



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
GRADUATE STUDIES**

**Assessment of Performance Management Practice
in Ethiopian Electric Power**

A Thesis Submitted to Addis Ababa University School of Commerce In partial
fulfillment of the requirements for the award of Master of Art Degree in Human
Resource Management

By Yemisrach Gessesse

Advisor: BantieWorkie (PhD)

November 2020

Addis Ababa, Ethiopia

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

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BY: YEMISRACH GESSESSE

ID NO. –GSD/7372/10

APPROVED BY

Advisor

Signature & Date

External Advisor

Signature & Date

Internal Examiner

Signature & Date

DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been submitted for an award of any degree in any other university. I have carried it out independently and all the sources of the materials used for the study were acknowledged.

Name

Signature & Date

ACKNOWLEDGEMENTS

First and for most, I would like to thank the Almighty of GOD for helping throughout my life and career of education. Next, I am deeply indebted to my advisor Bantie Workie (PhD) for his unreserved professional guidance, constructive comment and useful insights.

I am very thankful to all staffs of EEP that took their respective time to fill the questionnaires and interviews. My sincere and grateful thanks also go to Temam Afdel, Atalay Abebe and Anewar Kebede for their unreserved cooperation throughout the study period.

Finally, special thanks to my Husband Abayneh W/Yohaness, my beloved sons Esrom and Amen Abayneh for your special support and motivation to prepare this thesis.

List of Acronyms

EEP – Ethiopian Electric Power

PMS – Performance Management system

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Abstract

Human resource is one of the most determinant factors for organizations success and survival. In light of this, substantiating employee performance and creating performance-oriented culture is inevitable. Organizations need to practice effective performance management system so as to improve the performance of individuals and teams. Performance management system aims to build up the capacity of people to meet and exceed expectations and achieve their full potential to the advantage of themselves and the organization. The main purpose of this study was to assess performance management practices in Ethiopia Electric power. The study also addresses the practice & process of performance management system, the attitudes of the employees & leaders towards the system and challenges faced while implementing it. Descriptive type of research design was used. In order to collect primary data, structured questionnaire which includes demographic profiles and issues that related to performance practices designed with a five-point Likert scale was used. A total of 262 questionnaires were distributed to employees of the organization selected by using proportionally stratified random sampling technique. Of which 247(94%) questionnaires were properly filled and returned. Interviews were also conducted with Human resource development director, performance and reward management manager and performance and reward management experts of the organization selected by using purposive sampling technique. Data analysis was made using descriptive statistics, frequency and percentage. SPSS version 24 was used to process the primary data which was collected through the questionnaire. The study found that the practice of performance management system in EEP is not properly implemented though performance management directives are designed. Employees are well aware of the mission, vision and strategic objectives and the alignment between organizational objectives with departmental and individual objectives. Managers and employees didn't equip with the necessary attitude, skill, and awareness in implementing the whole performance management process. In addition, EEP was not using performance management results for any administrative and developmental purpose and high-level performances were not recognized and rewarded adequately. Therefore, EEP should establish a full-fledged performance management system that would cover all PMS steps and create employee understanding on this matter. Top management of EEP should also be committed and exert its maximum effort to put the system institutionalized.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's competitive and turbulent environment, the success of many organizations highly depends on the effective utilization of their human capital. Performance management system has essential role in depicting employees' performance gap so that companies will take remedial solution like training and development, layoffs, reward etc. According to Armstrong (2006) performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams.

Performance management as a strategic management tool, Armstrong (2006), it may show the company where to go and what to focus and resources to utilize and initiatives to design. Moreover, it will help organizations analyze internal and external environment. He added that an integrated process since it used to link company strategy to department, work unit and individual plan so as to create a shared vision. The interconnection among strategic, tactical and operational plans can easily be expressed in performance management.

As Aguins (2019) stated performance management is a continuous process of identifying, measuring and developing the performance of individual and teams and aligning their performance with the strategic goals of the organization.

From this, it can easily be understood that performance management is crucial in finding knowledge, skill and attitude gap of employees, measuring their result from expectations, and deploying training, development, coaching and mentoring sessions in order to improve individual, team and organizational objectives.

Egan, 1995 in Armstrong (2009) indicated that the underlying principles of performance management include most employees want direction, freedom to get their work done, and encouragement not control.

This shows that performance management is a collaborative development system in two ways; first, the entire performance management process consists of coaching, counseling feedback, tracking, and

recognition. Second, when managers and team members ask what they need to be able to do bigger and better things, they move to strategic development.

As to the characteristics of performance management Armstrong (2009) also has added performance management is a planned process whose five primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. Despite the fact that Armstrong has stated the process in the aforementioned way, others argue that there will be a situation where employees may face negative reinforcement too.

According to Miruka (2014) the potential value of using performance management system as a tool to manage and measure both employee and organizational performance depends largely on the quality of how the system is implemented. As a result, an implementation of such a system is of critical importance to the success factor in the future of any organization.

Nowadays, many organizations use performance management system to improve overall organizational setting by creating a better performance driven culture. On the other hand, there are organizations which lack awareness about significance of designing and implementing performance management system.

Ethiopian Electric Power (EEP) has been established under council of Ministers regulation No. 302/2013. The purposes for which the Enterprise is established are:

- To undertake feasibility studies,
- Design and survey of electricity generation, transmission and substation, and to contract out such activities to consultants as required,
- To undertake electricity generation, transmission and substation construction and upgrading, to contract out such works to contractors as required,
- To handle electricity generation and transmission operational and maintenance activities,
- To lease electricity transmission lines as required,
- To sell bulk electric power,
- In line with directives and policy guidelines issued by the Ministry of Finance and Economic Development, to sell and pledge bonds and to negotiate and sign loan agreements with local and international financial sources,
- To undertake any other related activities necessary for the attainment of its purposes.

Since its establishment, Ethiopian Electric power has made several attempts to install the performance management system. Now, the company has started to establish a performance

management system based on balanced scorecard approach so that it will look the performance on the four perspectives, namely: customer orientation, financial perspective, internal process efficiency and learning and growth.

1.2 Statement of the Problem

According to Smither & London (2009) in organizational life, performance management and appraisal system failures may be a result of poor implementation or a lack of authentic management commitment.

Armstrong (2009) also further clarified that, if the performance management system is not delivering, that is likely to be reflecting a deeper issue such as lack of organizational agreement about clarity of purpose, priorities or standards, or a mismatch between espoused values and actual behaviors.

A recent research work done in Ethiopian context by Girma (2016) shows that there is low understanding of performance management objectives, allowing situations for employees to participate in performance planning by jointly setting goals, agreeing on results and behaviors, agreement on a clear performance measures and KPIs are not encouraged. In addition, Adem (2016) implies that even though department and branch goals are communicated to some of the employees, there is lack of awareness on performance management system. And this is because it is not included in the induction manual.

Ethiopian Electric Power (EEP) annual conference was held at Addis Ababa in September 2019, in which executive officers, management members, employees and labor unions participated in the seminar and evaluated the overall performance of the enterprise. In the assessment conference, the participants identified and forwarded major problems of the organization that resulted in project delays, power interruption, and unsatisfactory overall performance of the organization. One of the key problematic issues that were raised as the contribution for its inefficiency is the lack of qualified and competent staffs in the organization. Moreover, employees and labor unions were critically complaining and suggesting that performance management system is not adequately executed in the organization (EEP Annual Report, 2019).

Ethiopian Electric Power (EEP) held a conference to evaluate its annual report which helps to indicate some problems related to performance management in the organization. Since, there were no directly related researches that fully and carefully assess the performance management

practice in the organization; it motivated the researcher to conduct a study to assess the performance management practice in case of Ethiopian Electric Power at Head Quarter.

1.3 Basic Research Questions

The research questions that the study addressed were:

- What are the practices and processes of performance management system in EEP?
- What are the attitudes of the employees and leaders towards performance management practices in EEP?
- What are the major challenges observed in the performance management practices of EEP?

1.4 Objectives of the Study

1.4.1 General Objective

The major objective of this research was to assess the practice of performance management system in Ethiopian Electric Power (EEP).

1.4.2 Specific Objectives

The study focused on achieving the following specific objectives:

- To investigate the performance management system process and practice in the organization.
- To determine the attitudes of the employees and leaders towards performance management practices of the organization.
- Identify the major challenges in implementing performance management system in Ethiopian Electric Power.

1.5 Significance of the Study

The findings of this study have a paramount contribution for the following groups. It provides possible recommendations to the organization in an effort to conduct effective performance management practices. In addition, it is also assumed that it will help the organization knows its strengths and weaknesses to see any performance management policy and procedures change needed and review the execution of performance management practices. Moreover, it will serve as a stepping

stone for those who are interested to conduct advanced research works in the field under consideration.

1.6 Scope of the Study

The scope of this study was limited to assess the practice of performance management in Ethiopian Electric Power from 2013–until to date-after the reestablishment of EEP. The researcher assumed that after the reestablishment of the organization (in 2013), all performance management policies and procedures were redesigned and issued by (Bain & Company, 2011). So, this can enable to assess the performance management practices of the organization align with the policies and procedures. Conceptually, the scope of the research focused on performance management practices in the organization in line with the principles and theories of performance management activities. The study focused only on professional staff members of the organization who are working in EEP Head Quarter offices in Addis Ababa.

1.7 Limitations of the Study

Some factors were found as the limitations of the study. First, Corona pandemic became the main factor in collecting data and referring many relevant documents in- depth for analysis. And also, some respondents were not willing to answer and finish all the questions in the questionnaire. The limitations were overcome by giving some extra time to fill the questionnaires and by introducing the importance of the research to respondents.

1.8 Organization of the Study

The study has five chapters, Chapter one provides a brief background of the study, statement of the problem, research questions, objective of the study, scope and significant of the study. Chapter two has included related literature where detailed discussion about the topic has been undertaken. Chapter three presents research design and methodology that has adopted in the study. The fourth chapter embraces the presentation, analysis and interpretation of the data. Finally, Chapter five contains the summary of findings, conclusions and recommendations.

1.9 Operational Definition of Key Terms

- **Ethiopian Electric Power (EEP)** – An organization, which has given the authority to generate, transmit, whole sale electricity in Ethiopia.
- **Performance Management System (PMS):** An authoritative framework for managing employee performance, which includes the policy framework as well as the framework relating to all elements in the performance cycle, including performance planning and agreement; performance monitoring, review and control; performance appraisals and moderating; and managing the outcomes of appraisal (Bacal, 1999)

CHAPTER TWO

REVIEW OF LITERATURE

This chapter was seek to present reviews of closely related literature on Assessment of performance management practices and also to establish the importance of the study as well as benchmark for comparing the results of a study with other findings. To be more specific concepts of performance management, purposes of performance management, process and stages of performance management, challenges of employee performance management system and empirical literature review and the conceptual framework of the study, were discussed briefly.

2.1 Founding Theories of Performance Management

Goal, Control and Social Cognitive theories are the three underpinning theories for performance management (Buchner, 2007) as cited by Armstrong, (2009).

2.1.1 Goal Theory

Goal theory as developed by Latham and Locke (1979) stated that when people to have higher performance they have specific and difficult but reachable goals.

This theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed Buchner (2007) as cited by Armstrong (2009).

As the theory supports the agreement of objectives, feedback and review aspects of performance management. According to Robertson, Smith and Cooper (1992) as cited by Armstrong (2009), goals inform individuals to achieve particular levels of performance, in order for them to direct and evaluate their actions; while performance feedback allows the individual to track how well he or she has been doing in relation to the goal so that, if necessary, adjustments in effort, direction or possibly task strategies can be made.

2.1.2 Control Theory

Control theory is developed by (Carver and Scheier, 1981, 1998), cited in Ugaddan, 2013, It is described in self-regulation terms as an ongoing comparative process aimed at reducing the discrepancy standards for behavior and the observed effects of actual behavior. Control theory which

focuses attention on feedback, that is an essential part of performance management processes and it is important to shape behavior. As people receive feedback on their behavior, they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome the discrepancy. As it is discussed in one of the foundations of performance management theory (i.e. goal setting theory), for challenging goals to be achieved, it should be accompanied by continuous feedback (Armstrong, 2009).

2.1.3 Social Cognitive Theory

Social cognitive theory was developed by Bandura (1986) as cited by Armstrong (2009). It is based on his central concept of self-efficacy (i.e. self-motivation will be directly linked to the self-belief of individuals that they will be able to accomplish certain tasks, achieve certain goals or learn certain things). This suggests that what people believe, can or cannot do powerfully impacts on their performance. Developing and strengthening positive self-belief in employees is therefore an important performance management objective.

According to Smither and London (ed.) (2009) while discussing social cognitive theory, there are three important aspects and these include: developing competencies, strengthening employee's beliefs in their capabilities and enhancing self-motivation through goal system.

2.2 Conceptual Review

2.2.1. Concept and Definition of Performance Management

According to Mathis (1997) defined Performance as “in output terms the achievement of quantified objectives that associated with the quantity and quality of output, timeliness of output, presence or attendance on the job, the efficiency and effectiveness of the work completed”.

In expansion to that Boxall, Purcell and Wright (2007) state that execution is “behavior or activity important to the fulfillment of organizational objectives that can be scaled and measured”. Conjointly Armstrong (2009) believe performance could be a behavior that comes from the person to accomplishes comes about inside a given time outline and in a certain standard, i.e. result centers, what the person accomplished, real work yields, quantifiable result and achievement, objectives achieved, quality and amount of yield, taken a toll and timeline additionally expounds almost

behaviors center, how the person perform, adherence to organizational values, competencies of the entertainer, execution components, individual characteristics, information, states of mind and abilities.

According to Cokins (2004) performance management is the method of overseeing the execution of an organization's strategy and how plans are interpreted into results. Subsequently Bagul (2012) included, performance management is the method through which supervisors guarantee that employee's exercises outputs contributes to the organization's objective, through what activities are wanted, watching whether they happen, and giving input, supervisors and workers meet expectations. Moreover Dessler (2013) on his portion said that performance management implies ceaselessly making beyond any doubt that each employee and team's performance what they contribute to the company's in general objectives.

Performance management frame work may be a set of interrelated exercises and forms that are treated comprehensively as a coordinates and key component of an organization's approach to overseeing performance through individuals and creating the skills and capabilities of its human capital in order to realize maintained competitive advantage (Armstrong, 2009).

As Boswell and Boudreau (2000) contend that performance management framework may be appropriate that serves functional and developmental goals. Useful objective of performance management framework serves as an instrument to decide compensation increase, internal recruitment system, termination/retention, and identification of person quality and shortcoming. On the other hand the developmental objective centers on individual's improvement and preparing needs identification to progress performance on an continuous premise. In relating to this Williams (2002) as demonstrated that, the three models of performance management; performance management as a framework for overseeing person performance, organizational performance and both person and organizational performance.

2.2.2. Purpose of Performance Management

According to Aguinis(2019) performance management frameworks can serve six vital purposes: strategic, administrative, informational, developmental, organizational maintenance and documentation and expanded as follows:

- **Strategic purpose:** Performance management joins the objectives of people with the objectives of their teams, which in turn are associated with the objectives of the whole organization. And indeed in case for a few reason individual objectives are not accomplished, connecting individual objectives with organizational objectives serves as a way to communicate what are the foremost vital business strategic initiatives.
- **Administrative objectives:** Performance management is additionally valuable for giving valuable data utilized in making administrative decisions concerning employees. Such administrative decisions incorporate compensation alterations, promotions, employee retention or end, recognition of predominant individual performance, finding out of in less performers, cutbacks, and merit increments. In other words, the execution of reward frameworks based on data given by the performance management framework falls inside the administrative purpose.
- **Informational objectives:** Informational Purpose: Performance management frameworks serve an imperative educational purpose since they are mechanisms to communicate. Workers are educated around how they are doing and get data on particular ranges that ought to be improved. Moreover, related to the strategic purpose, they give data with respect to expectations of peers, administrators, clients, and the organization, and what view points of work are most important.
- **Developmental objectives:** By and large, performance management makes a difference workers create and develop since it improves communication, clarifies roles and expectations in terms of career paths, and incorporates valuable input. Feedback is a vital component of a well actualized performance management system. Managers can utilize feedback to coach workers and progress performance on a continuous basis. This input permits for the identification of strengths and weaknesses as well as the causes for performance lacks. Another viewpoint of the developmental purpose is that workers get data almost themselves that can help them individualize their career paths. In this way, the developmental purpose refers to both short-term and long-term perspectives of development.

- **Organizational maintenance objectives:** Another reason of performance management system is to supply data to be utilized for a few organizational maintenance purposes. An imperative component of any workforce planning effort is the talent inventory, which is information on current assets (for example, skills, capacities, promotional potential, and assignment histories of current workers). Performance management systems are the essential means through which exact talent inventories can be assembled. Other organizational maintenance purposes served by performance management systems incorporate surveying future training needs, assessing performance achievements at the organizational level, and assessing the adequacy of HR activities.
- **Documentation purpose:** Finally, performance management frameworks permit you to gather valuable information that can be utilized for several fundamental and sometimes, legally commanded documentation purposes. Performance management frameworks permit for the documentation of critical administrative decisions, such as terminations and promotions. This information can be particularly valuable within the case of litigation.

2.2.3. Process of Performance Management System

Performance management is an ongoing process including several components. The components of a performance management system are closely related to each other and the poor implementation of any of them has a negative impact on the performance management system as a whole. The component in the performance management process follows the following stages as it is described by Aguinis (2019).

2.2.3.1. Establishing prerequisites

There are two important prerequisites that are required before the implementation of a successful performance management system. (1) Knowledge of the organization's mission and strategic goals. An organization's mission and strategic goals are a result of strategic planning, which allows an organization to define its purpose and reasons for existing, where it wants to be in the future, the goals it wants to achieve, and the strategies it will use to attain these goals.

Once the goals for the entire organization are established, similar goals cascade downward, with departments setting objectives and the cascading process continues until each employee set their own goals compatible with those of their department to support the organization's overall mission and objectives.

If there is a lack of clarity in connection between the organization's mission and strategies and the department's mission and strategies, there will be a lack of clarity regarding what each employee needs to do and achieve to help the organization get there.

(2) Knowledge of the position in question: what tasks need to be done, how they should be done, and what knowledge, skills, and abilities should be needed. Such knowledge is obtained through a work analysis; hence it is a fundamental prerequisite of any performance management system because it provides information regarding how a job is done, and then it is easier to establish key performance indicators for job success. In general, a work analysis is a process for determining the key components of a particular job, including activities, tasks, products, services, and processes.

2.2.3.2. Planning performance

Once knowing of the organization's strategic goals and information regarding to the position that obtained, and then will continue a performance planning discussion incorporate the consideration of results that expected to be attained and behaviors that employees are expected to show as well as the development plan.

Results: Results refer to what needs to be done or the measurable outcomes an employee must produce. A discussion of results needs to include key accountabilities of employee and specific objectives that the employee will achieve as part of each accountability.

Behaviors: Behaviors refer to how a job is done, thus constitute an important component of the planning phase. A consideration of behaviors includes discussing competencies, which are measurable clusters of knowledge, skills, and abilities that are critical in determining how results will be achieved.

Development plan: An important step before the review cycle begins is for the supervisor and employee to agree on a development plan. At a minimum, this plan should include identifying areas that need improvement and setting goals to be achieved in each area.

2.2.3.3. Executing performance

After the performance plan is over and in place, the employee strives to produce the results and display the behaviors agreed upon earlier as well as to work on developmental needs and this is the primary responsibility of the employee.

At the performance execution stage, the following success factors are present:

- **Commitment to goal achievement.** If the Employees are an active participant in the goal setting process, and then they would committed to the goals that were set.
- **Check-ins and performance touch points:** Feedback must provide by supervisors, but employees have also ask for feedback on their performance and solicit coaching not until they face serious problems in executing their daily activity.
- **Collecting and sharing performance data:** The employee should provide the supervisor with regular updates on progress toward goal achievement, in terms of both behaviors and results.
- **Preparing for performance reviews:** The employee should not wait until the end of the review cycle approaches to prepare for the review. On the contrary, the employee should engage in an ongoing and realistic self-appraisal, so immediate corrective action can be taken, if necessary.

Although the employee has primary responsibilities for performance execution, and also the supervisor needs to do their share for the following success factors:

1. **Observation and Documentation:** Supervisors observe and document performance on an ongoing basis, because it is important to keep track of examples of both good and poor performance.
2. **Updates:** If there is a change in the organization goals, supervisors must also update the initial accountabilities, objectives and competencies accordingly.
3. **Feedback:** Supervisors provide feedback regularly before the review cycle is over and should also coach and mentor their employees to improve their performance.
4. **Resources:** Supervisors have a responsibility to provide the necessary resources and give opportunities to employees to participate in development activities to perform the job properly.
5. **Reinforcement:** supervisors must let employees know that their outstanding performance is noticed by reinforcing effective behaviors and progress towards goals. Supervisors also

should provide feedback regarding negative performance and own to remedy the observed problem.

2.2.3.4. Assessing performance

In the assessment phase, when both the employee and the manager take ownership of the process and active participants in the evaluation process, there is a greater likelihood that the information will be used productively in the future. Above all employee involvement in the process increases their ownership and commitment to the system. In addition, it provides important information to be discussed during the performance review.

The employee evaluates his/her own performance, and so does the manager help to emphasize possible difference between self-views and the views of his/her manager about what employees are doing, how they are doing it, and what results they are producing. This also includes an evaluation of the extent to which the goals stated in the development plan have been achieved.

In addition, self appraisals can reduce an employee's defensiveness during an appraisal meeting and increase the employee's satisfaction with the performance management system, as well as enhance perceptions of accuracy and fairness, and therefore, acceptance of the system.

2.2.3.5. Reviewing performance

The Performance review is a formal setting where both employee and supervisor meet face to face to discuss their assessment. In most cases, the appraisal meeting is regarded as a review of the past, that is, what was done (results) and how it was done (behaviors).

This phase should include a discussion of goals and development plans that the employee will be expected to achieve over the period. In addition, a good appraisal meeting includes information on what new compensation and rewards, if any, the employee could receive as a result of her performance. This phase should also take account of employee's developmental improvement as well as plans for the future.

In the appraisal meeting the employee receives feedback on his or her performance. Providing effective feedback is extremely important because it leads not only to performance improvement, but also to employee satisfaction with the system.

The following six recommendations for conducting productive performance reviews:

- Identify what the employee has done well and poorly by citing specific positive and negative behaviors.
- Solicit feedback from your employee about these behaviors. Listen for reactions and explanations.
- Discuss the implications of changing, or not changing, the behaviors. Positive feedback is best, but an employee must be made aware of what will happen if any poor performance continues.
- Explain to the employee how skills used in past achievements can help her/him overcome any current performance problems.
- Agree on an action plan. Encourage the employee to invest in improving her/his performance.
- Set up a meeting to follow up and agree on the behaviors, actions, and attitudes to be evaluated.

The performance management process includes a cycle, which starts with establishing prerequisites and ends with conducting the formal performance review. But the cycle is not over after the formal review. In fact, the process starts all over again.

2.2.4. Challenges of Employee Performance Management System

As a system, performance management has its own challenges in any organization and these challenges are heterogeneous in nature. The following are major challenges of performance management system:

Lack of Integration and Alignment: From the integrated perspective of performance management, synergy has to be created between the performance management system and strategic planning, human resource management processes, organizational culture, structure and all other major organizational systems and processes (Saravanja, 2004). Individual performance, departmental performance and organizational strategic objectives must be aligned. Without integration and alignment, no performance management system can succeed on its own.

Lack of leadership Commitment and Support: The commitment and support of Leadership are a crucial for implementing performance Management system. Setting strategic direction and integrating performance management to the organization strategic objective and strengthening the performance cycle are the vital role of the leaders for the successful implementation of the performance

management process (Saravanja, 2004). The role of leadership is consistently regarded as the most important human factor in Performance Management System, that is the quality of encouragement, guidance and support by the managers can never be overstated (Ibid).

Skills Gaps: Armstrong (2009), state that development of performance indicators, Key results areas, Core management competencies and performance agreements; Measurement of performance indicators, Communication of results and feedback, Monitoring and evaluation of the performance management system are the major skills. Proactive training and development on soft skills and behavioral aspects should be implemented to ensure that the users of the performance management system are continuously developed (Ibid). And also De Waal and Counet (2008) state that performance management system will not perform accordingly if the members of the organization have lack of knowledge and skills in regard to the system for the reason that lack of training with the performance management system.

Lack of Constructive Feedback: As London, Mone and Scott (2004) as cited by Armstrong (2009) believed feedback plays a key role, along with goal setting, in the self-regulation of performance. Constructive feedback requires the provision of relevant information, reduces fears and anxieties, reduces resistance to change, and generates commitment to the system (Saravanja, 2004). Accordingly, proactive communication strategy and process must be followed throughout the implementation of the performance management system.

Lack of Understanding: A good understanding of Performance Management System will have long term benefits for public as well as private sectors to provide effective service delivery (Saravanja, 2004). However, executives and managers confuse performance management concepts and performance appraisal; the difference in perception between the rate and the rater also makes the smooth execution of the process difficult (Ibid).

Lack of Reward Scheme: To enhance the employee's performance they should believe on the performance measures and accept the reward systems (Smither & London, 2009). Moreover, De Waal and Counet (2008) states that there is no sufficient link between the performance management system and the reward system, the members in the organization will not be appraised or rewarded in

relation to work carried out with the key performance indicators and the critical success factors. This will lead to the members focusing on other issues rather than the importance of the performance management system.

2.2.5. Characteristics of Performance Management

The following characteristics are likely to allow a performance management system to be successful. Aguinis (2013)

- **Strategic congruence:** Performance management system should be designed and implemented in such a way that there must be alignment of individual goals with departmental and organizational goals.
- **Context congruence:** The system should be congruent with the organization's culture while culture plays an important role in the effectiveness of a performance management system.
- **Thoroughness:** The system should be thorough regarding four dimensions. Such as: all employees and managers should be evaluated, all major job responsibilities should be evaluated, the evaluation should include performance spanning the entire review period and also feedback should be given on positive performance aspects as well as those that are in need of improvement.
- **Practicality:** The systems should be easy to use and accessible for managers to help them make decisions. The benefits of using the system must be seen as outweighing the costs (e.g., time, effort, expense).
- **Meaningfulness:** The system must be meaningful in several ways. (1) The standards and evaluations conducted for each job function must be considered important and relevant. (2) Performance assessment must emphasize only those functions that are under the control of the employee. (3) Evaluations must take place at regular intervals and at appropriate moments. (4) The system should provide for the continuing skill development of evaluators. (5) The results should be used for important administrative decisions.
- **Identification of effective and ineffective performance:** The system should allow for distinguishing between effective and ineffective behaviors and results, thereby also allowing for the identification of employees displaying various levels of performance effectiveness.

- **Reliability:** A good system should include measures of performance that are consistent and free of error.
- **Validity:** The measures of performance should be valid, that refers to the fact that the measures include all important performance facets and do not assess what is not important and outside of the control of the employee.
- **Acceptability and fairness.** A good system is acceptable and is perceived as fair by all participants. Perceptions of fairness are subjective and the only way to know if a system is seen as fair is to ask the participants about the system. By assessing the following perception regarding:

First, **distributive justice**, which includes perceptions of the performance evaluation received relative to the work performed, and perceptions of the rewards received relative to the evaluation received, particularly when the system is implemented across countries.

Second, **procedural justice**, which includes perceptions of the procedures used to determine the ratings as well as the procedures used to link ratings with rewards.

Third, **interpersonal justice**, which refers to the quality of the design and implementation of the performance management system.

Lastly, **informational justice** refers to fairness perceptions about performance expectations and goals, feedback received, and the information given to justify administrative decisions.

However, We should strive to develop systems that are regarded as fair from the distributive, procedural, interpersonal, and informational perspectives because each type of justice perception leads to different outcomes.

- **Inclusiveness.** Good systems include input from multiple sources on an ongoing basis. First, the evaluation process must represent the concerns of all the people who will be affected by the outcome. Consequently, employees must participate in the process of creating the system by providing input regarding what behaviors or results will be measured and how. Second, input about employee performance should be gathered from the employees themselves before the appraisal meeting. All participants must be given a voice in the process of designing and implementing the system, which leads to

more successful systems including less employee resistance, improved performance, and fewer legal challenges.

- **Openness:** Good systems have no secrets that is performance is evaluated frequently and performance feedback is provided on an ongoing basis, the appraisal meeting consists of a two-way communication process, standards should be clear and communicated on an ongoing basis and lastly communications are factual, open, and honest.
- **Correctability:** The process of assigning rating should minimize subjective aspects; however, it is virtually impossible to create a system that is completely objective because human judgment is an important component of the evaluation process. When employees perceive an error has been made, there should be a mechanism through which this error can be corrected. Establishing an appeals process, through which employees can challenge what may be unjust decisions, is an important aspect of a good performance management system.
- **Standardization.** Performance is evaluated consistently across people and time for standardized system. To achieve this goal, the ongoing training of the individuals in charge of appraisals, usually managers, is a must.
- **Ethicality.** The system to be good it has to be fulfilling with ethical standards such as supervisor suppresses her personal self-interest in providing evaluations and also include the supervisor evaluates only performance dimensions for which she has sufficient information, and the privacy of the employee is respected.

2.3. Empirical Review of Literature

In this section empirical evidence supporting the employee performance management system has been presented. However, only few studies are undertaken, of which most of them are not in the public sector.

According to Munzhedzi (2011), performance management system in an organization has a valuable impact if the system is well established and if common understanding is created between employees and managers and if objective of the organization is cascaded properly. He pointed out that performance management has a great role in both private business and public sector organizations.

However, according to Diriba (2012), Masresha (2014), who conducted their own study in Ethiopia on the implementation of performance management systems in Banks and other government organizations found plans are not done with the participation of employees though the performance management system and the performance evaluation system is not based on recorded evidence. However, the need to contextualize the system in order to make it fit the District situation was emphasized and underscored in these studies. The general feeling is that the system should be redesigned to suit the context of environment and not the current one-size-fit-all approach. The major pillars of the system might be maintained, but the approach to deal with the specific challenges that pertain to a particular organizational environment need to be considered. Effective communication and timely feedback are also cited as an important success factors as they are normative and help employees to continually improve their effort towards achieving their set goals.

According to Tigist (2018) revealed on her findings employee performance Management system implemented in Commercial Bank of Ethiopia made employees know the strategic objective of the bank and objective of their work unit very well, be clear about what is expected from them and their job responsibilities. And she added the employees were also familiar with goals, activities, tasks, products, services, and processes of their job. This shows the bank worked hard in order to communicate its mission and vision. Though Tigist (2018) conclude that prerequisites were adequately communicated and performance planning was implemented moderately by the bank. However, the remaining stages were inadequately executed by the bank. Therefore, it is impossible to say that all performance Management system processes were participated effectively.

CHAPTER THREE

RESEARCH METHODOLOGY

The aim of this chapter was to state the research methodology and research design. To get reliable answer for each question of the research; population and sampling size, data sources and their collection tools, sampling techniques, data collection procedures, methods of data analysis, validity and reliability were employed.

3.1 Research Approach

The study was aimed at investigating how to assess performance management practices of Ethiopian Electric Power (EEP). In order to approach the problems, a researcher was employed both qualitative and quantitative approach. Therefore, mixed method design and triangulation design were employed for this study purpose. For the reason, the data that was collected through these approaches triangulated and gave complete picture of the problem. As Creswell (2007) states the central premise of mixed design is the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approaches alone. In mixed design it is not enough to collect and analyze qualitative and quantitative data. The data need to be mixed in some way so that together they form more complete picture of the problem than they do when they stand alone. Therefore, having this knowledge in to account the researcher believed that the study used this approach to meet its objective.

3.2 Research Design

Research design is defined as a master plan for fulfilling research objectives in which specify the methods and procedures for collecting and analyzing the necessary data including specifying the source of data to be used to answer research questions adequate (John A, 2007).

According to Mark, S., Philip, L., & Adrian, T. (2009) as mentioned the classification of research based on as per their purpose; exploratory, descriptive and explanatory. Hence among them this study used a descriptive research. Descriptive analysis enabled the researcher to describe the characteristics

of the variables of interest due to its suitability in data collection to answer the research questions (Creswell, 2003).

The research used descriptive type of design since it is most suited and justifiable method for this study like assessing research paper. Surveys methods are also useful in describing the characteristics of a population. In addition, high reliability can be obtained by presenting all subjects with a standardized stimulus which ensures that observer subjectivity is greatly reduced.

As it mentioned that the main objective of this research was to assess performance management practices of Ethiopian Electric Power (EEP). To achieve this objective, descriptive type of research design was employed.

3.3 Population, Target Populations, Sample Frame, Sample Size and Sampling Techniques

3.3.1 Population, Target population & sample Frame

According to (Zikmund, 2003), Target population is defined as the entire group a researcher is interested in while population is the identifiable total set of elements of interest being investigated by a researcher. The populations for the study were Ethiopian Electric Power (EEP)'s staff members who are working throughout the country. From this, the target population of the study was all staff members who are working at Ethiopian Electric power head quarter.

A sampling frame is a list of all the items in the research population. It's a complete list of everyone or everything you want to study. The difference between a population and a sampling frame is that the population is general and the frame is specific. For the purpose of this research, the sampling frame was all professional staff members of the company who are working in the Head Quarter.

Table 3.1. Sample Frame and Sample size of the Study

No.	Name of working Processes	Professional Staff in Head office	Part of Sample Size
1	Generation Construction	67	23
2	Generation Operation	41	14
3	Transmission and substation Construction	106	37
4	Transmission and Substation Operation	20	7
5	Corporate Strategy & investment	44	15
6	Finance and Procurement	82	28
7	Human Resources	51	18
8	Property and General Services	44	15
9	Engineering	206	71

10	Internal Audit	11	4
11	Cyber Security	21	7
12	ICT	17	6
13	Legal Service	25	9
14	Vigilance	7	2
15	Marketing & Business Development	12	4
16	Gender Affairs	5	2
	Total	759	262

Source: EEP HR Data Base in January 2020.

3.3.2 Sample Size

Since researchers have to draw conclusions on the basis of a sample, sample size determination is an essential element in researches. It shall be verified that the sample size was determined adequately to represent the population through statistical methods. In this regard, the researcher used respondents as sample of the study, which was calculated from the total targeted population. The sample of this research was calculated by using (Yamane, 1967) formula with 95% confidence level.

$$n = \frac{N}{1 + N(e)^2} = 759 / 1 + 759(0.05)^2 = 262$$

Where: n= sample size required, N = number of people in the population, 759, e = allowable error (5%). By using the above formula from the total targeted population of 759 participants, 262 participants were selected as a sample.

3.3.3 Sampling Technique

The researcher used a proportional stratified random sampling technique for the target population in Head Quarter based on their working process group to collect primary data through structured questionnaires. Moreover, purposive sampling method was used to interview Performance and Reward management manager, Human Resource Development Director and Performance Management and Reward Experts who are working related to performance management system. This was because the researcher assumed that they were well informed about Performance management system in the organization.

It is also notice that EEP offices were organized with process-based thinking and there are sixteen high level working processes. Each office has different functions and heterogeneous characteristics in relation to professional mix, work environment, type of stakeholders and their requirement of

employees with various skill, knowledge and abilities. Therefore, the researcher used these sixteen process offices as strata group or subgroup of the population. The total number of employees in each process office were used as the sampling frame to select the samples from each stratum. Respondents were selected from each stratum proportionally by using simple random sampling to distribute questionnaires. The list of each office employees was obtained separately from corporate human resource management information and record office.

Stratified sampling procedure is the most effective method of sampling when a researcher wants to get a representative sample of a population. It involves categorizing the members of the population into mutually exclusive and collectively exhaustive groups. An independent simple random sample was then drawn from each group. Stratified sampling techniques can provide more precise estimates if the population is being surveyed is more heterogeneous than the categorized groups. This technique can allow the researcher to determine desired levels of sampling precision for each group, and can provide administrative efficiency. The researchers used the stratified random sampling procedure to select the respondents for distribution of questionnaires and the purposive sampling procedure employed for interview purpose.

3.4 Source of Data

Data sources to be used are both primary and secondary. Primary data was collected through structured questionnaire and interview from employees and managers who were working at Ethiopian Electric Power. The secondary data was collected from published and unpublished materials like newsletters, manuals, magazines, annual reports etc.

3.5 Data Collection Instrument

To address the basic research questions, the researcher designed open ended and structure questionnaire. The questionnaire has two parts in which part one contains the demographic and basic information of the respondents while part two contains various concepts and information pertaining to the performance management practices in the organizations.

For this research, structured questionnaire was designed, distributed and filled by the sampled respondents to collect primary data. Because, the questionnaire is usually cheap, easy to administer to a large number of respondents, and normally gets more consistent and reliable results. Most of the

questions in the questionnaire were developed from the earlier researches, review of related literature was adapted to the current study. The structured questionnaire was also employed with five-point Likert ranking scale. Interview was conducted with concerned management bodies in order to gather the relevant primary data. The interview part had supplemented the study with different perspectives and a comprehensive quality substance.

3.6 Data Collection Procedure

For the purpose of the study and in order to achieve the objectives, both primary and secondary data were collected. The main source of data was primary source by using a questionnaires and interview. The researcher was distributed questionnaires to the selected sample and had conducted the interview with the respective managers. The sources of secondary data both published and unpublished materials like newsletters, manuals, magazines, and annual EEP reports were reviewed.

3.7 Data Analysis Method

For the purpose of this research, both qualitative and quantitative approaches were applied. The reasons it was preferred to use both approaches were qualitative approach helps to obtain relevant information regarding the subject matter from the concerned managers whereas quantitative approach helps to provide statistical analysis. Descriptive statistics analysis was also being applied for the presentation, discussion and interpretation parts on various dimensions of the practice of performance management. The data collected and analyzed through relevant statistical techniques of MS-EXCEL spreadsheet packages, and SPSS Computer Program. Finally, the data presented through tables, percentage calculation, and different charts to analyze and interpret the result of the study.

3.8 Validity and Reliability

Reliability and validity tests are important in standardizing the proposed measurement scale, and in demonstrating whether it truly measures what it is supposed to measure. Thus, a series of steps should have taken to check the validity and reliability of the quantitative data (Creswell, 2009). According to Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. These are two basic different ways of judging the quality of research design: Internal validity was tested by doing pattern-matching at the

data analysis phase of the study. Content validity of the structured questionnaire was checked and incorporated comments by providing the instrument to professionals who are worked in the company and the research advisor. In the process, the questionnaire was modified as required by the advisor and by the professionals. In addition, the content validity was checked by ensuring that the data collection instruments were designed very carefully to include all the necessary questions related to answer the problem statement.

A research tool is consistent which can be predictable and accurate, it is said to be reliable. The greater the degree of consistency and stability in an instrument is the greater is its reliability. The question whether the instrument is reliable or not is judged by the ability of an instrument to provide consistent measurements (Leedy & Ormrod, 2013). There are various types of reliability test; the most common method used in many studies is internal consistency reliability.

The Cronbach's alpha coefficient test was conducted to measure the internal consistency reliability. Before distributing the questionnaire to the selected respondents, a pilot-test exercise was conducted by using Cronbach's Alpha device. It was done on 10 respondents who were select at random in order to check the internal reliability of the questionnaire. Accordingly, the reliability of the instrument was measured by Cronbach's alpha and calculated by using statistical software SPSS version 24. According to Lee Cronbach (1951), the reliability coefficients between 0.70-0.90 are generally found to be internally consistent and acceptable. In this regard, the SPSS result shows the following values (Table 3.2).

Table 3.2 – Reliability test table (SPSS result)

Reliability Statistics

Variables	Cronbach's Alpha
Performance practice & process (22 Items)	.798
Performance Attitudes (18 Items)	.781

3.9 Research Ethics

In doing any research, there is an ethical responsibility to do the work honestly and with integrity. The basic principle of ethical research is to preserve and protect the human dignity and rights of all subjects involved in a research project (Leedy & Ormrod, 2013). In this regard, the researcher assures

that the respondents' information were confidential and used only for the study purpose. The researcher also committed to report the research findings in a complete and honest manner, without confusing others about the nature of the results. As a general rule, therefore the study was not raising any ethical anxiety.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the research findings, analysis and discussion of the sample. Descriptive statistics were used to describe the data collected from the primary and secondary sources and to

accurately characterize the variables within definite sample. This provides information about the overall representativeness of the sample. The main purpose of this study was to assess the performance management practice of EEP.

4.1 General information about Respondents

The researcher limited the data sources to professional staff members of the Ethiopian Electric Power (EEP) since they better understood PMS and its practice in the organization in depth.

A total of 262 questionnaires were distributed to staff according to the ratio indicated on Table 3.1. Thus, 247 (94%) questionnaires were returned and this had a return rate of 94%. The questionnaire distributed for the sample employees contained two parts. The first part of the questionnaire consisted of the demographic and the second focused on questions related to performance management practices.

The information collected through interview from performance and reward management manager, Human resource development director and performance management experts have also been discussed in this part of the research.

4.1.1 Demographic Backgrounds of the Respondents

This part gives general information about respondents' demographic information like age, gender, current position, work experience and educational level. Accordingly, these variables of the respondents were summarized and described in the table below.

Table 4.1: Demographic profile of respondents

Gender	Frequency	Percentage
Male	195	78.9
Female	52	21.1
Total	247	100

Age		
18-28	7	2.8
29-38	28	11.3
39-48	144	58.3
>49	68	27.5
Total	247	100
Current position		
Manager	19	7.7
Expert	228	92.3
Total	247	100
Work experience		
0-5 years	26	10.5
6-10 years	32	13
11-15 years	97	39.3
16-20 years	49	19.8
>21 years	43	17.4
Total	247	100
Educational status		
BA/BSC	163	66
MA/MSc	82	33.2
PhD	2	0.8
Total	247	100

As shown in the Table 4.1 95(78.9 %) and 52(21.1%) of the respondents were males and female employees respectively. This indicated that female professional employees are dominated by male in the company.

Concerning the age status, 7(2.8%) of the respondents were between ages 18 to 28, 28(11.3%) were between 29 to 38 and about 144(58.3%) of the employees were between age 39 to 48. The remaining 68(27.5%) of them were greater than 49 years old. This figure indicated that most of the employees in the survey group were experienced and believed that they do have a better exposure to understand the performance management systems and its practice.

Looking into work experience of the respondents, the majority of the respondents, 97(39.3%) have 11 to 15 years of experience and the rest 26(10.5%), 32(13%), 49(19.8%) and 43(17.4%) have 0 to 5, 6 to 10, 16 to 20 and above 21 years of service in the company respectively. In general, 90% of the respondents have been working for more than 5 years and have more experience.

Concerning educational status of the respondents, majority of respondents, 163(66%), were first degree holders, 82(33.2 %) of the respondents were second degree holders and only 2(0.8%) individuals have been identified as PhD holders. Hence, most of the respondents were first degree

holders and can easily understand about employee performance management and able to give appropriate response.

About 19(7.7%) of the respondent's job category are at managerial position, 228(92.3%) of the respondents comprised of Professionals who were working in different levels.

4.2 Data analysis and discussion

4.2.1 Empirical description

The researcher employed a Likert scale and open-ended questionnaire to collect data on performance practices at Ethiopian Electric power. The details of questionnaires collected from each work processes were indicated in Table 4.2.

Table 4.2. Number of questionnaires distributed and returned

No.	Name of working processes	Questionnaires distributed	Questionnaires returned	Returned in %
1	Generation Construction	23	21	91%
2	Generation Operation	14	13	93%
3	Transmission and substation Construction	37	35	95%
4	Transmission and Substation Operation	7	7	100%
5	Corporate Strategy & investment	15	14	93%
6	Finance and Procurement	28	26	93%
7	Human Resources	18	17	94%
8	Property and General Services	15	14	93%
9	Engineering	71	66	93%
10	Internal Audit	4	4	100%
11	Cyber Security	7	7	100%
12	ICT	6	6	100%
13	Legal Service	9	9	100%
14	Vigilance	2	2	100%
15	Marketing & Business Development	4	4	100%
16	Gender Affairs	2	2	100%
	Total	262	247	94%

4.2.2 Performance Practice & Process in EEP

In this part, the study addresses the performance management practices of the company at large and, whether well-established PMS system, and the performance-oriented culture were implemented or not. The following table shows respondents feeling related to performance practices.

Table 4.3.1: Summary of Responses related to performance practice & process

No	Variable	Frequency and percentage (%)	Response					
			Strongly disagree	Disagree	Neutral	Agree	Strongly	Total
1	Performance objectives of my department are aligned with the organization goal	Frequency	21	25	48	116	37	247
		%	8.5	10.1	19.4	47	15	100
2	I understand the other department's goals and staffs support each other in order to attain the overall organizational objectives	Frequency	39	9	53	108	38	247
		%	15.8	3.6	21.5	43.7	15.4	100
3	I know my individual objectives contribute on the achievement of the overall organization's strategic goals	Frequency	9	7	16	136	79	247
		%	.6	2.8	6.5	55.1	32	100
4	My superior encourages me to participate in my objective setting and its review process	Frequency	24	74	9	101	39	247
		%	9.7	30.0	3.6	40.9	15.8	100
5	I clearly understand my duties and responsibilities in the organization	Frequency	20	15	27	119	66	247
		%	8.1	6.1	10.9	48.2	26.7	100
6	my department has regularly communicated employees on the change of initial objectives, standards, key accountabilities and competence areas	Frequency	31	144	18	51	3	247
		%	12.6	58.3	7.3	20.6	1.2	100
7	my superior evaluated my performance against the performance management plan which has been agreed and signed ahead	Frequency	23	123	67	30	4	247
		%	9.3	49.8	27.1	12.1	1.6	100
8	Performance review is a two-way process, with both manager & employee expressing their views in my organization.	Frequency	23	125	7	74	18	247
		%	9.3	50.6	2.8	30.0	7.3	100

9	Managers have the right skill and attitude to conduct formal review meeting and provide formal feedback in my organization.	Frequency	12	136	18	68	13	247
		%	4.9	55.1	7.3	27.5	5.3	100
10	My performance result is used for administration and developmental purpose such as salary adjustment, promotion, demotion, termination and training need.	Frequency	57	114	7	50	19	247
		%	23.1	46.2	2.8	20.2	7.7	100

As shown in Table 4.3.1 Employees' perceptions regarding alignment of departmental goal with organizational goal implies majority 153(62%) of respondents either agree or strongly agree that there was alignment between organizational goal and individual goal. While 46(18.6%) of the total employees either strongly disagree or disagree about the alignment of departmental and organizational goals. The rest 48(19.4%) stay undecided. The finding indicated that most of the respondents shared the alignment were in place.

146(59.1%) of employees responded that either they strongly agree or agree about other department's goals and staffs support each other in order to attain the overall organizational objectives where as 48(19.4%) of the employees either strongly disagree or disagree that respondents believed other department's goals and staffs support each other. The remaining 53(21.5%) of the respondents were neutral. This indicated that most of the respondents support each other in order to accomplish organizational objectives.

The researcher also assessed whether individual objectives have contribution to the organization's strategic goal or not. 215 (87.1%) respondents either strongly agree or agree that their objectives had contribution on the achievement of the overall objectives of the organization. 16 (6.5%) of the respondents either strongly disagree or disagree and 16(6.5%) were neutral to the measurement. As the findings indicated that, individual objectives had contribution to the organization's strategic goal.

The other factor that the researcher was interested, to find out about response on superiors' encouragement of subordinates in goal setting. 140(56.7%) of respondents either strongly agree or agree that subordinates were involved in goal setting process and superiors make them participate, 98(39.7%) of respondents either strongly disagree or disagree about the statement, and the rest

9(3.6%) of the respondents reported as neutral. This implies that most respondents were engaged in setting a goal although significant numbers of employees were not involved in goal setting.

With respect to the clear understanding of duties and responsibilities, 185(74.9%) of the respondents understood either at the level of strongly agree or agree what was expected of them. 35(14.2%) of respondents either strongly disagree or disagree about their knowledge of duties and responsibilities. The remaining 27(10.9%) of them were neutral. The finding indicated that the company possessed significant number of employees who did not understand their role clearly.

There was a question regarding whether employees in the organization updated with information in case there is change of initial objectives, standards, key accountabilities and competence areas or not. The result of the analysis showed that about 54(21.8%) of the respondents either strongly agree or agree that the departments updated them with information in case there is change in the organization. However, 175(70.9%) of respondents either strongly disagree or disagree that employees were updated with timely information about the change. 18(7.3%) of employees were neutral. This indicated that most respondents did not communicate and did not create awareness among employees about the change in objectives, standards, and key accountabilities.

On the other hand, 146(59.1%) of respondents either strongly disagree or disagree that performance is measured against the performance management plan which has been agreed and signed ahead , in spite of the fact that performance review should be made based on the pre agreed and signed periodic plan while the data gathered showed that most employees were evaluated without a signed plan agreement made ahead. 34(13.7%) either strongly agree or agree that performance was measured on standards previously agreed upon in the organization and the remaining 67(27.1%) of them were neutral.

Performance review is the last activity in the performance management process which needs both parties discuss and rate the employee based on the signed plan made a head. As shown in the above table 4.3, 148(59.9%) respondents either strongly disagree or disagree that during the review process, a two-way communication was encouraged and 92(37.3%) of them either strongly agree or agree and

the remaining 7(2.8%) were neutral. According to this analysis the findings revealed that during the review process, a two-way communication was not encouraged.

The respondents were asked whether managers have the right skill and attitude to conduct formal review meeting and provide feedback. In this regard, 81(32.8%) of the respondents either strongly agree or agree that managers at the organization have necessary skills to manage employee performance. On the other hand, 148(60%) of them responded either strongly disagree or disagree that managers lack skill and attitude to conduct formal review meeting. Taking the analysis in to consideration the findings indicated that manager's skill and attitude in doing formal review was inadequate.

From the total respondents, only 69(27.9%) respondents either strongly agree or agree that PMS result used for administration and developmental purpose such as salary adjustment, promotion, demotion, termination or training need while 171(69.3%) of the respondents either strongly disagree or disagree that PMS result used for administration and developmental purpose. In spite of the fact that effective implementation of performance management system requires use of the performance result for some administrative purpose. However, the analysis showed that most administrative decisions like salary adjustment, promotion, termination, etc were not depend on the performance result.

Over all in performance and reward management manager and experts expresses their feeling about PMS's role in achieving the intended purpose. Based on the interview, the following issues have been identified.

The main objectives of performance management in Ethiopian Electric Power are making strategy everyone's job, continuous improvement of strategic and operational goals, creating a performance culture that will enhance employee's readiness achieve the goal, and create transparency and accountability that will help employees be treated only based on their performance.

In spite of the fact that the aforementioned objectives are stated in the performance management directive, the performance management culture is now at infancy. At the beginning, like any change initiative the company faced employee resistance. Now, the company starts to make enormous effort

to make the system internalized and implemented by everyone through training, follow up, supervision, and feedback. Besides, performance and reward management directives have been prepared to devise a common understanding and management of the system.

On the other hand, the interview responded on managers skill and attitude concerning performance management process revealed that all management members have participated in the customized training sessions that can effectively manage and lead the performance management system in their respective work unit. Trends from the performance evaluation report also show that managers at all level have the ability to plan, monitor, evaluate and give feedback. The problem that many managers in EEP shared is unable to look the performance management system as part of their daily routines. (Annual report 2019/20)

Table 4.3.2- Summary of Responses related to performance practice & process.

No	Variable	Frequency and percentage (%)	Response					
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
11	EEP's Performance management system objectives are clearly described to me.	Frequency	21	77	10	90	49	247
		%	8.5	31.2	4.0	36.4	19.8	100
12	Objectives set during the performance planning stage are mutually agreed between an employee and manager in my organization.	Frequency	37	135	20	41	14	247
		%	15.0	54.7	8.1	16.6	5.7	100
13	My superior clearly explains to me what is the expected performance from me.	Frequency	13	78	17	113	26	247
		%	5.3	31.6	6.9	45.7	10.5	100
14	I continuously discuss with my superior to review and evaluate the performance result align with my plan.	Frequency	26	110	20	78	13	247
		%	10.5	44.5	8.1	31.6	5.3	100
15	I always receive feedbacks from my superior with coaching and mentoring.	Frequency	35	100	22	77	13	247
		%	14.2	40.5	8.9	31.2	5.3	100
16	The feedbacks I receive help me to improve my skills, attitudes and performances.	Frequency	36	93	31	69	18	247
		%	14.6	37.7	12.6	27.9	7.3	100
17	I have the opportunity to give my opinion/feedback to my superior freely.	Frequency	7	78	34	116	12	247
		%	2.8	31.6	13.8	47.0	4.9	100

18	My performance is rated based on the standards established in the plan.	Frequency	25	111	28	74	9	247
		%	10.1	44.9	11.3	30.0	3.6	100
19	Chance is given to me to assess my performance.	Frequency	11	127		96	13	247
		%	4.5	51.4		38.9	5.3	100
20	I feel that my superior is evaluating my performance consistently, fairly & freely from biasness.	Frequency	49	119		59	20	247
		%	19.8	48.2		23.9	8.1	100
21	The review process is based on the development and improvement needs.	Frequency	10	103		122	12	247
		%	4.0	41.7		49.4	4.9	100
22	The performance assessment and review incorporate future training & development plan	Frequency	34	119	12	67	15	247
		%	13.8	48.2	4.9	27.1	6.1	100

As presented in Table 4.3.2 above, 139(56.2%) of respondents either strongly agree or agree that the objective of the performance management system was described for them. 98 (39.7%) of respondents either strongly disagree or disagree on the stated statement and the remaining 10(4%) being neutral. The figure showed that most of the employees have clear understanding about the performance management system of EEP.

The other question forwarded to respondents was the objectives set during the performance planning stage are mutually agreed between an employee and manager. About 55(22.3%) of the respondents either strongly agree or agree with statement indicated. However, 172(69.7%) of respondents either strongly disagree or disagree on this idea and the rest 20(8.1%) of employees were neutral. The finding indicated that a mutual agreement between an employee and manager was not reached to set an objective.

As shown on the table above indicated that 139(56.2%) of the respondents either strongly agree or agree that their superiors clearly explained their expected performance and 91(36.9%) of the respondents showed either strong disagreement or disagreement and the remaining 17 (6.9%) said neutral. This result showed that the departments have a clear objective and that most superiors

provide their expectation regarding their employee's performance. The study also shows that there is significant gap in explaining expected performance.

Regarding practical experience, 136(55%) of the respondents either strongly disagree or disagree that there is a continuous discussion between them to review and evaluate employee's performance. 91(36.9%) of them either strongly agree or agree on the idea that raised in the question. The remaining 20(8.1%) of them were neutral. As continuous and periodic discussion among both parties were important to enhance performance culture, meanwhile the result indicated that performance reviews in the organization were a top down appraisal.

The above table showed that about 90(36.5%) of the total respondents either strongly agree or agree that they got regular feedback from their superior with coaching and mentoring. However, the remaining 135(54.7%) of the respondents either strongly disagree or disagree for the same statement. This showed that there is the gap among supervisors and employee to communicate regularly regarding employee's performance. In addition to that, the organization focused only on periodic performance review regardless of coaching and mentoring.

From the total respondents, 87(35.2%) responded that the feedback received helped them to improve their skill, attitudes and performance however, 129(52.2%) of respondent either strongly disagree or disagree and the remaining 31(12.6%) being neutral. This showed that majority of respondents recognized that the feedback about their performance have no significance on improving their skill, attitudes and performance.

As we can see from the above table, 128(51.9%) of them either strongly agree or agree about the chance to express their opinion and the remaining 85(34.4%) either strongly disagree or disagree with the idea of having the opportunity to provide their opinion to their superior freely. The remaining 34(13.8%) being neutral. The information revealed that there was an open communication between both parties to exchange their views.

Regarding the question whether employee's performance is rated based on the standard or not, about 83(33.6%) of the respondents either strongly agree or agree that their performance was rated by the

standard established in the plan. However, 136(55%) of respondents either strongly disagree or disagree that their performance was rated within the standard. 28(11.3%) of employees were neutral. The findings state that employee's performance was not rated based on the standards established in the plan.

Respondents were asked to rate whether they have been given a chance to assess their performance or not, 109(44.2%) respondents either strongly agree or agree that they have a chance to assess their performance by themselves while 138(55.9%) respondents expressed their strong disagreement or disagreement . According to the analysis indicated that the employees' were not got the chance to assess their performance.

The respondents were also asked about their feeling towards the consistency, fairness and free from biasness of evaluating performance result. The analysis of the data indicated that 79(32%) of respondents either strongly agree or agree that they believed the performance evaluation system was fair and free from bias. 168(68%) of them either strongly disagree or disagree regarding performance evaluation system was fair and free from bias. The analysis implied the respondents believed that performance evaluation system was not consistence, fair and bias free.

Concerning the review process of PMS based on the development and improvement needs of employees, the researcher forwarded a question to see the respondent's level of agreement. 134(54.3%) of the respondents either strongly agree or agree on the issues and the remaining 113(45.7 %) of respondents either strongly disagree or disagree on review process for development and improvement needs. As it was indicated from the analysis respondents accepted PMS based on the development and improvement needs of employees had made the review process.

EEP performance directives clearly stated that performance results directly impact the training and development plan. However, employee's response regarding the assessment and review of performance incorporate future training & development plan indicated that 153(62%) of them either strongly disagree or disagree while 82(33.2%) either strongly agree or agree and the remaining

12(4.9%) were neutral. The findings indicated from the analysis that employees' performance result was not incorporated future training and development plan.

The interviewed managers and experts also justified their view on rationale and process of performance system and factors that affect it in the following manner.

Ethiopian Electric Power has a longtime experience in project and operation performance planning, monitoring and evaluation. However, it lacks the integration among the corporate strategy with process, department, and individual level. But now, it has started to create integration among all by devising an integrated strategy management approach called balanced scorecard.

They further stated that the process of PMS as clearly stated in EEP's performance directive employees should participate from planning to review stage. All managers and professional employees take part in the planning phase in determining issues like; setting the goals, what needs to be done, why it needs to be done, the resources required and how well it should be done. And, finally all employees sign a performance plan agreement. And then in the assessment phase, the evaluation is made based on the predefined agreement made between the employee and the supervisor. It is also based on work performed during an entire appraisal period. Hence, employees are participating in the appraisal process and they even expected to sign in the final score in order to ensure the transparency. Though the interview responses had some positive implication, periodic performance assessment reports indicated that there are several factors that impeded the performance management system not to be successful. Among others, low management commitment, weak information technology to plan, record, track and report work activities, less employee initiation etc. have contributed more to be ineffective.

In general, Employees' knowledge towards their individual objective as well as understanding duties and responsibilities to the contribution of organizational goals are good enough. However, performance practices and awareness of performance processes were not adequate.

EEP did not give employees the chance to set performance objective, regular feedback on performance and also coaching and mentoring were not continuously performed. Self-Evaluation by

employees were not practiced in the organization and prevalence of subjectivity in performance evaluation was the problem during the evaluation period. In addition, training and development practices were not considered in the employee performance result. This indicated that the whole performance management process from planning, execution, monitoring to final review and evaluation steps were not fully addressed.

4.2.3 Performance Attitude

Table 4.4.1 - Summary of Responses related to performance attitude.

No	Variable	Frequency and percentage (%)	Response					
			Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
23	I am aware of the organization's mission, vision, strategic goal & objectives.	Frequency	14	13	37	143	40	247
		%	5.7	5.3	15	57.9	16.2	100
24	Performance management system links with individual and organizational goals in my organization.	Frequency	12	55	25	141	14	247
		%	4.9	22.3	10.1	57.1	5.7	100
25	In my opinion the objective of performance review in the organization is to motivate employees, to encourage development and to serve as a two way communication about the roles and expectations.	Frequency	32	85		97	33	247
		%	13.0	34.4		39.3	13.4	100
26	I feel that performance rating system is wastage of time and resource in my organization.	Frequency	54	142		33	18	247
		%	21.9	57.5		13.4	7.3	100
27	Performance management system is used to communicate performance expectation of the organization in my organization.	Frequency	18	69	11	129	20	247
		%	7.3	27.9	4.5	52.2	8.1	100
28	Performance Management System in my organization brings massive work and consumes much time it is better to have simple tool.	Frequency	90	78	3	56	20	247
		%	36.4	31.6	1.2	22.7	8.1	100
29	Performance management makes me confused in my organization.	Frequency	61	86	1	69	30	247
		%	24.7	34.8	.4	27.9	12.1	100
30	Performance Management System is important for my success and the organization, thus it is feel good to have for me.	Frequency	40	56	3	100	48	247
		%	16.2	22.7	1.2	40.5	19.4	100

31	Managers are held accountable for doing effective performance rating in my organization	Frequency	37	110	32	50	18	247
		%	15.0	44.5	13.0	20.2	7.3	100

Understanding mission, vision, and strategic goals is very essential for a company to accompany its employee with clear direction and common agenda. As shown in the above table, 183(74%) of the respondents either strongly agree or agree that they were aware of EEP's mission, vision, strategic goal and objectives. The remaining 27(11%) of respondent either strongly disagree or disagree on the stated issues and 37(15%) of employees were neutral. The above data signify that most employees understand their company's mission, vision and strategic goals and objectives.

A linkage between organizational goal with departmental goal and individual goal is very important to create harmonious relationship throughout all performance management steps. The research indicated that about 67(27.2%) of respondents either strongly disagree or disagree with the linkage while 155(62.8%) of the respondents either strongly agree or agree that PMS linked with individual and organizational goals. The remaining 25(10.1%) of respondents were neutral. The findings indicated from the analysis that there is linkage between goals at all strata.

Employees also asked to put their opinion regarding the objective of performance review. 130(52.7%) of the employees either strongly agree or agree that the objective of performance review was to motivate employees, to encouraged development and to serve a two-way communication about the roles and expectations. Whereas 117(47.4%) of employees believed the objective was beyond motivation, development, and communication. The analysis indicated that PMS served as a two-way communication and also contributed to the development and motivation of employees.

The other most important issue that the research raised was whether employees feel performance rating system as wastage of time and resource or not. 196(79.3%) of the respondents either strongly disagree or disagree that performance rating system was wastage of time and resource and the remaining 51(20.7%) of the respondents either strongly agree or agree that rating system was wastage of time and resource. Besides, 76(30.8%) of employees either strongly agree or agree that performance management system brings massive work and consumes much time and about 168(68%) of the respondents showed either strong disagreement or disagreement. Moreover, 99(40%) of

respondents either strongly agree or agree that confused with performance management system. The remaining 147(59.5%) of the respondents either strongly disagree or disagree that they were confused with the system.

From the figure described above, most employees accept performance rating not as wastage of time and resource, and also take it as part of their daily routines not considering like a massive work, like wise they were well aware of the system respectively.

The respondents were also asked about PMS as a means to communicate performance expectation. 87(35.2%) of respondents either strongly disagree or disagree that PMS was used to communicate performance expectation whereas 149(60.3%) of employees strongly agree or agree for the same statement. The remaining 11(4.5%) of respondents were neutral. The analysis indicated that performance management system helped to communicate performance expectation.

Concerning PMS importance for the success of employees and the company, the researcher forwarded a question to see the respondents attitude of agreement, 96(38.9%) of respondents either strongly disagree or disagree that performance management system was important for the success of employees and the company. 148(59.9%) of them either strongly agree or agree that it's important for the success of both employees and the company. This indicated that most employees have a better understanding and attitude towards the importance of performance management system.

As the research signified, managers are held accountable for doing effective performance rating. 147(59.5%) of respondents either strongly disagree or disagree that managers were held accountable for doing performance rating while 68(27.5%) of respondents showed either strong agreement or agreement about the statement. The remaining 32(13%) were neutral. The above data justified that the managers were not held responsible for doing effective performance rating.

Table 4.4.2: Summary of Responses related to performance attitude.

No	Variable	Frequency and percentage	Response					
			Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
32	High levels of performance are recognized and rewarded in my organization.	Frequency	45	132	34	23	13	247
		%	18.2	53.4	13.8	9.3	5.3	100
33	Performance management system measures both the results and how they are achieved in my organization.	Frequency	15	58	94	62	18	247
		%	6.1	23.5	38.1	25.1	7.3	100
34	I believe that the performance management system is fair and transparent.	Frequency	43	103	45	52	4	43
		%	17.4	41.7	18.2	21.1	1.6	17.4
35	Performance management system supports developmental opportunities in my organization.	Frequency	40	96	18	76	17	40
		%	16.2	38.9	7.3	30.8	6.9	16.2
36	I feel that the performance ratings are accurate and reflect actual performance in my organization.	Frequency	64	82	3	66	32	64
		%	25.9	33.2	1.2	26.7	13.0	25.9
37	My superior is timely in doing performance management rating	Frequency	31	128		69	19	31
		%	12.6	51.8		27.9	7.7	12.6
38	Performance problems are dealt with quickly and consistently in my department.	Frequency	50	61	54	60	22	50
		%	20.2	24.7	21.9	24.3	8.9	20.2
39	Performance Standards are consistent across in my organization.	Frequency	46	99	12	70	20	46
		%	18.6	40.1	4.9	28.3	8.1	18.6
40	Training in the performance management process is provided to employees in my organization.	Frequency	32	104	15	67	29	32
		%	13.0	42.1	6.1	27.1	11.7	13.0

The ultimate objective of performance is use of the performance evaluation result for some administrative purpose and rewarding. In the study, about 177(71.6%) of employees either strongly disagree or disagree that high level performances were recognized and rewarded whereas 36(14.6%) of them either strongly agree or agree that high performers are recognized and rewarded in the

organization. The findings indicated that in EEP high performers were not receive recognition or be rewarded.

The study also showed that about 73(29.6%) of employees either strongly disagree or disagree that PMS measured both results and how they were achieved. 80(32.4%) of respondents either strongly agree or agree that PMS measured both results and behaviors and the remaining 94(38.1%) being neutral. Therefore the analysis from the above data showed that Performance management system in the organization measures both the results and behaviors were undecided by respondents.

Regarding the transparency and fairness of the performance management system, 146(59.1%) of respondents either strongly disagree or disagree that the system was transparent and fair while 56(22.7%) of them strongly agree or agree that there is transparency and fairness. The rest 45(18.2%) of them remain neutral. Moreover 146(59.1%) of respondents either strongly disagree or disagree that performance ratings were accurate and reflect actual performance. The rest 98(39.7%) of them showed their strong agreement or agreement. In spite the fact that performance management is an ongoing process that is conducted to maximize the productivity of employees with the overall intention of improving the organization's effectiveness, transparency and fairness must be ensured throughout the process. While the analysis showed that PMS were not fair, accurate and transparent in the company.

Nevertheless, the study showed that 136(55.1%) employees either strongly disagree or disagree that performance management system in EEP supported development opportunities and only 93(37.7%) employees strongly agree or agree that it supported development opportunities, the rest 18(7.3%) being neutral. With related ideas 136(55.1%) of employees either strongly disagree or disagree that received training on performance management. The remaining 96(38.8%) of the respondents showed either strong agreement or agreement. From the data the analysis indicated that performance management system in EEP was not supported development opportunities and most of the respondents were not received training.

As to the performance management rating period, 159(64.4%) of respondents either strongly disagree or disagree that their superiors were timely in performance management rating. 88(35.6%) of them

strongly agree or agree that superiors made performance rating based on the specified time. On the other data 111(44.9%) of respondents either disagree or disagree that performance problems were dealt quickly and consistently whereas 82(33.2%) of respondents strongly agree or agree that performance problems were dealt quickly and consistently and the remaining 54(21.9%) being neutral. In sum the findings showed from both analysis that superiors were not timely in performance management rating and performance problems were not dealt quickly and consistently respectively.

Finally, employees were asked about consistency of performance standards and 145(58.7%) of the respondents either strongly disagree or disagree that performance standards were consistent across EEP. 90(36.4%) of them either strongly agree or agree that performance standards are consistent. In general, the findings indicated that performance standards were inconsistent in EEP.

On the above aforementioned questions in the performance attitude the analysis was already stated in the questionnaire. Here below together with that the interview respondents answered in the following ways:

On the question that asked about the awareness of EEP's mission, vision, strategic goal and objectives. Most employees replied that they understood their company's mission, vision and strategic goals, however the interviewees responded that somehow differs from employee response in that strategy doesn't stand alone as a management process. A continuum exists that begins in the broadest sense, with the mission of the organization. The mission must be translated so that the actions of individuals are aligned and supportive of the mission. In EEP, the translation is not made effectively. Employees may understand the literal meaning of mission, vision, and values. But most employees do not understand; how the vision, mission and values designed? How can these be achieved? And what should be the role of every employee? Hence, it is believed that a thorough effort is needed to create understanding on these issues.

Other questions were raised on the strategic objectives of EEP was linked with individual performance, the interviewees stated EEP's employee performance directive which has begun to put in action at the beginning of 2019, individual employee annual work plan has to be emanated from the work unit, department, process or company annual plan. Employee performance also be evaluated

based on the target set by the employee at the beginning of the year which also be aligned with the work unit's performance. Generally, both the respondents and the interviewees shared the same ideas about EEP's strategic objectives were aligned to process, department, work unit and individual objectives.

According to the respondents most of them were not received training and in addition they asserted that performance management system in EEP was not supported development opportunities. Besides, the interviewees declared that EEP's Performance management system should support development opportunities since communication, coaching, mentoring, feedback, and team work are part of the system. In addition to this, EEP's performance directive clearly states that employees with low performance score have to be coached, and trained.

In sum, the respondents showed their attitude on both analyses that superiors were not timely in performance management rating and performance problems not dealt quickly and consistently. On the other hand, interviewees reacted on the issues that, EEP had specific period to make performance evaluation, supervisors didn't stick on the time of evaluation. EEP's performance directive addresses all important clauses required to implement performance management system. Performance evaluation period and dealing problems are among the clauses. In general, most employees had better understand and attitude towards the importance of performance management system.

Table 4.5 Average scores of performance variables

	Performance variables		
	Performance practices	Performance process	Performance Attitude
Mean	3.08	2.86	2.28
Std. Deviation	1.11	1.17	1.22
Minimum	1	1	1
Maximum	5	5	5

As stated in the Table 4.6 Mean values of performance practices, performance process and performance attitude were 3.08,2.86, and 2.28 respectively. The standard deviations were almost similar, performance practices (1.11), performance process (1.17), and performance attitude (1.22).

The mean scores suggested that the performance attitude dimension has the least value compared to performance practice and performance process. This means employees performance management acceptance and attitude towards use of establishment of PMS for over success of the organization tend to be minimal. At the same time, employee's knowledge and experience on performance practice and process also negligible.

The standard deviation on these variables seemed; performance practice (1.11), performance process (1.17), and performance attitude (1.22). This signified that respondents view on performance management system under these categories were not far from one another.

In general, employee's response indicated that the performance management practice in Ethiopian Electric Power became immature and performance-oriented culture not yet established.

4.3 Major challenges of Performance management in EEP

As part of the questionnaire an open-ended question about performance management challenges and solution in EEP has been asked to respondents. The findings on challenges were described by most of the respondents as shown below where as the proposed solutions were described in recommendation part;

- Lack of adequate support and commitment of top management
- Lack of knowledge, skills and awareness of the employees related PMS
- Unavailability of appropriate tools for managing performance, recording and follow up employee's performance data
- Absence of reward system which is directly aligned to performance result
- Absence of continuous mentoring, follow up, workforce evaluation and feedback
- Absence of unique evaluation criteria based on each department objective and goals
- The performance evaluation is based mainly on subjective matters and commonly performance rating is depending on the superior attitude, performance rating system is not fair and transparent

- Employee performance result is not used for promotion, salary adjustment and benefit. Thus, the person who has good performance becomes discouraged and demoralized
- Due to the complex nature of EEP's culture, the performance management system couldn't cope up with it
- Poorly prepared job description made the PMS not to rely on the detail roles and responsibilities.

The interview also supported the major challenges of PMS in EEP as follows; low management commitment at all level, employees were unaware of the uses of performance management, no link between the performance management system with reward system, and the absence of IT support.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter deals with a brief summary of the works, conclusions and recommendations. The first part is about summary and second part is conclusions of the research while the third part is concerned with recommendations.

5.1 Summary of major findings

The following are major findings of the study.

- Most of the respondents stated that there was alignment of organization and department goals as well as individual goals. Since performance management practices rely highly on the effective coordination of organizational objective with departmental and employee objective, the finding also indicated the alignment were in place, in the organization.
- It was found that individual objectives have contribution to the organizations strategic goal. Moreover, the respondents indicated that most of employees understand their duties and responsibilities with expected outcomes.
- Effective implementation of performance management system required use of the performance result for administrative and developmental purposes. The finding indicated that the organization was not using performance management results for any administrative and developmental purpose.
- The finding indicated that mostly a mutual agreement between an employee and manager was not reached to set an objective. Moreover, most employees believed that there was no continuous practical discussion to review and evaluate performance result between superiors and subordinates in the organization.

- The study also indicated that there was a gap in distinctive evaluation criteria based on departmental objectives and goals. Most employees also responded that evaluating performance result was not fair and not free from personal bias.
- The findings indicated that most employees were aware of mission, vision, strategic goal and objectives of the organization. However, the mission, vision, and values were not translated effectively so that the actions of individuals were aligned and supportive of the mission.
- The study also indicated that high level performances were not recognized and rewarded adequately.
- The study also indicated that objective wasn't supportive to development opportunities and most of the employees did not receive training on performance management in the organization.

5.2 Conclusions

The following are the conclusions drawn from the findings of the study.

In today's turbulent environment organizations, establishing a well-established internal system is inevitable. EEP, as a public enterprise, expected to meet the interest of government and the general public through providing adequate supply of electricity. In order to meet its objective, the corporate governance system have pivotal role. The performance management was one of the systems designed in EEP to maximize the productivity of employees, teams and, ultimately, the organization. The objective of the study was assessment of performance management practices in Ethiopian Electric Power. The researcher deployed descriptive type of research design in order to arrive at the objective of the study. Both questionnaires and interview were used to collect relevant data. A total of 262 questionnaires distributed and 247 questionnaires were filled and returned with a response rate of 94%. Interview and secondary data like company document, reports were also used to substantiate the findings.

The researcher focused on three major parts to find appropriate and relevant information about performance management practices in EEP; namely: performance practice, performance attitude, and performance process.

The findings under performance practice indicated that there is strategic alignment between organizational and departmental goals. Employees were aware of the company's mission, vision, strategic goals, and understood their individual objective. Most employees believed that they contribute to the successful achievement of the organizations strategic goal. This would support understanding and meeting EEP's overall objective. However, ways of communication to employees when there is change in organizational objective vary from department to department. The study proved that employee performance results were not used for administrative and developmental purposes like promotion, demotion, transfer, training and high-level performances were not recognized and rewarded in EEP.

Based on the study findings, mutual agreement between the employees and superiors were not properly made and managed properly to set expected objectives and outcomes from the employee in the organization. Moreover, continuous coaching and mentoring for employees were not done adequately in the organization to achieve their objective.

During performance evaluation, subjectivity of supervisors and absence of employees' self-evaluation were the problem. Additionally, training and development practices were not considered in the employee performance result.

The PMS process from the performance planning stage to execution and final rating and evaluation stages lacked consistency and coherence. Both the system and employee understanding and attitude in implementing the PMS is not matured. Although a performance management directive that would encompass all performance management process steps prepared, all parties; employees and supervisors didn't use as stated in it.

The study also suggested that consideration of results and appropriate behavior in shaping employee attitude towards establishing effective performance management system was also inadequate. In general, the performance management practice in Ethiopian Electric Power became immature and performance-oriented culture not yet established.

5.3 Recommendations

Based on the findings of the study, the following points are recommended to promote the practice, processes and attitude of performance management in Ethiopian Electric Power.

- Understanding mission, vision, and strategic goals is very essential for a company to accompany its employee with clear direction and common agenda. Though the findings implied that most employees understood mission, vision, and strategic goals of EEP, significant number of employees still lacked awareness on these issues. Therefore, EEP should create awareness on the organization mission, vision and objective for all employees in the implementation of the performance management system. Overall, EEP as a sole provider of electric power, it should give more emphasis to translate the mission, vision and values effectively so that all other sectors shall have adequate and reliable power supply.
- The study revealed that the whole performance management process from planning, execution, monitoring to final review and evaluation steps were not fully addressed in EEP. Since planning, monitoring, evaluating and rewarding activities are directly attached to the company's strategy and day to day routines in generating, and transmitting electric power, it is essential to create a strong PMS system. Hence, EEP ought to establish a full-fledged performance management system that would cover all PMS steps and create employee understanding on this matter.
- In order to make the performance management system effective, leaders' role is indispensable. However, the study suggested that managers contribution in supporting the PMS system became insignificant. Therefore, managers support and commitment have to be ensured through providing constructive feedbacks, establishing mentoring and coaching schemes.
- Clear communication is a central part of the performance management process. The study clearly indicated that there was a communication gap throughout the PMS steps. Therefore, EEP should improve and devise a two-way communication system that would harness employee with their supervisors during planning, execution and evaluation stages. EEP should also create an environment where managers and employees discuss freely regarding performance management

system, and employees have to be part of strategy formulation so as to create a performance-oriented culture.

- The ultimate objective of performance evaluation is use of performance result for some administrative purpose. However, the study implied that so far, the performance result was not used for decision making purpose in EEP. Therefore, EEP has to deploy the performance result to administration purposes like promotion, demotion, transfer etc. Moreover, best performers have to be recognized and rewarded so that employees are motivated and can be treated based on their achievement. A reward management system scheme should also be established.
- Nowadays, automation is key to implement any activity timely and accurately. The study showed that the performance management system in EEP was not supported with information communication technology. Therefore, in order to make the routine activities simple and easier, EEP's performance management system should be backed with appropriate automation system.

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Appendix A

**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MA-PROGRAM IN HUMAN RESOURCE MANAGEMENT
QUESTIONNAIRE TO BE FILLED BY EMPLOYEES**

Dear Respondent,

I am doing my thesis entitled **“Assessment of Performance Management Practice: The case of Ethiopian Electric Power”** in partial fulfillment of the Requirements for the Degree of Master of Arts in Human Resource Management at Addis Ababa University College of Business and Economics School of Commerce.

This survey questionnaire is prepared in an effort to collect data concern on Performance Management practices in EEP. The vital aim of the study is to assess the practice of Performance Management in the organization. In this regard, the researcher seeks your honest and enthusiastic cooperation to fill this questionnaire. The information gathered will remain confidential and be used for the intended purpose only.

Please note that:

1. No need of writing your name.
2. Please indicate your answer by putting “√” mark.
3. Your cooperation to complete and return the questionnaire is highly appreciated.

Contact address: Mobile: +251912132793 email: miser51221@gmail.com

Thank you in advance, for your cooperation!

Yemisrach Gessesse

PART I: PERSONAL INFORMATION

1. Gender Male ☐ Female ☐
2. Age ☐ 18-28 ☐ 29-38 ☐ 39-48 ☐ 49
3. Current Position:☐ Manager ☐ Senior Expert ☐ Expert ☐ Junior Expert Others: _____
4. How long have you been working in Ethiopian Electric Power?
- 0-5 Years ☐ 6 to 10 Years ☐ 11 to 15 Years ☐
 ☐
- 16 to 20 Years > 21 Years ☐
5. What is your educational level?
- ☐ PhD ☐ Second degree ☐ First degree ☐

PartII: QUESTIONS RELATED TO THE PRACTICES OF PERFORMANCE MANAGEMENT SYSTEM

Please “√” one among the options given below for the following question. Assume that; (1= strongly disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly agree)

	Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	Performance Practice & Process	1	2	3	4	5
1	Performance objectives of my department are aligned with the organization' goals.					
2	I understand the other department's goals and staffs support each other in order to attain the overall organizational objectives					
3	I know my individual objectives contribute on the achievement of the overall organization's strategic goals.					

4	My superior encourages me to participate in my objective setting and its review process					
5	I clearly understand my duties and responsibilities in the organization.					
6	My department has regularly communicated employees on the change of initial objectives, standards, key accountabilities and competence areas.					
7	My superior evaluated my performance against the performance management plan which has been agreed and signed a head.					
8	Performance review is a two-way process, with both manager & employee expressing their views in my organization.					
9	Managers have the right skill and attitude to conduct formal review meeting and provide formal feedback in my organization.					
10	My performance result is used for administration and developmental purpose such as salary adjustment, promotion, demotion, termination and training need.					
11	EEP's Performance management system objectives are clearly described to me					
12	Objectives set during the performance planning stage are mutually agreed between an employee and manager in my organization					
13	My superior clearly explains to me what is the expected performance from me					
14	I continuously discuss with my superior to review and evaluate the performance result align with my plan					
15	I always receive feedbacks from my superior with coaching and mentoring					
16	The feedbacks I receive help me to improve					

	my skills, attitudes and performances.					
17	I have the opportunity to give my opinion/feedback to my superior freely					
18	My performance is rated based on the standards established in the plan					
19	Chance is given to me to assess my performance					
20	I feel that my superior is evaluating my performance consistently , fairly & freely from biasness					
21	The review process is based on the development and improvement needs.					
22	The performance assessment and review incorporates future training & development plan					
	Performance Attitude					
23	I am aware of the organization's mission, vision, strategic goal & objectives.					
24	Performance management system links with individual and organizational goals in my organization					
25	In my opinion the objective of performance review in the organization is to motivate employees, to encourage development and to serve as a two way communication about the roles and expectations.					
26	I feel that performance rating system is wastage of time and resource in my organization.					
27	Performance management system is used to communicate performance expectation of the organization in my organization.					
28	Performance Management System in my organization brings massive work and consumes much time it is better to have simple tool.					
29	Performance management makes me confused in my organization.					
30	Performance Management System is important for my success and the organization, thus it is feel good to have for me.					
31	Managers are held accountable for doing					

	effective performance rating in my organization					
32	High levels of performance are recognized and rewarded in my organization.					
33	Performance management system measures both the results and how they are achieved in my organization.					
34	I believe that the performance management system is fair and transparent					
35	Performance management system supports developmental opportunities in my organization.					
36	I feel that the performance ratings are accurate and reflect actual performance in my organization					
37	My superior is timely in doing performance management rating					
38	Performance problems are dealt with quickly and consistently in my department.					
39	Performance Standards are consistent across in my organization.					
40	Training in the performance management process is provided to employees in my organization.					

41. Please mention the major challenges of the Performance management in EEP and your proposed solution to tackle the challenges

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Appendix B

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MA-PROGRAM IN HUMAN RESOURCE MANAGEMENT

This interview is used to collect necessary and firsthand information from EEP Human resource development director, Performance and reward management manager and performance and reward management expert.

1. To what extent the strategic objectives of EEP are linked with individual performance?
2. To what extent the Performance management system of EEP achieving its intended purpose?
3. What do you feel on the practice of Performance management system in the organization? Can you mention the factors that influence the performance management process?
4. Are management members skilled enough to carry out the performance management process effectively?
5. To what extent the employees understand the vision, mission, strategic goals & values of the organization?
6. Do you think that employees are participating in performance planning, assessment& review stage of the processes?
7. What do you think are the major challenges of the Performance management in EEP??
8. What measures do you think should be taken to tackle the challenges and to improve employee Performance management system in the organization?
9. Do you have any other Comments ?

Thank You