness training and employee performance.

H1₀: There is no significant relationship between readiness to training and employee performance.

H1₁: There is a significant relationship between readiness to training and employee performance. The results of variable correlation showed that the first null hypothesis was rejected and that there is no significant relationship between performance appraisals and employee productivity. The results accepted the alternate hypothesis that there is a significant relationship between performance appraisals and employee performance with P=0.000 value. Results interpreted that the more optimized the employee readiness to training, the higher the employee performance level.

Hypothesis 2

H2: There is a significant relationship between planning period and employee performance.

H2₀: There is no significant relationship between planning period and employee performance.

H2₁: There is a significant relationship between planning period and employee performance. The results of variable correlation showed that the first null hypothesis was rejected and that there is no significant relationship between performance planning period and employee performance. The results accepted the alternate hypothesis that there is a significant relationship between performance panning period and employee performance with P=0001 value. Results interpreted that the more detailed the performance planning, the higher the employee performance level.

Hypothesis 3

H3: There is a significant relationship between feedback and employee performance.

H3₀: There is no significant relationship between feedback and employee performance.

H3₁: There is a significant relationship between feedback and employee performance. The results of variable correlation showed that the first null hypothesis was rejected and that there is no significant relationship between employee feedback and employee performance. The results accepted the alternate hypothesis that there is a significant relationship between employee feedback and employee performance with P=value of 0.001. Results interpreted that the better the feedback is implemented, the higher the level of employee performance.

Hypothesis 4

H4: There is a significant relationship between appraisal and employee performance. H4₀: There is no significant relationship between appraisal and employee performance. H4₁: There is a significant relationship between appraisal and employee performance with P=value of 0.000. The results of variable correlation showed that the first null hypothesis was rejected and that there is no significant relationship between appraisal and employee performance. The results accepted the alternate hypothesis that there is a significant relationship between performance appraisal and employee performance. Results interpreted that the better the appraisal is implemented, the higher the level of employee job performance.

Hypothesis 5

H5: There is a significant relationship between reward systems and employee performance.

H5₀: There is no significant relationship between reward systems and employee performance. H5₁: There is a significant relationship between reward systems and employee performance with P=value of 0.006. The results of variable correlation showed that the first null hypothesis was rejected and that there is no significant relationship between reward systems and employee job performance. The results accepted the alternate hypothesis that there is a significant relationship between reward systems and employee job performance. Results interpreted that the better the reward systems are implemented, the higher the level of employee job performance.

3.5.1. Discussion of the result

Influence of readiness to training on Employee performance

The results generally reflected that readiness to training has a positive influence on employee performance. The findings suggested that readiness to training leads to improved employee performance.

Also Performance appraisal has positive influence on employee performance and focuses on employees' contribution to commercial bank of adama branch goals. Performance appraisal gives employees the opportunity to express their ideas and expectations in order to achieve the company's strategic objectives. This means that

performance appraisal is valuable to employee performance in the bank. This can directly increase the profitability of the Bank. This can directly increase the profitability of the banks as similar with Obiora, and Ezeabasili (2018) study

Influence of Performance Appraisals on Employee Performance

The results generally reflected that performance appraisal has a strong influence on employee performance. The findings suggested that employee appraisal leads to improved employee performance as similar with Sivaminvana and Pwaka (2019). Performance appraisal gives employees the opportunity to express their ideas and expectations in order to achieve the banks strategic objectives. An effective appraisal system can improve employee's motivation and performance, so as to complete specific work, or achieve or exceed specific performance objectives.

Influence of Reward Systems on Employee performance

Majority of the respondents agreed that the reward system has a significant influence on employee performance. This means that there is an appropriate reward system. A significant proportion of the respondents agreed that the appreciation by managers increases their success at work. Also, tangible rewards enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance goals. Reward systems should recognize both the importance of co-operation and the variances in individual performance. Employees can be rewarded to meet target performance levels. The opportunity by the manager to formally recognize good employee performance leads to work motivation. Majority of the respondents agreed that the reward system has a significant influence on employee performance as similar with Odhiambo (2015) who study. The reward system positively caused major variation in employee performance.

Influence of feedback on employee performance

A significant number of the respondents agreed that the bank influenced their performance by linking the feedback on job good performance. This also means increased employee motivation. A large proportion of the respondents agreed that the feedback motivate them to timely complete their duties. When employees are better appraised and well given feedback, it will increase their commitment to their jobs and loyalty to the bank. This will invariably lead to the attainment of banks goals. When an employee is given feedback after appraisal on his/her areas of weakness and strength, the employee will put in more efforts to maintain his strength and also improve on his weaknesses. This study in line with Collins-Camargo et al.'s (2014) finding that feedback for employees perceived their performance management system to be more effective when they were evaluated with performance measures that were relevant to their jobs.

4. Conclusion and recommendation

4.1. Conclusion

Performance Management System has a significant effect on employee performance. Further, PMS has a positive relationship with employee performance. Feedback gives recognition for good performance hence improved employee performance. The study finds out that Feedback, planning period and appraisal strongly suggests changes to improve outcomes hence create room for improvement. From the analysis we also find that there is a strong relationship between readiness to training & development and employee performance. The dimension of readiness to training & development of PMS has significantly impact on employee performance. The study finds out that there are weak links between rewarding and employee performance as indicated. Rewarding give small recognition for good performance. Rewarding has low significance changes to improve departmental services and outcomes. Frequent rewards provided by the bank have little challenge staffs to work hard. From the results of the study performance management system enables employees meet all their work targets and deadlines promptly hence improved individual employee performance. Finally, performance management enables employees arrive on time to work and to meetings and therefore save time in their work hence maximum employee performance

4.2. Recommendation

Based on the results of the study, it is recommended that:

- The management of commercial banks if they sit and reconcile their PMS practices to make them more sustainable.
- Commercial bank of Ethiopia adama districts if tries to identify areas of improvement in the implementation of performance management system and align their practices with national norms and standards.
- It is also important if commercial banks of Ethiopia if they modify its performance appraisal system and planning period. Performance appraisal and planning period of commercial bank of Ethiopia adama districts if be fair and on time to all employees supervised.
- Performance appraisal and feedback can make changes to improve departmental services and outcomes.
- The rewarding systems also need to change to improve the effectiveness of the performance of employee. Commercial bank of adama districts can set itself as a leader banks in case of employee performance

sector by maintaining appropriate PMS rules, regulations, and policy in the organization.

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