



**The Effect of Performance Management System on Employees' Performance
(the case of Addis Ababa City Government Revenue Bureau)**

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**The Effect of Performance Management System on Employees' Performance
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**A Thesis Submitted to the School of Graduate Studies of Addis Ababa
University College of Business and Economics in Partial Fulfillment of the
Requirements for the Degree of Master of Business Administration**

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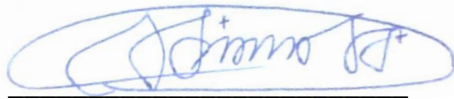
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Declaration

I Mintesinot Mulugeta declare that this thesis is my original work and it is the result of my own effort prepared under the advice of Asres Abitie Kebede (PhD). The entire sources of material used for the project have been duly acknowledged. This research project has not been submitted for any degree either in part or full in this university or any other higher institutions rather it is presented for the partial fulfillment of Degree of Masters in Business Administration.

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Certification

This is to certify that the thesis by Mintesinot Mulugeta, entitled: The effect of Performance management system on employees' performance the case of Addis Ababa City Government Revenue Bureau was submitted in partial fulfillment of the requirements for the Degree of Masters of Business Administration complies with the regulations of the university. Further, the thesis meets the accepted standard with respect to originality and quality.

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Abstract

In today's highly competitive business environment attaining the uppermost performance is an extreme desire for all organizations. On the other hand, maintaining effective organizational and employee performance require a properly managed performance management system. Empirical research evidence implies managing performance properly results in having motivated and productive workforce. The aim of the research project is to investigate the effect of performance management system on the performance of employees in Addis Ababa City Government Revenue Bureau. The study has employed a descriptive and explanatory research design through quantitative research approach. For the purpose of investigating the study both primary and secondary data sources were used and primary data were collected from employees of the organization through structured questionnaires that have five point likert-scale. The organization has a total of 6012 employees including management staff from this a sample size of 376 were selected for the study based on a simplified formula through a combination of cluster, stratified and simple random sampling technique. Once data were collected it was analyzed through SPSS (Statistical Package for Social Science). The study revealed that Goal setting, performance appraisal, feedback, reward and purpose of PMS have a significant and positive relation with the performance of employees in the organization. Finally, based on the finding determined the study recommends organizational goal should be attainable, personal goal should be aligned with organizational goal, evaluation procedures should be clear, there should be a regular discussion and feedback. Moreover, the organization should link performance achievement to reward. On the other hand, the study has limitations regarding data and other issues. Mainly, since data were collected through structured questionnaire that is provided to respondents consequently collected data were self reported that could possibly present method bias.

Key words: *Employee performance, Performance management, Goal setting, Performance appraisal, Feedback, Reward and Purpose of Performance Management System.*

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Acronyms and List of Abbreviations

AACGRB = Addis Ababa City Government Revenue Bureau

CV = Coefficient of Variance

EP = Employee Performance

F = Feedback

FAO = Food and Agricultural Organization

HRM = Human Resource Management

PA = Performance Appraisal

PM = Performance Management

PMC = Performance Management Cycle

PMP = Performance Management Process

PMS =Performance Management System

R = Reward

SG = Setting Goal

SPSS = Statistical Package for Social Science

VIF = Variance Inflation Factor

Chapter One

1. Introduction

1.1 Background of the Study

It is nothing but bad having quite a few people all in the ideal spot, however not conveying the goods and service. It has been recommended that there is a general difference in accentuation in mentality to the agreement between groups away from an agreement of employment towards an agreement for performance, and we as a whole need to perform viably. A large piece of accomplishing effective performance is getting the authoritative procedures right, however inside the hierarchical system there are the teams, gatherings and other people who accomplish the work (Derek, Laura & Taylor, 2008).

Performance management is one of the functions in Human Resource management that involves taking systematic action to improve organizational, team and individual performance. It enables performance expectations to be defined, and creates the basis for developing organizational and individual capability (Armstrong, 2010).

Derek, Laura & Taylor (2008) assert that it is a guide that encourages individuals to create, execute and assess or evaluate performance management system. Performance management is a vital part of human resource management even though errors in management performance results in poor performance management system. Managing performance is a thought that has been created to facilitate a several features, especially targets, training, appraisal and payment, so as to convey viability.

Techniques for monitoring performance exist to build up an elite performance culture and accomplish expanded institutional viability, better outcomes for people and groups, and more significant levels of skill, fitness, responsibility or commitment and inspiration. Managing performance is a proceeding with obligation regarding CEOs and team leaders. It is not accomplished by a once-a-year performance evaluation meeting. Each and every staffs are liable for dealing with their own performance yet may require direction and backing in doing so (Armstrong, 2006).

Aguinis, Joo & Gottfredson (2011) remarked that performance management aid strategic managers attain corporate objective by integrating employee's personal goal with overall organizational objective. In doing so it works as a communication mechanism related to the desired and valued behavior and associated incentives. So then, organizational culture and values realized throughout the organization work force.

According to Aguinis (2013), performance management system plays about six main roles that include strategic, administrative, developmental, organizational maintenance, documentation, and informational purposes. Usually the system used for detecting employee potential and drawback, performance feedback and control and incentives management.

Organizations that don't have proper performance management systems risk not having the option to legitimize terminations or the forswearing of advancements. Having no documentation of lacking or inadmissible execution puts the firm in danger of being on the losing side in suit or arbitration and paves the way for financial crises (Greer, 2001).

As explained by Armstrong (2006), performance management is a natural process of management and includes plan, act, monitor and review. Similarly, according to Aguinis (2009), performance management system is not a onetime process rather it is an ongoing process consists of prerequisites, performance planning, performance execution, performance appraisal, performance review, and performance renewal and re-contracting. These elements are considered as sequential stages and linked one another, and missing any one of them results in a bad and disappointing performance management system.

According to Smither & London (2009), some human resource professionals believe that their performance management system recently in practice is important to the organization. The reason behind the problem arises out of the prevailed approaches to performance management employed by a number of organizations.

Moreover, a yearly based or annual performance appraisal is only made performance management system that usually done for the sake of administrative purpose. In addition although organizations declared performance review is compulsory and managers states that they had undertaken to their employees, it found that this staffs from the same company seldom receive the appraisal (Smither & London, 2009).

Looking for the benefit and coping to the changing competitive environment at the same time having the appropriate performance management system is a headache of all organization. In addition to this mainly because of poor organizational performance, public sectors in Ethiopia is undertaking a rapid change and restructuring in all part of their operation. Addis Ababa City Government Revenue Bureau (AAGR) is among those organizations.

Standing from all these facts and reality and as to the researcher knowledge, although in one or another way the organization have studied performance appraisal and performance management process that are performance planning, implementation and review the researcher has questioned that enough investigation has been made regarding the effect relationship between the organization performance management system and employees performance. Therefore this study focus on performance management system and center on performance plan, act and review and also at the end recommendations are given for drawbacks.

1.2 Background of the Organization

Addis Ababa City Government Revenue Bureau follows back its root from ERCA in 2010. The Revenues and Customs Authority of Ethiopian (ERCA) is the organization in charge for collecting income from customs duties and local taxes. Also rather than raising income, the ERCA is capable to shield the general public from antagonistic impacts of smuggling. It seizes and makes lawful move on the individuals and vehicles engaged with the demonstration of smuggling while it encourages the authentic development of products and individuals over the border. The ERCA formed in July 7, 2008 because of the unification of the Ministry of Revenues, the Customs Authority of Ethiopian and the Federal Inland Revenues into one large institution.

Offering the premise to present day duties and customs organizations, avoid through formality or maintain a strategic distance from pointless and excess techniques that outcomes delay and are viewed as unnecessary cost and so forth are among the main reasons for the merger.

If we look in to Human Resource Management practice in Addis Ababa City Government Revenue Bureau we found that the Bureau is governed by the federal civil service proclamation no 1064/2010 and it bases on BSC principles to measure the organization and employee performance. The performance management procedure start with the broad organizational objective then this plan will be cascaded down to the individual level that will be used at the end

as a performance standard. Once the plan has cascaded each employee make his/her own plan for day to day activities that will help him/her to achieve quarterly and annually cascaded plan. Moreover, in a weekly base each team within the organization evaluates and made a performance review discussion on progress of their targeted plan with 1 to 5 member's arrangements.

1.3 Statement of the Problem

Achieving the highest return and/or maximizing profit on top of this reaching the uppermost performance is the key concern of all organizations. On the other hand, keeping organization performance high and effective employee performance management needs a properly structured and properly implemented performance evaluation system. A well-managed performance management practice will obviously leads to more creative, motivated and fruitful employees and achieving overall organizational objective.

Smither & London (2009) states that poor execution or a lack of authentic management dedication is may be the reason for performance management and appraisal system failures in life of the organizations.

According to Armstrong (2009), lack of organizational agreement about clarity of purpose, main concerns or standards, or a divergence between values and actual behaviors are the resulting serious issues when the performance management system is not providing that are likely to be reflected.

As explained by Aguinis (2009), in order to execute performance management there are two most significant prerequisites. One of this is understand the strategic goal and mission of an organization. The other one is understand the job being inconsideration. Employees will set up their own goal once the organization established the strategic goal and cascaded down to departments.

On continual manner and all over the year supervisors and managers appraises their subordinates on the ground of formulated targets and then they will give appropriate criticism, feedback and decision regarding development and/or training in accordance with plan-act-review phases of the performance management system.

The performance review stage involves the meeting between the workers and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion

(Armstrong, 2006). Though this is the procedure, in the targeted organization the researcher observe through documents and employees complain that supervisors and managers lack the proper capacity to undergo the evaluation process from starting setting SMART goal/ plan, implement, evaluate and review phases of the performance management system.

Addis Ababa Revenue Bureau is one of the largest government institutes that have the authority to collect tax on behalf of the city government of Addis Ababa. Since its establishment trace back to ERCA (Ethiopian customs and Revenue authority) the institution has been implementing different performance management system (PMS) tools such as BPR and BSC in order to strengthen the administration capacity to effectively manage employee performance and so then to accelerate revenue collecting system at most.

Although the organization implements different performance management approaches still there are problems that hinder the performance of the organization. Among this the performance management processes for instance; setting goal, performance evaluation, reviewing and feedback that often takes place without the participation and engagement of employees, performance appraisal techniques lacks objectivity and transparency and etc.

Besides to that although many scholars who studied performance management suggest that there should be a logical link between the performance appraisal and reward that means the purpose and aim of performance management should be rewarding good performers and discouraging those poor performers, the researcher observe that both a high and low performers rewarded in similar manner which demoralizes hard workers. On top of this the researcher has also made an informal discussion with the subordinate employees regarding the effect of the performance management system and he himself has also found that appropriate and regular communication and feedback should be the basic ingredients in the organization Performance management system.

Moreover, some other indicators of performance management system problems such as; clarity in evaluations and supervisors capacity initiate the student researcher to come across how those activities in the performance management system (goal setting, performance appraisal, feedback, reward and purpose of performance management system) can affect the performance of employees in the organization.

1.4 Research Questions

In light of the pre mentioned sign of problems and having those in mind the researcher attempt to answer the main research question that is; what is the effect of performance management system on employee's performance.

More specifically, the study attempt to answer the following questions:

- What is the effect of setting goals on employee's performance?
- Does performance appraisal affect employee's performance?
- What is the effect of feedback on employee's performance?
- Does reward affect employee's performance?
- To what extent does the purpose of performance management system affect employee's performance?

1.5 Objectives of the study

In order to answer the research questions, the researcher has developed the main and specific objectives. The main objective of the study is to examine the effect of Performance Management System on the performance of employees in Addis Ababa City Government Revenue Bureau.

On the basis of the main objective the specific objectives are formulated as follows:

- ☛ To examine the effect of setting goal on the performance of employees in Addis Ababa City Government Revenue Bureau (AACGRB).
- ☛ To investigate the effect does appraising performance have on the performance of employees in AACGRB.
- ☛ To find out the effect feedback has on the performance of employees in AACGRB.
- ☛ To look at the effect does reward has on the performance of employees in AACGRB.
- ☛ To examine the effect of purpose of performance management system on the performance of employees in AACGRB.

1.6 Significance of the Study

In today's competitive working environment the performance management plays an enormous role and it is one of the corporate issues that concern executives in conveying the desired organizational outcome. Mainly this paper can assist employees, managers and peoples that have

stake in performance management system through giving valuable comments that could possibly improve the overall performance management system of the organization.

The study has also suggest vital recommendations after examining the effect that the system has on employees performance thoroughly and pave the way for the organization to reassess the current performance management system again and again with the intension of making the most of advantage. On top of this it is likely to add knowledge to the current understanding of the field and used as a reference for other researches.

1.7 Study Scope and Limitation

Performance management can be implemented in any kind of organizations weather it is private or not profit making or not. However the scope of the study is delimited to the practice of performance management system (Goal setting, performance appraisal, performance feedback, reward & purpose of PMS) in all branches of Addis Ababa City Government Revenue Bureau. The study gives due emphasis to problems associated with the purpose of performance management system and performances management process which include plan, act and review of performance. Regarding the methodological scope of the study, its time horizon is limited to single time period, therefore it is a cross sectional study.

Because of the current circumstance that is caused by Covid-19 virus on our province and more particularly Addis Ababa city which is the examination target area, the researcher had face issues while gathering data from the respondents. Subsequently, data collection process was difficult and very short time was left for investigation. Moreover, financial problem and an interrupted internet are the fundamental constraints that the student researcher had experienced.

1.8 Organization of the Paper

This research study is consists of five main chapters that are arranged consecutively. The first chapter is an introductory chapter that comprises background of the study, background of the organization, problem statement, the research questions, objective, significance, delimitation and limitation of the study. The next chapter discusses about the literature review. The preceding chapter talks about the methodology of the study. The Data presentation & analysis has taken the fourth chapter. Finally, the fifth chapter presents conclusions and recommendations on the basis of the research findings.

Chapter Two

2 Literature Review

2.1 Introduction

So far in the preceding chapter, the researcher have discussed background of the study, statement of the problem and research questions, research objective, significance, scope & limitation of the study and organization of the paper. Here in this chapter definition and concept of Performance Management, the historical development of performance management, theories of Performance management, its aim & purpose, its process, PMS & reward, characteristics is discussed and empirical evidence related to the study and conceptual framework is made.

2.2 Definition and Concept of Performance Management

Performance management has been studied by different researchers in different point in time, and various scholars have defined it through their own ways and perspectives. Here some of the definitions and concept are discussed.

According to Armstrong (2006), performance management is an organized cycle for advancing the performance of an organization by developing the performance of employees and teams within the organization. It is a mechanism for ensuring improvement in results from the organization teams and people by being aware and administering the performance inside an agreed structure of expected; objectives, standards and ability needed.

Lussier and Hendon (2017) have explained performance management as a cycle of identifying, measuring, overseeing, and building up the performance of employees inside an organization. It is a systematic examination and performance assessment of the employees that applied to advance the performance of employees though time. On the other hand another author Kandula (2006) sates performance management is the way of designing and executing strategies, motivation, interfere and guides that aspire to change the unutilized capability of human capital to performance.

From Aguinis (2009) point of view performance management is explained as a continual cycle of recognizing, measuring, and building up the performance of persons and teams and adjusting performance to the key strategic objective of the organization.

The above definition by Aguinis (2009) has two main components.

- ☛ Continuous cycle (process): Managing performance is continuous. It includes an endless cycle of setting or defining goal and objectives, noticing performance, and giving and accepting continuous mentoring and feedback.
- ☛ Aligning performance with strategic goal: Management of performance necessitates that managers guarantee that workers' exercises and yields are compatible with the objective of the organization and, thus, ensure the benefit of competitive advantage has maintained in the organization.

Performance is in fact frequently viewed as just the results accomplished or a record of an individual's achievements. Similarly, Kane (1996) contended that performance is something that the individual has done in the past that prevail apart from the reason.

Performance management is one the functional and the challenging area of human resource management. This notion is supported by Pulakos (2009) that states performance management as the Achilles Heel of human resource management and it is the most challenging Human Resource framework to apply in the organization. Hartog, Boselie & Paauwe (2004) further explain such difficulty as it cares about the difficulties organization encounters in defining, estimating, and initiating worker performance with a definitive objective of advancing organizational accomplishment. Therefore performance management includes various degrees of examination and is obviously connected to the contents studied in the strategic HRM and performance evaluation.

In nut shell, performance management is just more than performance appraisal that is a framework which includes employee's assessment once every year regardless of the attempt to provide a continual coaching and feedback. As a substitute it is much broader than and encompasses the performance evaluation system. Furthermore standing from the above definitions one can say that performance management is allied with the Strategic Human Capital Management and more to the Strategic Management that is necessary in any organization in order to link the individual employees' effort to the largest corporate objective so as to achieve the mission and vision of an organization.

2.3 Historical Development of Performance Management

Historically performance management has been developed and passes through numerous theories. Also a lot of researchers have been explained performance management standing from their own view point. Few explanations in relation to the historical development of performance management are summarized here under.

As remarked by Bayon (2013), the early foundations of performance management structure can be followed to the scientific and classical approaches and then after the human relations management school. Also added, that the scientific management approach was the result of growth in the industrial revolution. It was a framework that endeavored to create methods of escalating productivity and to plan strategies for inspiring employees to exploit these labors saving method.

On the other hand some trace the Wei Dynasty of china as early introducers of the performance review. For instance, according Jain & Gautam (2014), the emperors of the Wei Dynasty (AD 221-265) in China had an ‘Imperial Rater’ whose assignment was to assess the action of the official family. They also reminded that later on; Ignatius Loyola (1491-1556) set up a framework for the formal rating of the individuals from the Society of Jesus.

Armstrong (2000) has remarked that currently the notion of performance management has been one of the most significant and positive advancements in the process of human resource management. As to Armstrong (2000), the expression performance management was first introduced by Beer & Ruh in 1976. However, it didn't get perceived as a unique approach until the mid-1980s growing out of the acknowledgment that a more continuous and coordinated approaches was required to administer and reward achievements.

Traditionally, determining salaries and wages of employees were restricted in the notion of performance management. Moreover in the past organizations utilized performance management to direct the behavior of workers with the goal that a particular result can be accomplished. But, most organization did not sustain such a reward driven ways to performance management. Additionally, traditional organizations have similarly begun getting knowledge intensive for the manufacturing process which is highly technological (Jain & Gautam, 2014).

Nowadays, the notion of performance management take the shape of a broad and complete process of management as human capital management becomes more and more formalized and somewhat expert oriented. Moreover, the competitive advantage, technology and other dynamic issues are hastening the growth of performance management. Consequently, continuous monitoring and review, talent management and management by objectives (MBO) are among the advancement in areas of performance management.

2.4 Theories of Performance Management

This study center on examining the effect performance management system has on employee's performance by emphasizing on the process that are plan, act and review and the purpose of performance management system. Consequently, it is important to review the supporting or underpinning theories of performance management that well reflect theoretical view of the variables in this study.

Performance management roots its main theoretical foundation from social psychology and it include performance appraisals which is normally a formal activity and a critical function in organizations taken by human resource management practices. There are several underpinning theories that maintain the performance management concepts. The researcher considers Goal-setting theory (Latham and Locke, 1968) and Expectancy theory (Vroom, 1964) for best reflect the study.

2.4.1 Goal Setting Theory

Goal-setting theory which is developed by Latham and Locke in (1968) is based on the premises that individual goals that established by the employee him or herself help a lot for the higher performance. It involves setting specific, measurable, realistic and time bounded objectives. Goal setting theory emphasizes that people with unambiguous and difficult goals will execute better than those with unclear goals. Also the feature of performance management which is a harmony between objective, feedback and review is holds by the Goal-setting theory (Locke and Latham, 2002).

2.4.2 Expectancy Theory

Expectancy theory by Vroom (1964) express that workers will be initiated and committed to work hard if they expect their exertion will prompt to superior performance. The Expectancy

theory emphasize the requirements for an organization to relate pay simply to the performance and to guarantee that the reward offered are such type of reward that are expected by beneficiary.

This theory assumes that employees have various sets of personal goal and they will be motivated if they maintain some expectations. It is based on options that have two orderly made expectations. That expectation shows the association between effort, performance and outcome or can be infer as reward. Therefore the effort exerted by an employee will lead to performance; this performance in return direct to reward.

2.5 Aims and Purposes of Performance Management system

According to Armstrong (2006), the general aim of performance management is to set up a superior work culture in which people and teams assume liability for the persistent improvement of business processes and for their individual abilities and role inside a system that effective management offered. He also adds its main aim is to emphasize on employees action that goes in the right direction through accomplishing clarity in the objective.

If it applied well Performance management can prompt significant advantages for an organization. For instance, an organization with a systematic and structured performance management system are 51% can possibly have high performance concerning financial results than others and 41% have more additional high performance regarding employee retention and satisfaction on customer and other vital factors (Cascio,2006).

Moreover, Pulakos (2004) remarked that there are some promising gain that successful performance management offers that may incorporate; clarifying work duties and targets, increasing employee and teams performance, providing coaching and feedback for employees to building up workers capabilities to their highest level, directing behavior to line up with the organizations strategy, core values and goals; creating a foundation for making decision regarding human capital activities such as reward (salary) and enhancing relation/contact among managers and employees. More importantly regardless of the challenge, it is a basic tool for super performing organizations, and the most significant duties or responsibilities of manager.

Similarly, Aguinis (2009, p.15) remarked that “performance management systems can serve the following six purposes: strategic, administrative, informational/communicational purpose,

developmental, organizational maintenance, and documentation purposes.” Now we will discuss each of them in brief.

☛ **Strategic Purpose**

Performance management system serves as a link between employee’s personal goal and organizational goal and it motivate employees’ behavior that is consistent with the achievement of the strategic objective. In doing so the system acts as a communication tool for the strategic business plan. Moreover, the performance management system allow new employee to be familiar with the organizational culture and values by facilitating: the inducting, socializing and learning process of the behavior and output that are most likely valued and rewarded.

☛ **Administrative Purpose**

The other main function of Performance management system is providing information’s for the administrative decision purpose that are accurate and useful regarding employees. For example administrative decisions involve adjustments of salary, promotions, workers retention or turnover, recognition of higher individual achievement, identification of poor performers, layoffs, and increases of merit (Aguinis, 2009).

☛ **Informational/Communicational Purpose**

Performance management let employees know how they are doing in the organization. It informs what the organization and supervisor expectation and possible performance improvement areas that is most important.

☛ **Developmental Purpose**

As explained by Gómez-Mejía, Balkin & Cardy (2016), a developmental function of the performance management system, that are intended for enhancing workers achievement and reinforcing their work related abilities embrace; giving criticism and feedback, providing advice to employees regarding behavior required for effective work and providing them learning opportunities basically training and development.

☛ **Organizational Maintenance Purpose**

Information that is used in work force planning is the function that is provided by the Performance management system. Set of frameworks that organizations to forecast and react to

need happens inside and outside the organization, to decide on priorities and to place the right work force to the right place that makes work force planning.

☛ **Documentation Purpose**

The sixth purpose of performance management system is documentation. According to Aguinis (2009), organizations can collect and accumulate several useful information that can be used for the documentation purpose through performance management system. The performance management system validates testing the new selection instrument by correlating test scores with the scores collected through performance management system. In addition, the critical administrative decisions that may in particular necessary for lawsuit can be documented through performance management system.

2.6 Process of Performance Management system

Performance management is a natural cycle of management. It can't be seen as a method of human capital management. It's the way toward making a workplace or setting where individual employees are empowered to perform effectively (Armstrong, 2010). Furthermore Armstrong (2010, p.260) explained PMC "As a natural cycle of management the Performance management cycle matches with William Denning's (1965) Plan-Do-Check-Act framework." This cycle encourages the accomplishment of the corporate objective by assimilating of the corporate, departmental, functional, group and individual goals.

As stated by Aguinis (2009), and shared by several authors performance management is a persistent cycle in that it not a onetime process or not happen yearly rather it is sort of a closed loop system and has its own elements and these loop have six phases that are: prerequisites, performance planning, performance implementation/execution, performance appraisal/evaluation, performance audit/review, and performance renewal and re-contracting. These parts are firmly identified with one another and improper execution of one of these harshly affects the overall system.

2.6.1 Prerequisites

According to Aguinis (2009), prior to executing the performance management system there two critical prerequisites required by organizations; which are:

- "Knowledge of mission & strategic goals of the organization's" and
- "Knowledge of the work in question."

The strategic planning process creates knowledge of the organization's mission and strategic goals. Reciprocally the strategic planning process results once a corporation set mission and vision statement. These strong relationship between the strategic planning, mission and vision statement result in knowledge on the organization strategic goal and mission that allow an organization to unmistakably characterize its purpose behind the existence, where it needs to be later on, the objectives it's to accomplish, and the strategies it will employee to achieve these objectives. Once the strategic goal had established the departmental and individual goals are going to be cascaded downward that support the objectives of the organization (Aguinis, 2009).

On the other hand, understanding job in question is enabled through choosing on the most work packages of a given work that incorporate processes, products, tasks and services that generally referred as the job analysis.

2.6.2 Performance Planning

In the planning phase reviewing performance expectations which are expected behavior and results expected to achieve in the forthcoming period from employees are an important activity that should be made at the start of the performance management cycle (Pulakos, 2004). This notion is supported by Tyson (2006) that state the initial step in the performance management is to define the requirements for effective performance in order to provide the criteria without which sound and systematic judgments cannot be made.

Moreover, as remarked by Aguinis (2009), the pre-review argument on performance planning or reviewing the standard of performance is consists of consideration on behaviors, results and development plan. This plan includes identifying parts that necessitate correction and setting goals to be achieved in each part.

2.6.3 Performance Execution

At the performance execution stage employees begin to act or display as per the behavioral expectation made earlier and attempt to turn out the expected results and also to execute the developmental plan.

The subsequent aspects must appear at the performance execution phase commitment to goal achievement, ongoing performance feedback and coaching, communication with supervisor, collecting and sharing performance data and preparing for the performance reviews.

The fact that performance execution is the main responsibilities for employees, supervisors should take their part in the job. Some of the duties expected from supervisors are: Observation and documentation, updates, feedback, resources and reinforcement.

2.6.4 Performance Assessment

In the performance assessment stage appraising how much the targeted or the desired result has been achieved and the degree to which the expected behavior is exhibited is a liability for managers and employees mutually. It is a responsibility for both managers and employees to assess the performance of employees. Employee's commitment and ownership to the system will enhance as result of the active involvement of employees throughout the process (Aguinis, 2009). Furthermore, the performance assessment gives a very significant issue that has to be examined at the time of performance audit.

Performance appraisals necessitate the capacity to rate on performance, and the right decision making ability involves utilizing specific standards, thinking about just applicable facts, consolidating likelihoods in the right weight and excluding projection (Smither & London, 2009).

2.6.5 Performance Review

Performance audit or review look at what already accomplished and standing from this it set up what additional things should be done and whichever remedial activity needed if performance is not as per standards. This phase is where a harmonious relationship between employee and evaluators upholds and a stage where the flow of information is take place (Armstrong, 2010).

According to Aguinis (2009), in the performance review stage there is a discussion or sometimes called the appraisal meeting that is a discussion between the supervisor (managers) and an employee held to examine their assessment. The discussion is highly critical since it allow employees to receive feedback in a formal way concerning their performance. Because of the challenge faced by managers specially when there is a deficient in performance these meeting is also considered as the Achilles' heel of the overall process and that is why it is regarded as the central stage in the performance management cycle.

2.6.6 Performance Renewal and Re-contracting

The renewal and re-contracting stage of performance is the last phase in the performance management process. Though this renewal and re-contract stage involves similar parts as the performance planning stage, it essentially utilizes the insights and information obtained from other stages. For instance, there may be unrealistic goal that does not take consider the business context that needs renewal and re-contracting.

To sum up, recall that performance management is a continuous process in that it starts with prerequisites and end up with the performance renewal and re-contracting. The business context in which organizations operate is turbulent as a result there is a continual change in the environment and irregular customer demand for goods and services rendered by the organization. This in turn necessitates the discussion of prerequisites that are discussion on strategic goal and mission. Therefore, the performance management system ensures and upholds that the strategic objective has attained.

2.7 Performance Management System and Reward

Organizations establish performance management system with the expectation of achieving important goals especially in association with managing human resource. According to Lawler (2003), reward is one possible determinant of performance management system viability in that how firmly the results of the performance management system are attached to rewards. Moreover, the absence of consideration regarding this effect is especially articulated with regards to the issue of utilizing performance management system to eliminate employees with poor performance.

As stated by Clark (2005), performance management system won't be successful with regards to achieving superior performance against targets except employees deliberately act in manners seen as being well on the way that is likely to accomplish the goals. Both Goal-setting and expectancy theory highlights the significance of ensuring that staffs settle on this decision, however each takes a different course in portraying what makes this be happen. Expectancy theory determines the need to attach performance results to rewards that are esteemed by workers of the goal of itself; as a result there will be an intrinsically based motivation.

2.8 Characteristics of Performance Management

As remarked by Armstrong (2006), performance management is an arranged cycle of which the essential components are: agreement, measurement, feedback, positive reinforcement and dialogue. It is worried about measuring results looking like delivered performance contrasted with desires expressed as goals. In this regard it centers on targets, expectations and performance measures or markers. It depends on the agreement of role necessities, objectives and performance improvement and individual development plans. It gives the setting to continuous dialogues about performance, which includes: the joint and proceeding review of accomplishments against targets, requirements and plans. It is also stress about the values and inputs. The inputs are the skills, knowledge and behavior needed to create the desired outcomes.

Performance management is a permanent and flexible cycle that includes administrators and those whom they administrator perform as partners inside a system that planned how they can best cooperate to accomplish the necessary outcomes. It depends on the principle of management by contract and agreement instead of the management by order. It depends on agreement and participation instead of control or pressure (Armstrong & Baron, 2005).

Moreover, it functions as a persistent and transformative cycle, in which performance improves as time goes; and gives the premise to regular and repetitive communication among supervisors and employees concerning performance and growth needs. It is principally stressed about individual performance yet it can similarly be applied to teams.

2.9 Empirical Literature Review

For many years various researches that examine the link between the performance management system and employee performance has been undertaken by different researchers. Here in this part few of these researches are discussed.

Ngugi & BUla (2019) has conducted a study on the link between performance management system and performance of employee in selected public schools in Kiambu County, Kenya. The study particularly targets on finding the effect of goal setting on employee performance with in the study target, selected public schools in Kiambu County, Kenya.

In carrying out the study, the researchers employ a descriptive research design. Data was analyzed via means, standard deviations, percentages and frequencies. The researchers found that employee's performance is significantly and positively influenced by competency based assessment, goal setting, career planning and continuous feedback in the school. Finally, the study suggests that it is necessary to set realistic goals and ongoing, accurate, procedural, well time and clear feedback to advance the progress of employee performance.

Similarly, Gumus, Queensley, Hafsat & Shagari (2020) examine the effect of performance management on employee productivity with the focus in the Nigerian Bag Manufacturing plc located in Lagos, Nigeria. The study employed a combination of descriptive and survey research design and analysis was made through multiple regression statistical apparatus. The study found that employee productivity significantly affected by coaching and mentoring in Bag Manufacturing Company, Lagos.

On the other hand, Maina (2015) had made a study which is carried out to analyze the effect of Performance Management system has on the performance of employees by targeting FAO. The research utilizes a descriptive research approach and data analysis was made through SPSS (Statistical Package for Social Sciences) using percentage and frequency distribution. According to the study, the PMS system should have inputs from staffs through the involvement of employees. It also should have an appropriate monitoring arrangement and should reward employees with high caliber and more importantly the right communication and formal reporting should be the emphasis of the performance management system.

A research carried out by Tshisikhawe (2019) investigates to what extent does the performance management system impels the productivity or performance of employees. The center of the study was limited to Eskom Komati Power Station, South Africa. Alike to the above studies, this study adopts a descriptive research approach and the collected data were analyzed through descriptive statistics using SPSS. The research revealed that the performance management system at Eskom has a significant and positive effect on employees' performance.

More specifically, performance appraisals, feedback, human resource development system (training and development) and reward (rewarding good performance and discouraging poor performers from reward) have significantly influence employee productivity at Eskom Komati Power Station, South Africa.

Likewise Wondwossen (2017) examines the effect of performance management practice has on performance of employees with particular focus on Assai public school at Addis Ababa, Ethiopia. In order to investigate this relationship the study employed an explanatory research design. The study used a census survey and the analysis was made through statistical tools that are mainly correlation and regression analysis. As per the study, employees participation in performance planning, knowledge of managing performance, performance evaluation (appraisal), applying performance management, feedback and recognition more generally those dimensions of performance management activities have a positive and significant effect on employees' performance.

Moreover, the study also indicates that employee involvement in performance planning understanding/knowledge of performance management and uses of performance management in particular has insignificant relationship with employees' performance. Finally, the researcher recommends that the organization should carry out the basic foundation which is knowledge of performance management in advance to apply PM, PM usage should be up-to-date and organization should ensure that employee participation in the plan-act and review process of performance management is maintained.

Yohannis (2016) studied the effect performance management system has on the performance of employees'. The study was made on the Commercial Bank of Ethiopia by taking the banks districts located in Addis Ababa, Ethiopia. In examining the study, the researcher uses an explanatory research approach. Data were collected through structured questionnaires and

examined through SPSS. The effect relationship between the variables were examined through regression analysis in SPSS and it implies that setting objectives, coaching, appraisal and evaluation have a significant and positive impact on the performance of employees' whereas, feedback has a negative effect on employees' performance. Based on the study, the researcher concludes that the performance of employees' at the bank is positively affected by the performance management system of the bank.

A similar study conducted by Meklit (2017) investigates the effect does performance management system has on the performance of employees' of the Prison Fellowship Ethiopia JFA-PFE. The methodology of the study revealed that combinations of descriptive and causal research method were followed. As to the study a self administered questionnaires were used to collect data and analysis was conducted through SPSS. The finding of the study revealed that performance of employees' has a significant and positive relationship with the performance planning, reward system and performance feedback. In particular, based on the finding obtained from regression output feedback and performance planning takes the major contribution in the effect relationship.

2.10 Conceptual Framework

As explained by Liehr & Smith (1999), the conceptual framework shows an incorporated perspective on issues under examination. From statistical point of view as stated by Grant and Osanloo (2014), the conceptual framework depicts the connection between the core ideas of an investigation. In order to assist presenting visually and displaying a clear picture of how issues under an examination identify with each other, the Conceptual frame work is ordered in a logical or sensible structure. Standing from this point as it can be shown here under, the student researcher has constructed the conceptual frame work diagram that depicts the logical relationship between the independent and dependent variable.



Figure 2.1: Conceptual Frame work adapted from Zhang, Y. (2012).

The above research model was adapted from Zhang, Y. (2012) that agrees with reviewed literature in that PMS has a significant effect on employees' performance. As depicted above the conceptual frame work that shows factors such as Goal setting, performance appraisal, feedback, reward and purpose of performance management system which are considered as components of performance management system and the factors that affect employees' performance in the organization. The diagram also reflects how the theoretical bases of the study that are the Goal setting and expectancy theory well reflect PMS factors. According to goal setting theory and earlier researches, the performance planning/goal-setting component of the PMS would increase subsequent effort, and would improve employees' performance due to the sessions leading to greater role clarity. And expectancy theory shows the association between effort, performance and outcome or can be infer as reward.

2.10.1 Variables

In order to undertake the research project, variables are extracted from the literature review. In particular those variables are drawn following the process of performance management system and the purpose it holds.

2.10.1.1 Dependent Variable

The study aims to analyze the effect performance management system has on the performance of employees. Therefore **Employee performance** is the dependent variable.

2.10.1.2 Independent Variables

The researcher extracted four independent variables to see their effect on employee performance. As illustrate in the figure above the variables are **Goal Setting, Performance Appraisal, Feedback, Reward and Purpose of Performance Management System** which are the main activities in the performance management system.

<u>Independent Variables</u>
☛ Goal Setting
☛ Performance Appraisal
☛ Feedback
☛ Reward
☛ Purpose of PMS

<u>Dependent Variable</u>
☛ Employee Performance

2.11 Research Hypothesis

The study intended to examine the effect of performance management system on employee performance. In order to see the relationship the researcher set the following hypothesis.

H_a There is relationship between Performance Management System and Employee Performance.

H_{a1} There is relationship between Setting Goal and Employee Performance.

H_{a2} There is relationship between Appraising Employee Performance and Employee Performance.

H_{a3} Feedback and Employee Performance has relationship.

H_{a4} Rewarding Performance has relationship with Employee Performance.

H_{a5} There is relationship between Purpose Performance Management System and Employee Performance.

Therefore the multiple regression equation will be;

$$\bullet EP = \alpha + \beta_1 SG + \beta_2 PA + \beta_3 F + \beta_4 R + \beta_5 P + \epsilon$$

Where:

EP - Employee Performance

SG - Setting Goal

PA - Performance Appraisal

F - Feedback

R. Reward

P – Purpose of PMS

ε- Stochastic Error term

Chapter Three

3. Research Design and Methodology

3.1 Introduction

Here in this chapter the research design and methodology that is employed in the study are discussed. The chapter embraces research design of the study, research approach, the types and sources of data, target population, sampling technique and determination, data collection method, soundness of measurement, method of data analysis and the time scope of the study.

3.2 Research Design of the study

According to Sekaran & Bougie (2016), research design is an outline or blueprint for the gathering, measurement, and investigation of data, made to respond to the study questions. Research design has integrated matters that incorporate choices regarding the strategy of research (for example, case studies, surveys, experiments), how much the examination is controlled and compelled by the examiner (level of interference by researcher) target area in other words the investigation setting, to what extent data will be analyzed and time sphere or scope of the study.

Likewise Kothari (2004) defines research design as: a research design is the plan of conditions for assortment and analysis of data in a way that means to consolidate importance to the research purpose with economy in procedure. In addition, the research design is the theoretical structure inside which research is conducted that comprises the outline for the assortment, measurement and analysis of data.

As it has mentioned previously the objective of the study is to investigate the effect of performance management system on the performance of employees in the organization. Therefore in order to investigate the effect relationship in detail regarding the problem the researcher has adopted a descriptive and explanatory research design by employing quantitative methods.

According to Sekaran & Bougie (2016), descriptive research studies are those sorts of researches that have an interested in describing the attribute of a particular individual, and or of a group. According to Kothari (2004, p.2) “the interest of descriptive research is the portrayal of the situation as it looks at present.” On the other hand in an explanatory research, the examiner

controls the predictor variable to see the influence of such manipulation on the dependent variable and to give an explanation for that effect. Therefore, the study employed a descriptive research design in order to present the facts and an explanatory research design to manipulate variables in the performance management system that affect the employee performance through correlation and multiple regressions.

3.3 Research Approach

The study employs a quantitative research approach. As explained by Kothari (2004, p.5), ‘a quantitative research approach involves the generation of data in numerical form which can be exposed to rigorous quantitative analysis in a rigid and formal fashion.’ Similarly, according to Babbie (2010), quantitative approach can be described as concerning a collection of numerical data and as presenting a view of the association between theory and studies as a deductive and objectivist outset of social reality, with a preference for a mutual science approach.

3.4 Types and Sources of Data

For the purpose of data analysis both primary and secondary data were used. Primary data were collected through structured questionnaires from both supervisory and non supervisory employees of the Addis Ababa City Government Revenue Bureau. The secondary data were studies made previously, articles, books, annual HR reports, the organization PA tools, and others.

3.5 Target Population of the Study

The target populations of the study are employees of Addis Ababa City Government Revenue Bureau who works in different position (supervisory and non supervisory) and since all the employees are subjected to performance management system the study will target all of them. Therefore the sampling frame was the total 6012 employees. The target populations were dispersed throughout the head office and branches of the organization located in Addis Ababa. The organization totally has One (1) head office and fifteen (15) branch offices. (See Table 3.1)

3.6 Sampling Techniques

As mentioned above the sampling frame has encompassed all employees of the organization from various work position. Those employees were located indifferent branches and head office which are geographically dispersed. For these reason the researcher consider the head office and

branches as a cluster which further stratified in to two based on the supervisory and non supervisory staffs category of strata. The organization has a total of 6012 employees out of this 1059 are in managerial/supervisory/ position the remaining are a non-supervisory staffs. Here managerial in essence team coordinators, work process administrators, branch managers and directors who have supervisory right in performance management system. Therefore in order to make the population homogeneous, strata's are sub divided in to managerial/supervisor/ and non-supervisory sub category.

A combination of cluster, stratified and simple random sampling techniques were employed in the study. Cluster sampling used for properly managing geographically dispersed population of the organization. Stratified random sampling is a sampling mechanism that draw sample once the total population is classified in more pertinent and homogeneous strata based on one or more specified distinctiveness so the sample is drawn proportionally from each stratum. Stratified random sampling ensures samples is likely to be representative of entire population, hence samples are drawn proportionally from strata's.

The researcher determines the Sample size by employing a Simplified formula for Proportions provided by Yamane (1967:886) that's a simplified formula to compute sample sizes. A 95% confidence level, level of precision = 5% and 0.5 degree of variability.

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

$$n = \frac{6012}{1+6012(0.05)^2} = 375.05$$

$$n = \underline{\underline{376}}$$

Where: N = Total size of Population e = Level of precision

n = Sample size

The total determined sample size is proportionally allocated to stratum (See table 3.1) on the bases of

subsequent formula: $nh = n \left(\frac{NH}{N} \right)$

Where; nh = Stratum Allocation

n = Sample Size

NH = Stratum Population

N = Total Population

Or $i = n * pi$

Where: **i** represent Stratum

Pi stand for the proportion of population included in stratum **i** and

n symbolize the whole(total) sample size,

- At the time of questionnaires distribution, sample sizes with decimal numbers are approximated to the closest or nearest number.

Table 3.1: Total Population and Sample Size Determination

Cluster No	Clusters	Population Size		Population Proportion(%)	Sample Size	Total Sample Size	
		Total	Stratum				
1	Head Office	272	Supervisors	68	1%	4.25	17.01
			Non-Supervisors.	204	3%	12.76	
2	Large Tax Payers Brach office	201	Supervisors	53	1%	3.31	12.57
			Non-Supervisors.	148	2%	9.26	
3	Addis Ababa No1 Medium Tax Payers Branch Office	380	Supervisors	53	1%	3.31	23.77
			Non-Supervisors.	327	5%	20.45	
4	Addis Ababa No2 Medium Tax Payers Branch Office	366	Supervisors	55	1%	3.44	22.89
			Non-Supervisors.	311	5%	19.45	
5	Merkato No1 Medium Tax Payers Branch Office	392	Supervisors	64	1%	4.00	24.52
			Non-Supervisors.	328	5%	20.51	
6	Merkato No2 Medium Tax Payers Branch Office	451	Supervisors	57	1%	3.56	28.21
			Non-Supervisors.	394	7%	24.64	
7	Addis Ketema Sub City Small Tax Payers Branch Office	381	Supervisors	66	1%	4.13	23.83
			Non-Supervisors.	315	5%	19.70	
8	Bole Sub City Small Tax Payers Branch Office	491	Supervisors	71	1%	4.44	30.71
			Non-Supervisors.	420	7%	26.27	
9	Kolfе Sub City Small Tax Payers Branch Office	454	Supervisors	83	1%	5.19	28.39
			Non-Supervisors.	371	6%	23.20	
10	Nifas Silk Sub City Small Tax Payers Branch Office	438	Supervisors	78	1%	4.88	27.39
			Non-Supervisors.	360	6%	22.51	
11	Kirkos Sub City Small Tax Payers Branch Office	408	Supervisors	68	1%	4.25	25.52
			Non-Supervisors.	340	6%	21.26	
12	Lideta Sub City Small Tax Payers Branch Office	311	Supervisors	66	1%	4.13	19.45
			Non-Supervisors.	245	4%	15.32	
13	Gulele Sub City Small Tax Payers Branch Office	344	Supervisors	66	1%	4.13	21.51
			Non-Supervisors.	278	5%	17.39	
14	Arada Sub City Small Tax Payers Branch Office	370	Supervisors	71	1%	4.44	23.14
			Non-Supervisors.	299	5%	18.70	
15	Yeka Sub City Small Tax Payers Branch Office	383	Supervisors	77	1%	4.82	23.95
			Non-Supervisors.	306	5%	19.14	
16	Akaki Sub City Small Tax Payers Branch Office	370	Supervisors	63	1%	3.94	23.14
			Non-Supervisors.	307	5%	19.20	
Total		6012		6012	100%	376.00	376.00

Source: Own survey from Addis Ababa City Government Revenue Bureau Human Resource Management and Development Directorate

Table 3.2: Summary of Stratified Random Sampling

Employee Category (Stratum)	Population	Population Proportion(%)	Sample Size
Supervisors	1059	18%	66.23
Non-Supervisors.	4953	82%	309.77
Total	6012	100%	<u>376.00</u>

3.7 Data Collection Method

For the purpose of collecting all the necessary data to undertake the study the student researcher has used both primary such as survey questionnaire and secondary data gathering tools. Standardized Survey questionnaire allow respondents to give their answer to arranged series of questions and attempt them easily and besides it is inexpensive in preparation. The questionnaire is made of scale or five Likert-scales that ranges from Strongly Disagree to Strongly Agree (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). The questionnaire is adapted from similar researches including FL Tshisikhawe(2019), Yohannis (2016), Meklit (2017) & Birhanu (2017) and developed from reviewed literature. Although, those researchers have made instrument consistency, the researcher also tests soundness of measurement that is used in the study. The instrument is prepared in both English and Amharic format considering level of language literacy.

3.8 Soundness of Measurement Used

According to Kothari (2004), test of validity and reliability are must required for sound measurement. Reliability refers to a measurement procedure accuracy and precision.

Whereas validity test measure to what extent the instrument measure what it expected to measure. Since most part of the instrument is adapted from various researchers including: Tshisikhawe F., (2019), Yohannis (2016), Birhanu (2017) and Meklit (2017) soundness of instruments (validity and reliability) has already been made however, to ensure the soundness of measurement the researcher has also made the tests. To certain credibility (reliability) of instrument Cranach's Alpha method is used. The SPSS result revealed the following:

Table 3.3: Reliability Test Result

Dependent and Independent Variables	Cronbach's Alpha	N of Items
Goal Setting	.753	8
Performance Appraisal	.773	8
Feedback	.740	8
Reward	.915	8
Purpose of PMS	.769	8
Employee Performance	.718	9
Overall Reliability Statistics	.812	6

Source: Own Survey data, November 2020

Table 3.3 illustrate alpha value for each variables is greater than 0.70 that is acceptable, overall Alpha=0.812 which is acceptable, hence ($\alpha > 0.70$)

Kothari (2004) also claimed that Content Validity is the degree to which measuring instrument gives satisfactory inclusion of the subject under examination. The content validity is good, if the universe representative sample is contained by the instrument.

Table 3.4: KMO and Bartlett's Test for sampling Adequacy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.847
Bartlett's Test of Sphericity	Approx. Chi-Square	1377.654
	df	15
	Sig.	.000

Source: Own Survey data, November 2020

As can seen in table 3.4 KMO and Bartlett's Test for sampling Adequacy, KMO=0.847, Bartlett's Test of Sphericity=0.000. According to Verma, J. P. (2012, p.365) KMO value greater than 0.5, indicate the adequacy of the sample. Moreover, KMO value 0.5 – 0.7 consider as mediocre, KMO between 0.7 & 0.8 are good, values ranges from 0.8 up to 0.9 are consider great and KMO value more than 0.9 are said superb. This implies the sample is representative of the universe and it is valid.

3.9 Method of Data Analysis

After data are collected the next steps that are data processing and analysis were conducted. As explained by Kothari (2004), Data processing refers to preparing data to be suitable for analysis purpose by editing, coding, classifying and tabulating. The processed data is analyzed through a research analysis software SPSS version 23 (Statistical Package for social Science). Both the demographic/personal information and the extent of agreement to the topic related questions have tabulated and summarize through descriptive statistics. The descriptive analyses is carry out by contrasting variables mean and standard deviation and a Pearson correlation and also multiple regression analysis has done to examine the effect relationship between independent and dependent Variables.

3.10 Time Horizon of the study

Regarding to the time scope of the study, it is confined to a single time-period. According to Sekaran & Bougie (2016), one shot or cross-sectional studies can be embraced in which data are accumulated only a single time, maybe over a time of days or weeks or months, so as to respond research question.

Chapter Four

4. Data Presentation, Analysis and Discussion

4.1 Introduction

In this chapter, data based on the two parts of the questionnaire that are the respondent demography and question related to the research is presented and a descriptive discussion is made on surveyed data. After that correlation and a multiple regression analysis is conducted with the intension of analyzing the effect of Performance Management System on Employees' Performance in Addis Ababa City Government Revenue Bureau. At the end, there is a discussion on the results.

4.2 Response Rate

As already noted in research methodology part data were collected through structured questionnaire. Although a total 376 questionnaire were distributed to the employees' of the organization based the sample size determined, only 345 questionnaires were collected, the remaining were not collected for different reason. Therefore 345 are 92% of the total which is adequate.

4.3 Respondent Demographic Characteristic and Discussion

One of the two parts of the questionnaire is the demographic profile of respondents that is consist of Gender, Age bracket, highest level Education, Current position and year of service of respondents in Addis Ababa City Government Revenue Bureau (AACGRB). Here tables having frequency and percentages are presented and discussed.

4.3.1 Gender of Respondents

Table 4.1: Gender of Respondents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	196	56.8	56.8	56.8
	Female	149	43.2	43.2	100.0
	Total	345	100.0	100.0	

Source: Own Survey data, November 2020

As can be shown from Table 4.1 Gender of Respondents; from a total of 345 respondents that completely field and returned Male respondents are 196 that is 56.8% or 345,196 (56.8%) and the Female respondents are 149 interpreted as 43.2% or 345,149 (43.2%) that shows male are a little bit more than female respondents which implies the organization has unequal gender proportion.

4.3.2 Age of Respondents

Table 4.2: Respondents Age in Year

Age in Year		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	171	49.6	50.3	50.3
	31-45	135	39.1	39.7	90.0
	Above 45	34	9.9	10.0	100.0
	Total	340	98.6	100.0	
Missing	System	5	1.4		
Total		345	100.0		

Source: Own Survey data, November 2020

Table 4.2 shows age bracket of respondent. The first and the majority age bracket ranges from age 18 to 30 consist of 49.6 % (n=171) respondents. The second largest respondent group falls under the age bracket ranges from age 31 to 45 that is 39.1 % (n=135) then respondent with age above 45 are 9.9% (n=34). Here for unknown reason 5 (1%) respondents fail to respond to this question and presented as missing system in SPSS output. The overall age distribution implies that the organization is dominated by adult staffs that may results in keeping experienced staffs.

4.3.3 Highest Level of Educational Status of Respondents

Table 4.3: Respondents Educational Status

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary	7	2.0	2.0	2.0
	Secondary	18	5.2	5.2	7.2
	Diploma	44	12.8	12.8	20.0
	First Degree	210	60.9	60.9	80.9
	Master's Degree	66	19.1	19.1	100.0
	Total	345	100.0	100.0	

Source: Own Survey data, November 2020

Respondent highest level of educational qualification indicates primary school 2% (n=7), secondary school 5.2% (n=18). Diploma 12.8% (n=44), First degree 60.9% (n=210) and Master’s degree 19.1% (n=66). From this one can easily infer among the survey respondent 276 which is 80% of the total respondents holds first degree and above educational qualification therefore it is an indication that respondents were understood and respond properly to questionnaires so then the right information is collected.

4.3.3 Present Position of Respondents

Table 4.4: Respondents Position Currently

	Position Currently	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Director	4	1.2	1.2	1.2
	Branch Manager	9	2.6	2.6	3.8
	Work Process Administrator	39	11.3	11.3	15.1
	Team Coordinator	81	23.5	23.5	38.6
	Worker	212	61.4	61.4	100.0
	Total	345	100.0	100.0	

Source: Own Survey data, November 2020

While we look in to the table above, we found respondent current position. Therefore, 4 of the respondents in other word 1.2% are Directors, 9 (2.6%) are Branch managers, 39 (11.3%) are Work process administrators, 81 (23.5%) are Team Coordinators and 212 (61.4) are workers. The final position category (worker) refers employee that doesn’t have a supervisory title/power. The table also indicates the majorities of respondents are workers, this mainly because, as indicated in research methodology previously the largest number of employee that means 4953 (82%) are non supervisory employees. This implies that the response rate still keep the expected dominance of non supervisory staffs and ensures best representation of the population.

4.3.5 Respondent Years of Service in Current Organization

Table 4.5: Respondent Years of Service in Current Organization

Years of Service Category		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 2 years	23	6.7	6.7	6.7
	2-5years	158	45.8	45.8	52.5
	6-9 Years	97	28.1	28.1	80.6
	10-14 years	39	11.3	11.3	91.9
	Above 15years	28	8.1	8.1	100.0
	Total	345	100.0	100.0	

Source: Own Survey data, November 2020

As it is illustrate in the table above and depicted in the pie chart figure here under the total respondent's year services in Addis Ababa City Government Revenue Bureau (AACGRB) categorized in to five groups that includes below 2 years that has n=23 (6.78%), from 2 to 5 years with n=158 (45.8%), from 6 to 9 years with n=97 (28.1%), between 10 to 14 years with n=39 (11.3%) and above 15 years which has n=28 (8.1%).

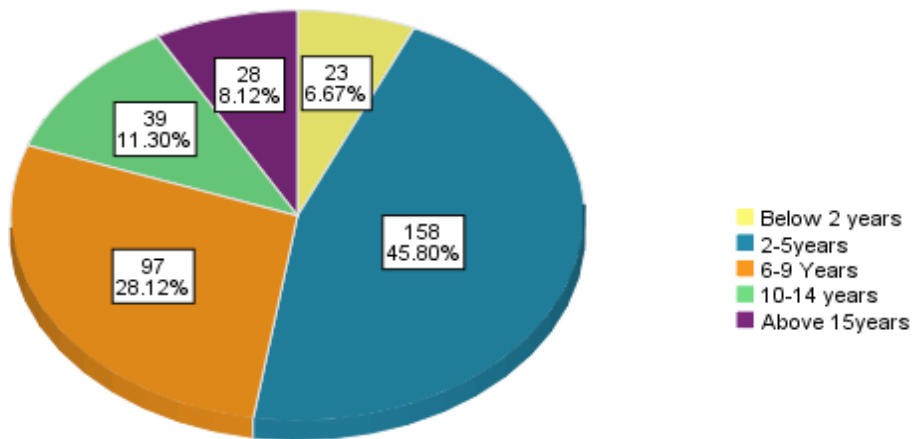


Figure 4.1: Respondent Years of Service in Current Organization

This pie chart clearly shows that the majorities of respondent have an experience that fall between 2 to 5 and more years that implies respondents have a long exposure to the performance management system in the organization expressed in the study predictors; goal setting, Performance Appraisal, feedback, reward and Purpose of PMS. So, respondents are well qualified in the subject matter and believe to be well understood the survey instrument.

4.4 Descriptive Analysis on Performance Management System and Employee Performance based on Mean and Standard Deviation

The second part of the questionnaires has components that are variables of performance management system with their own items, and items of employee performance that are measured through Likert scale ranges from one up to five that indicates the level of respondents agreement. In this part a descriptive analysis is made, standing from mean and standard deviation of respondents' response. Throughout the descriptive analysis on mean value comparison, mean scope measurement by (Zaidatol, 2009) is adopted. As remarked by Zaidatol (2009) mean score less than 3.39 taken as low, a mean score from 3.40 to 3.79 is taken as moderate and finally 3.80 and more mean score is considered as high.

Regarding the decision rule of standard deviation Joshka (2014) is used. According to Joshka (2014), 'estimate coefficient of variation ($CV = \text{standard deviation} / \text{Mean}$). As a rule of thumb, a $CV \geq 1$ indicates a relatively high variation, while a $CV < 1$ can be considered low. This means that distributions with a coefficient of variation higher than 1 are considered to be high variance whereas those with a CV lower than 1 are considered to be low-variance.'

Table 4.6: Survey Response Summary on Influence of Goal setting

Items used to measure Goal Setting	N	Mean	Std. Deviation
Managers set clear goals with their direct reports.	345	3.60	.740
The Performance Management System was created with contributions from the staff all through the division and Organization.	345	3.42	.879
I know the vision & mission of my organization.	345	3.63	1.026
I assume individual responsibility for accomplishing my own goals.	345	3.57	1.027
I am familiar and understand what my organization needs to accomplish in the upcoming five years.	345	3.57	.871
Goals established for performance measurement are mutually set goals.	345	3.49	1.060
I understand what I need to do to attain the general organizational goals.	345	3.78	.867
I believe the organization wouldn't meet the corporate goal if I don't meet my own goal.	345	3.34	.821
Valid N (list wise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Goal Setting	345	3.5500	.64948
Valid N (list wise)	345		

Source: Own Survey data, November 2020

The above tables illustrate the summary of mean and standard deviation value of respondents' agreements on items of Goal setting variable. The combined mean value is 3.55 and standard deviation = .64948 that is low variation (Joshka, 2014). As per the mean scope measurement of (Zaidatol, 2009) the aggregate mean score 3.55 lays in moderate ranges, this implies Goal setting activities in the organization is moderately implemented and employee understanding to this activities is in medium level that implies the organization needs improvement in this area.

Table 4.7: Survey Response Summary on Influence of Performance Appraisal

Items used to measure Performance Appraisal	N	Mean	Std. Deviation
I clearly comprehend the reason of performance evaluation.	345	4.01	.878
My supervisor is fair and honest in my performance appraisal.	345	3.74	.782
Performance appraisal mirrors my accomplishment.	345	3.76	.881
The manager has a capability to appraise the performance of employees.	345	3.64	.814
I am clear with how my achievement is to be appraised.	345	3.62	.884
Workers consider standards of performance are feasible.	345	3.52	.842
Performance evaluation is important to my productivity in my organization.	345	3.67	.708
All elements encouraging and obstructing performances are contemplated while evaluating the performance.	345	3.71	.990
Valid N (listwise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Performance Appraisal	345	3.7087	.54404
Valid N (listwise)	345		

Source: Own Survey data, November 2020

As can be seen in Table 4.7 respondents' were asked to response their level of agreement about the variable Performance Appraisal on the questionnaires that consist eight items. The combine

mean values of those items/statements shows 3.7087 and the standard deviation ranges from 0.708 to 0.990 for a total of 345 respondents. As stated earlier, according to (Zaidatol, 2009) mean score ranges from 3.40 to 3.79 is consider as medium. Comparing aggregate mean value of Performance Appraisal 3.7087 to this mean score measurement, the result lay's in medium range, but slightly resembles to high. From this the researcher concludes that Performance Appraisal activities perceived moderately well in organization.

Table 4.8: Survey Response Summary on Influence of Feedback

Items used to measure Feedback	N	Mean	Std. Deviation
My supervisor and I discuss regarding my work performance on regular basis.	345	3.76	.987
The feedback I get from my immediate manager encourages me to get better in my work.	345	3.68	1.050
I believe my actual performance is reflected by the performance appraisal.	345	3.75	.770
I clearly comprehend my supervisors remark and comments in the time of feedback	345	3.85	.900
When my performance has not met minimum standards, my manager discusses with me the reasons.	345	3.55	.970
The manager gives me with clear direction for improving my work performance.	345	3.78	.950
What I have actually achieved agree with the feedback I receive	345	3.64	.681
The manager tries to understand my point of view when he/she discusses problems or projects with me.	345	3.61	.836
Valid N (listwise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Feedback	345	3.7029	.62525
Valid N (listwise)	345		

Source: Own Survey data, November 2020

Table 4.8 states mean and standard deviation for each item or statements described to indicate activities of feedback. The next supporting table summarizes a combined mean and standard deviation for feedback. As we can see a combined mean result is 3.7029 and the standard deviation fall between 0.681 and 1.050 with overall 0.62525, combined standard deviation shows

somehow a low variation based on Joshka (2014) rule of thumb for coefficient of variation. In similar way to the above variables, when the mean result compares to (Zaidatol, 2009) mean measurement score it lays in the medium range. Standing from this fact the researcher conclude that activities of feedback practiced satisfactorily (moderately) in the organization with perfect inclination to high level. This implies the organization performance feedback practice is in a good track.

Table 4.9: Survey Response Summary on Influence of Reward

Items used to measure Reward	N	Mean	Std. Deviation
The performance management system in my organization reward good performance and discourage poor performance.	345	1.75	1.050
Performance management system links promotion to performance achievement.	345	1.77	1.108
The results of Performance Management Process are used for promotion and/or demotion.	345	1.69	1.060
Recognition by managers improves my success at work.	345	1.79	1.092
The rewards initiate me to be timely in completing my job.	345	1.72	1.085
Promotion is purely based on Performance Appraisal.	345	1.74	.969
My supervisor gives me gratitude for exceeding his/her expectations.	345	1.88	1.056
My organization impacts my performance by connecting the reward to on job promotion.	345	1.82	1.033
Valid N (listwise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Reward	345	1.7688	.95930
Valid N (listwise)	345		

Source: Own Survey data, November 2020

Looking in to the table above we find items listed with their mean and standard deviation that describe reward. Those items or statements has transformed and combined to form one single predictor called reward. The pooled mean result show 1.7688 with standard deviation 0.95930 individually ranges from 0.969 up to 1.108 which is still has low variation but relatively high compared to other predictors. Having referred our benchmark (Zaidatol, 2009) score

measurement for mean, reward mean value 1.7688 placed in the low mean range (mean value less than 3.39 taken as low). The result confirms the reward activities that the organization took are not well structured and it is severely practiced indicating a warning sign for the organization.

Table 4.10: Survey Response Summary on Influence of Purpose of PMS

Items used to measure Purpose of PMS	N	Mean	Std. Deviation
The Performance management system of the organization has purpose.	345	3.50	1.189
The organization Performance management system serves as a link between employee's personal goal and organizational goal.	345	3.61	1.028
Performance Management system serves as Clarifying work duties and targets.	345	3.61	1.196
In your organization the purpose of performance management system centers on the development of employees.	345	3.59	.920
Information Collected through Performance Management is uses for administrative purpose as promotion, suspension and termination.	345	3.65	1.003
The organization Employee Performance Management basically to identify and prepare individuals for increased responsibility.	345	3.40	1.069
The Purpose of Performance management is to set up a superior work culture in the organization.	345	3.60	.919
Performance Management system uses to distinguish low and high performers.	345	3.67	.953
Valid N (listwise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Purpose of PMS	345	3.5812	.75515
Valid N (listwise)	345		

Source: Own Survey data, November 2020

Performance Management System has different purposes. Table 4.10 has mentioned some of the purposes of PMS and related item with their aggregate and individual mean and also standard deviation values. The collective mean and standard deviation are 3.5812 and 0.75515 respectively. The combined standard deviation value .75515 implies a low variation (Joshka, 2014). When we compare the aggregate mean value 3.5812 with the (Zaidatol, 2009) 3.5812 lays

in the medium range for mean score measurement. From the researcher point of view these fact implies, in the organization the purposes of performance management system is implemented to some extent not strongly implying that a strong improvement required in this area.

Table 4.11: Survey Response Summary on Employee Performance

Items used to measure Employee Performance	N	Mean	Std. Deviation
My organization support employees to work to the best of their potential.	345	3.62	1.130
I execute well in my overall job by performing tasks as expected.	345	3.73	.942
The organization is capable of capitalizing employee abilities.	345	3.73	.887
I could manage additional responsibility in my job than is usually allotted to me.	345	3.60	.995
I am capable of working with others cooperatively.	345	4.22	.878
I am held accountable for achieving specific results.	345	3.97	.617
I usually achieve my performance goal.	345	4.01	.794
I spent minimum effort and time to complete my job.	345	3.92	1.189
Understanding my target allow me to focus on my work and to have high performance.	345	4.09	.875
Valid N (listwise)	345		

Source: Own Survey data, November 2020

	N	Mean	Std. Deviation
Employee Performance	345	3.8773	.63587
Valid N (listwise)	345		

Source: Own Survey data, November 2020

As we remember the study has aimed to analyze effect performance management system has on employees' performance. In doing so, the study states item listed in table 4.11 that will possibly describe employees' performance in the organization. The descriptive analysis resulted from Statistical Package for Social Science (SPSS) revealed a combined mean value of 3.8773 with a 0.63587, standard deviation that has low coefficient of variance (Joshka, 2014). Similar to the previous variables if we compare the mean result 3.8773 to our benchmark (Zaidatol, 2009), mean score measurement we found the mean values lays in highest range which means result above 3.80 considered as high. From these the researcher denotes that employees' of the organization perceive they are effective workers and also their work performance is high. This

implies, on the basis of items listed above we can say that respondents are confident in their performance.

4.5 Correlation Analysis

In this section in order to determine the direction and strength of relationship among variables, correlation analysis is made between independent variable (Performance Management System) and dependent variable (Employees Performance) through bivariate correlation (Pearson correlation r).

Schober, Boer & Schwarte (2018) states Correlation is a measure of a monotonic association between 2 variables. Pearson relationship coefficient is a dimensionless proportion of the covariance, which is scaled with the end point that it goes from -1 to $+1$. Where -1 indicates a perfect negative relationship, 0 correlation means there is no relation and $+1$ implies a perfect positive association.

Table 4.12: Conventional Approach to Interpreting a Correlation Coefficient

Absolute Magnitude of the Observed Correlation Coefficient	Interpretation
0.00–0.10	Negligible correlation
0.10–0.39	Weak correlation
0.40–0.69	Moderate correlation
0.70–0.89	Strong correlation
0.90–1.00	Very strong correlation

Source: Schober, P., Boer, C., & Schwarte, L. A. (2018, p.1765)

Tables 4.13 below summarize the overall Pearson correlation coefficient with level of significance and sample size (N) for each of the dependent and independent variables. As can be inferred the table below shows a Pearson correlation coefficient r for all independent variables that is Goal setting, Performance Appraisal, feedback, reward and Purpose of Performance management system is positively associated to Performance of Employees’.

A Person correlation between feedback and employee performance is the strongest and positive relation among all variables. Feedback is significantly and positively correlated with employees’ performance ($r=.842$, $n=345$, $P<0.01$) at significant level 0.000 , 2-tailed. Having referred Schober, Boer & Schwarte (2018) a correlation coefficient lays between 0.70 and 0.89 is strong correlation.

Table 4.13: Correlation Analysis

Correlations							
		Goal Setting	Performance Appraisal	Feedback	Reward	Purpose of PMS	Employee Performance
Goal Setting	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	345					
Performance Appraisal	Pearson Correlation	.601**	1				
	Sig. (2-tailed)	.000					
	N	345	345				
Feedback	Pearson Correlation	.754**	.658**	1			
	Sig. (2-tailed)	.000	.000				
	N	345	345	345			
Reward	Pearson Correlation	.070	.064	.151**	1		
	Sig. (2-tailed)	.192	.233	.005			
	N	345	345	345	345		
Purpose of PMS	Pearson Correlation	.597**	.565**	.627**	.030	1	
	Sig. (2-tailed)	.000	.000	.000	.576		
	N	345	345	345	345	345	
Employee Performance	Pearson Correlation	.817**	.722**	.842**	.187**	.743**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	345	345	345	345	345	345

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

Source: Own Survey data, November 2020

Likewise from table 4.13 we can see that Goal setting has a strong and positive correlation with Employees' performance ($r=.817$, $n=345$, $P<0.01$), the association is significant at 0.000, 2-tailed. Also as illustrated in the table 4.13 the fifth independent variable Purpose of Performance Management System located in seventh column is significantly and positively correlated with Employees' Performance in a magnitude of Pearson correlation coefficient $r=.743$ with p value less than 0.01, 2-tailed.

The table also denotes there is a significant, strong and positive correlation among Performance Appraisal and Employees performance $r=.722$. Here the association is significant at p value less than 0.01, $p=0.000$, 2-tailed, $n=345$. On the other hand based on surveyed data there is a significant relationship between reward and employee performance, in essence $r=.187$, with p value 0.000 that meet the acceptance p value which is p value less than 0.01 ($r=.187$, $n=345$, $P<0.01$). According to Schober, Boer & Schwarte (2018) a Pearson correlation coefficient fall in the range 0.10–0.39 is considered as weak. Therefore there is a weak positive association between reward and employee performance.

To sum up, though the Pearson correlation coefficient magnitude is differ, the study shows there is a significant positive relationship between predictors (Goal setting, Performance Appraisal, Feedback, Reward and Purpose of PMS) and employees' performance; in essence an increase in the predictors will improve employees' performance. Based on this Pearson correlation result the basic precondition for multiple linear regressions has fulfilled, there is a linear relation between independent and dependent variables. Next, in order to examine the effect of performance management system on employees' performance we go for multiple regression analysis.

4.6 Multiple Regression Analysis

In previous section while the researcher was conducting a correlation analysis, it found that there is some sort of association between the independent and dependent variables. Know recall that the objective of the study is to determine the effect of performance management system on employees' performance. Therefore to see if there is any effect relationship the researcher has run a multiple regression on SPSS and the result is discussed here under.

4.6.1 Assumptions of Multiple Regressions

Once the regression analysis has conducted, a test for assumptions were made to see if there is any breach. Based on the result a reliability test for all variables is above 0.7 that show the instrument is consistent in what intended to measure. Furthermore, assumption for linearity, normality, homoscedasticity, multicollinearity and Autocorrelation were conducted (see Appendix C:3).

In correlation analysis part we have seen that there is a linear association in the variable besides the matrix diagram in appendix C:3 show some sort of linearity between the dependent independent variables. And the SPSS calculated or saved mean of unstandardized residual value is zero, which ensure the assumption, the expected mean error of the regression model is zero. On the other hand as you can see the histogram in appendix C:3 the normality assumption is not violated.

In order to see if there is multicollinearity problem collinearity diagnostic test was made and the output revealed, tolerance range from 0.335 to 0.967 that is none of them were below 0.2, Variance Inflation Factor (VIF) lays from 1.034 to 2.982 all fall under 10 and more over the condition index range from 1 up to 29.377 which is below 30 these all indicate independent variables are uncorrelated (Alin, A., 2010).

To see if the assumption of homoscedasticity has met a Breusch-Pagan test was conducted. As remarked by Samerkhanova & Kadochnikova (2015), looking in to ANOVA for residual square the ($p < 0.05$) heteroscedasticity is detected. In table 4.14 we can see $p = .694$, that is $p > 0.05$, this implies there is no heteroscedasticity problem, data are homoscedastic.

Finally, the assumption of no Autocorrelation that is observations are independent is tested through the value of Durbin-Watson statistic. According to Karadimitriou & Marshall (2015), Durbin-Watson statistic should lays from 1.5 up to 2.5. As can be inferred from model summary, table 4.15 below Durbin-Watson = 1.791 that is close to 2, therefore no autocorrelation was found.

Table 4.14: Breusch-Pagan Test for Homoscedasticity
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.089	5	.018	.608	.694 ^b
	Residual	9.931	339	.029		
	Total	10.020	344			

a. Dependent Variable: Residual Square

b. Predictors: (Constant), Purpose of PMS, Reward, Performance Appraisal, Goal Setting, Feedback

Source: Own Survey data, November 2020

4.6.2 Regression Results

A multiple regression analysis was conducted in order to determine the effect of performance management system on employees' performance. The examination was made basically to test the entire six null hypothesis set earlier. As you remember the researcher has developed hypothesis to examine the effect of Goal setting, Performance Appraisal, Feedback, Reward and Purpose of PMS in total Performance Management system on employees' performance. Although those variable are not the only variables mentioned by different authors of the field of study, the study select and focus on the above five predictors'/variables.

Table 4.15: Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.925 ^a	.856	.854	.24266	.856	404.608	5	339	.000	1.791

a. Predictors: (Constant), Purpose of PMS, Reward, Performance Appraisal, Goal Setting, Feedback

b. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

As you can see from Table 4.15 Adjusted R square is 0.854, here the independent variables that are Goal setting, performance appraisal, feedback, reward and purpose of PMS has accounted or explained 85.4% variation in employees' performance. Whereas; the remaining 0.146, 14.6% is explained by unobserved or stochastic error term.

Table 4.16: Analysis of Variance

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	119.127	5	23.825	404.608	.000 ^b
	Residual	19.962	339	.059		
	Total	139.089	344			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Purpose of PMS, Reward, Performance Appraisal, Goal Setting, Feedback

Source: Own Survey data, November 2020

The ANOVA table above illustrate $F(5,339) = 404.608$, $p < 0.01$, Adjusted $R^2 = 0.854$; that indicate the variation explained performance management system on employees' performance is significant that not happen by chance. Hence, the model is fit and acceptable.

Table 4.17: Regression Result of Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.045	.095		-.470	.639
	Goal Setting	.310	.032	.317	9.683	.000
	Performance Appraisal	.204	.034	.174	6.084	.000
	Feedback	.318	.036	.312	8.791	.000
	Reward	.066	.014	.099	4.724	.000
	Purpose of PMS	.216	.024	.256	9.159	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

Table 4.17 above summarizes a multiple regression results of coefficient that will help to see the magnitude of Betas. That means, the effect performance management system on employees' performance is determined by looking and comparing the standardized coefficients of Beta for all independent variable.

The standardized Beta coefficient for explanatory variable Goal Setting is .317, t=9.683 and p value .000, feedback is .312 at t=8.791, p=.000, purpose of PMS is .256 with t=9.159, p=.000, Performance appraisal is .174 with t=6.084, p=.000 and reward is .099 at t value equals 4.724, p=.000. This all implies there is a significant positive relation between all predictors and employees' performance.

The contribution of each explanatory variable is described through interpreting the magnitudes of independent variables (Beta coefficient) which informs a unit of increment or decrement in significant predictors will improve or worse the dependent variable respectively.

From the table 4.17, we can notice goal setting made the leading contribution to the model in that its beta=0.317 which interpreted as if all the variation explained by other predictors is controlled, a unit increment in goal setting will improve employees' performance by 0.317. Similarly, beta coefficient for feedback = 0.312 tell us a unit change in feedback will improve employee performance by 0.312 that is the second higher contributor. The remaining beta coefficient for predictors' is explained in the same manner and in particular we can infer that reward account negligible variations in the model. Overall based on the finding of the study the researcher comes across that performance management system affect employees' performance positively.

Know for rewriting the regression model we are going to look for unstansardized Beta coefficient, therefore the equation will be:

$$EP = -.045 + 0.310SG + 0.204PA + 0.318F + 0.066R + 0.216P + \mathcal{E}$$

Where:

EP - Employee Performance

R- Reward

SG - Setting Goal

P- Purpose of PMS

PA - Performance Appraisal

\mathcal{E} - Stochastic Error term

F - Feedback

4.7 Hypothesis Testing Results

H_a There is relationship between Performance Management System and Employees' Performance.

In order to see if there is any kind of relationship between performance management system and employees' performance the researcher has merged all the predictors' and transformed/computed

one variable called Performance Management System then run a regression analysis using this newly computed variable as a predictor against employees performance. The result revealed ($B=.886$, $t=35.446$, $p<0.01$) that implies the alternative hypothesis should be accepted, hence there is a significant and positive relationship between performance management system and employees' performance in the organization.

Table 4.18: A relationship between PMS and Employees' Performance

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.157	.106		1.481	.140
	Performance Management System	1.140	.032	.886	35.446	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

H_{a1} There is relationship between Setting Goal and Employees' Performance.

Table 4.19 illustrate Goal setting has a significant and positive relationship with employees' performance at $B=.817$, $p<0.01$. From these the researcher concludes that the alternative hypothesis is accepted.

Table 4.19: A relationship between Goal setting and Employees' Performance

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.038	.110		9.433	.000
	Goal Setting	.800	.030	.817	26.245	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

H_{a2} There is relationship between Appraising Employees Performance and Employees' Performance.

The second alternative hypothesis states that there is relationship between employees' performance and performance appraisal. In order to see this relationship the researcher has run a

linear regression by using performance appraisal individually as a predictor of employees' performance.

Table 4.20: A relationship between Performance Appraisal and Employees' Performance

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.749	.164		4.575	.000
	Performance Appraisal	.843	.044	.722	19.306	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

SPSS regression output revealed standardized coefficient of Beta for Performance appraisal, (B=0.722, $p < 0.01$) that ensures appraising employee performance is positively related with employees' performance.

H_{a3} Feedback and Employees' Performance has relationship.

Table 4.21: A relationship between Feedback and Employees' Performance

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.708	.111		6.356	.000
	Feedback	.856	.030	.842	28.870	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

Table 4.21 shows (B=.842, $p < 0.01$) that indicate feedback and employees' performance has a strong positive relationship.

H_{a4} Rewarding Performance has relationship with Employees' Performance.

As depicted in the table below that illustrates beta and p value of reward (the independent variable) has a significant and positive relationship with employees' performance at (B=0.187, $p < 0.01$) that implies the alternative hypothesis should be accepted at 95% confidence.

Table 4.22: A relationship between Reward and Employees' Performance

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	3.658	.071		51.719	.000
	Reward	.124	.035	.187	3.534	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

H_{a5} There is relationship between Purpose Performance Management System and Employees' Performance

The final hypothesis of the study states there is a relationship between Purpose PMS and employees performance. The regression result show (B= .743, p<0.01) that reveal with 95% confidence we can conclude that, in fact purpose of performance management system has a significant positive relationship with employees' performance.

Table 4.23: A relationship between Purpose of PMS and Employees' Performance

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	1.638	.111		14.698	.000
	Purpose of PMS	.625	.030	.743	20.544	.000

a. Dependent Variable: Employee Performance

Source: Own Survey data, November 2020

The overall hypothesis is summarized below in table 4.24 with regression output and associated decisions

Table 4.24: Summary of Alternative Hypotesis, result and decisions

Alternative Hypotesis	Unstandardized Coefficient B Output	Decisions
H₀ There is relationship between Performance Management System and Employees' Performance.	(B=.817, p<0.01)	Accept
H₀₁ There is relationship between Setting Goal and Employees' Performance.	(B=.817, p<0.01)	Accept
H₀₂ There is relationship between Appraising Employee Performance and Employees' Performance.	(B=.722, p<0.01)	Accept
H₀₃ Feedback and Employees' Performance has relationship.	(B=.842, p<0.01)	Accept
H₀₄ Rewarding Performance has relationship with Employees' Performance.	(B=.187, p<0.01)	Accept
H₀₅ There is relationship between Purpose Performance Management System and Employees' Performance	(B= .743, p<0.01)	Accept

Source: Own Survey data, November 2020

4.8 Result Discussions

Based the descriptive statistic made in the previous section through aggregate mean and standard deviation employee of Addis Ababa City Government Revenue Bureau has a considerably well performance that is explained through statements described in the instrument more specifically employees' are good at collaborating with team and have high performance that associated with understanding target. The study also indicates practices that are associated with Goal setting and purpose of performance management system is appreciable and makes employees' to be high performers.

Moreover, the descriptive discussion implies the organization performance management system that basically related with appraising performance and feedback is more or less in a well direction though on the basis of respondents' average result, measurement standards are said to

be somewhat not attainable and there is a minimum chance of reviewing unattained targets. The result of mean and standard deviation regarding reward indicates the organization structure in managing reward is too poor that need due care and improvement.

In examining the effect of performance management system on employees' performance throughout the study the researcher find that Goal setting, performance appraisal, feedback, reward and purpose of performance management system has a positive and significant effect on performance of employees'.

In particular, Goal setting and feedback has a strong and positive relationship with employees' performance. More specifically, this relationship mainly determined by clearly set goal by managers, employees' familiarity to what expected of them to achieve organizational goal and clearly understanding supervisor's opinion and comment. The study made by Ngugi & BUla (2019) has maintained the importance of goal setting, feedback and continuous appraising to employees' performance. The main focus of these was establishing the effect of goal setting and feedback on employees' performance.

According to Kim & Hamner (1976), experimental study results, goal setting individually can improve employees' performance, more importantly when goal setting accompanied with feedback yield high performance. That means the improvement caused by goal setting will aggravated. A similar study conducted by Yohannis (2016) support a positive effect setting objective has on employees' performance but feedback has negative related with employees' performance.

Tshisikhawe F. (2019) remarked the contribution of appraising performance to employees performance in that performance appraisal ensure employees understand job expectations and the implication of their achievement. Wanyama & Kimutai (2015) states evaluating performance can be valuable in improving the performance of employees' if it is fair and objective. This also maintained by Yohannis (2016). The researcher found that those studies are similar and considerably match the study's findings that appraising performance has a significant positive effect on performance of employees'. Understanding the purpose performance appraisal was the main determinate within the variable performance appraisal.

The other significant variable in the study is reward. As per the regression result reward has a negligible positive relationship with employees' performance. Unlike to theoretical foundation

reward has a minimum contribution to the overall variation in the dependent variable accounted for the model. There is a no segregating treatment for good and poor performance associated with fixed salary system and weak association between job performance and promotion or reward are the major determining issues within reward variable. Kibichii, Kiptum & Chege (2016) who conduct a similar study, states that reward in the form of appreciation and/or recognition and monetary or non monetary benefit package will initiate employee moral which directly result in high productivity. Moreover, these finding has also supported by Meklit Sefani (2017), whose study revealed a significant and positive relationship between reward and employees' performance.

Chapter Five

5. Summary, Conclusions, Recommendations and Future Research Direction

5.1 Summary

This study examines the effect of performance management system on employees' performance in Addis Ababa City Government Revenue Bureau. Investigating the effect PMS has on the performance of employees was the main objective of the study. The variables (setting goal, performance appraisal, feedback, reward and purpose of PMS) that are derived from the research problem which expressed as the activities of performance management system are explained by the Goal setting and Expectancy theories. These theories are used by many researchers in the field and well reflect this study.

A total of three hundred seventy six questionnaires were distributed to respondents based on sample size determined and 345 or 92% were returned. Therefore, the analysis was conducted on returned questionnaires by employing a statistical tool - SPSS version 23 (Statistical Package for Social Science). During the analysis a combined mean and standard deviation values were used for descriptive analysis part and in order to examine the effect relationship a Pearson correlation and a multiple regression analysis with one way ANOVA were conducted. Finally, the pre formulated hypotheses were tested by running predictors against the dependent variable individually.

Regarding the demographic profile of the respondents the study found that out of 345, 196(56.8%) were male and 43.2% were female. About 88.7% of the respondents were in the age bracket that lies from 18 to 45. The majority or about 80% of the respondents are first and masters degree holders. Moreover, 61.4% are non supervisory employees (workers) and more than 93% of the total respondents have a minimum of two years of service in current organization.

The description analysis revealed that the variables Goal setting, performance appraisal, feedback, purpose of PMS and employee performance has an aggregated mean value of 3.55, 3.71, 3.70, 3.58, and 3.88 respectively which indicate on average there is a moderate level of respondents agreement to items listed under each variables. The combined standard deviation that are 0.64, 0.54, 0.62, 0.75, and 0.63 for mentioned variable implies that there is a more or less

low variation in the distribution of data and bunch of responses closest to the mean value. On the other hand, reward has aggregate mean and standard deviation value of 1.76 & 0.95 respectively that reflect low agreement of respondents to the items provided to reflect reward system.

The Pearson correlation analysis implies that the organization performance management system explained by goal setting, performance appraisal, feedback, reward and purpose of PMS has a more or less strong associated with employees performance at $P < 0.01$. The model summary shows an adjusted $R^2 = 0.85$. Therefore predictors (Goal setting, Performance appraisal, feedback, reward and purpose of PMS) have explained 85% of the variation caused in employees' performance. Moreover, the one way ANOVA table indicates $F(5,339) = 404.608$, $p < 0.01$ implying that the variation caused by PMS is significant and not happen by chance. Hence, the model is fit and acceptable.

The regression output of SPSS also shows the performance management system executed by Addis Ababa City Government Revenue Bureau (AACGRB) is significantly and positively influence the performance of employees'. Based on the finding the major contribution for the variation caused by the model is goes to goal setting in that its $\beta = 0.317$ which interpreted as if all the variation explained by other predictors is controlled, a unit increment in goal setting will improve employees' performance by 0.317. The other predictors feedback, purpose of PMS and performance appraisal respectively have taken the second, third and the fourth unique contributors for the total variation. Furthermore, the last predictor variable-reward takes the least contribution with $\beta = 0.099$ that can be said negligible unique variation in the model is caused by reward.

5.2 Conclusions

As indicated in the introductory part-chapter one the main aim of this research was to examine the effect does performance management system has on the performance of employees' in AACGRB. As we have reviewed from different researchers that performance management system is the major issue that determines the performance of employees' significantly and in fact it is a main concern for organizations by affecting the performance of employees' that directly affect the performance of the organization. Hence, this research has achieved its objectives and the researcher has made the following conclusions based on the findings of the research.

In general, the study found that the organizations performance management system has a positive influence on the performance of employees' in the organization. In particular, this research project has exposed Goal setting, performance feedback; reward, performance appraisal and purpose of performance management system affect the performance of employees'. It also revealed that setting goal is highly relevant to improve the performance of employees' in the organization. As reflected by the findings the organization performance management system is in a good track in association with setting clear goal, involving staffs in the development of the system and linking individual's goal to the overall organizational goal.

In addition, the study also indicates the organization performance appraisal and performance feedback practice is moderately well organized in that the evaluation system has an acceptance by employees through its clear measurement procedures. Though it has challenging standards it will motivate employees to be productive. Although the organization reward system affect the employees' performance positively it lacks full acceptance from employees of the organization.

5.3 Recommendations

In our earlier discussions of the literature review, we have noticed that the very reason and the general aim of the performance management system is to set superior working culture by improving employees action and/or performance and directing employees action to accomplish the organizational objective. Therefore, a well structured and properly implemented performance management system is required for success of organizational objective. As a result, based on the conclusion and in line with the study's findings the researcher has forwarded some recommendations.

5.3.1 Theoretical Contribution

Considering PMS as a factor for employees' performance in this research project, productivity of employees in the organization is affected by different factor or components of performance management system for instance participation (engagement) of employees in the system, clear and objective performance evaluation and the link between performance evaluation and reward. Therefore, proper and effective performance management system should be for high employees' productivity/performance in the organization. This study also maintains the goal setting and expectancy theory. According to goal setting theory and prior research the performance goal

setting component of the PMS would increase subsequent effort of employees' performance as a result of goal clarity. On the other hand, expectancy theory emphasize on the relationship between effort, performance and reward. Moreover, the study explains the necessary activities for more improvement in the organization PMS so as to ensure high employees performance in the organization.

5.3.2 Practical Implications

The study has some practical implications for the organization and for those administrative and practitioners who have stake in the organization performance management system.

The organization should strive and make sure that the current performance management system is improving the performance of employees at the intended level. Based on the findings the organization goal setting practice is satisfactory therefore the organization should keep it up. More specifically, the organization should ensure personal goals are aligned with organizational goal; these goals are attainable and make sure that employees are involved in goal setting. Goal setting theory states that goals that established by the employee him or herself assist highly for the superior performance.

Regarding to the organization's performance appraisal, performance feedback and purpose of PMS the study indicates that even if these variables have a positive effect; as the finding revealed there betas magnitude of increment is not high. This implies the organization should conduct possible solutions. For instance, the organization should ensure performances standards are attainable, evaluation procedures are clear, a regular discussion and feedback has been made and the system is serving as it has intended to provide.

Furthermore, the result shows the organization reward activities has poorly implemented. Therefore, the organization should reward those employees with superior performance, its performance management system should link performance achievement to promotion, and there should be segregation in rewarding high performers. Additionally, as to expectancy theory there should be a strong association between effort, performance and reward.

5.4 Limitation and Future Research Direction

Similar with any other researches this study has limitations. The study encounters some uncontrollable issues that possibly interrupt the practicability of the study. In particular since data were collected through structured questionnaire that is provided to respondents consequently collected data were self reported that could possibly present method bias. Besides due to short time span of the study some other relevant issues have been remain undetected. So, future researchers are suggested to use other data collection approaches for instance; focus group discussions and interviews so as to obtain more accurate data and more in-depth explanations. Uncommitted and uncooperative respondents in filling and returning the questionnaires and unavailability of well organized performance management data of the organization were other limitations. Finally, future researchers could modified and include learning and development, coaching and other variables in their instrument in order to further study similar issues.

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Appendix

Appendix A: Questionnaire (English Format)

Addis Ababa University

College of Business & Economics

Master of Business Administration

Dear respondent,

This questionnaire is designed by Post graduate student at Addis Ababa University, College of Business and Economics, Master of Business Administration. I am conducting a study on the **Effect of Performance Management System on Employee Performance in Addis Ababa City Government Revenue Bureau**. Dear respondents you are expected to provide the correct information on the given title and your information will be kept secret and used for academic purpose only. Yours genuine, frank and timely response will allow the study to be successful. In this regard, I kindly request your cooperation.

Thank you very much for your time and cooperation in advance!

Mintesinot Mulugeta - Email Address: MintesinotMBA@gmail.com

Instruction:

- ☛ No need to write your name
- ☛ Mark “√” in the cell/box to the point that well express your idea/agreement/

Part I: Respondent’s Demographic Characteristics

- Sex: 1) Male 2) Female
- What is your age bracket? 1) 18-30 2) 31-45 3) Above 45
- Your highest level of Educational Qualification?
 - 1) Primary
 - 2) Secondary
 - 3) Diploma
 - 4) Degree
 - 5) MA Degree
 - 6) PHD
 - 6) Other_____
- What is your position currently?
 - 1) Director
 - 2) Branch Manager
 - 3) Work process administrator
 - 4) Team coordinator
 - 5) worker
- Years of service in your current organization?
 - 1) Below 2 years
 - 2) 2-5years
 - 3)6-9 Years
 - 4) 10-14 years
 - 5) Above 15years

Part Two: Questions related to the topic the effect of PMS on Employee Performance

Please, after you read the following questions indicate the extent of your agreement to the statements by Mark “√” in the cell/box using a scale 1 up to 5.

Where, 1= SD = Strongly Disagree, 2 = D = Disagree, 3 = N = Neutral
 4 = A = Agree 5 = SA = Strongly Agree

Q.No	1. Setting Goals & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	Managers set clear goals with their direct reports.					
2	The Performance Management System was created with contributions from the staff all through the division and Organization.					
3	I know the vision & mission of my organization.					
4	I assume individual responsibility for accomplishing my own goals.					
5	I am familiar and understand what my organization needs to accomplish in the upcoming five years.					
6	Goals established for performance measurement are mutually set goals.					
7	I know what I need to do to achieve the general organizational goals.					
8	I believe the organization wouldn't meet the corporate goal if I don't meet my own goal.					

Q.No	2. Performance Appraisal & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	I clearly comprehend the reason of performance evaluation.					
2	My supervisor is fair and honest in my performance appraisal.					
3	Performance appraisal mirrors my accomplishment.					
4	The manager has a capability to appraise the performance of employees.					
5	I am clear with how my achievement is to be appraised.					
6	Workers consider standards of performance are feasible.					
7	Performance evaluation is important to my productivity in my organization.					
8	All elements encouraging and obstructing performances are contemplated while evaluating the performance.					

Q.No	3. Feedback & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	My supervisor and I discuss regarding my work performance on regular basis.					
2	The feedback I get from my immediate manager encourages me to get better in my work.					
3	I believe my actual performance is reflected by the performance appraisal.					
4	I clearly comprehend my supervisors remark and comments in the time of feedback					
5	When my performance has not met minimum standards, my manager discusses with me the reasons.					
6	The manager provides me with clear direction for improving my work performance.					
7	What I have actually achieved agree with the feedback I receive					
8	The manager tries to understand my point of view when he/she discusses problems or projects with me.					

Q.No	4. Reward & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	The performance management system in my organization reward good performance and discourage poor performance.					
2	Performance management system links promotion to performance achievement.					
3	The results of Performance Management Process are used for promotion and/or demotion.					
4	Recognition by managers improves my success at work.					
5	The rewards initiate me to be timely in completing my job.					
6	Promotion is purely based on Performance Appraisal.					
7	My supervisor gives me gratitude for exceeding his/her expectations.					
8	My organization impacts my performance by connecting the reward to on job promotion.					

Q.No	5. Purpose of PMS & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	The Performance management system of the organization has purpose.					
2	The organization Performance management system serves as a link between employee's personal goal and organizational goal.					
3	Performance Management system serves as Clarifying work duties and targets.					
4	In your organization the purpose of performance management system centers on the development of employees.					
5	Information Collected through Performance Management is uses for administrative purpose as promotion, suspension and termination.					
6	The organization Employee Performance Management basically to identify and prepare individuals for increased responsibility.					
7	The Purpose of Performance management is to set up a superior work culture in the organization.					
8	Performance Management system uses to distinguish low and high performers.					

Q.No	6. Performance of Employee & Related Questions	1=SD	2=D	3=N	4=A	5=SA
1	My organization support employees to work to the best of their potential.					
2	I execute well in my overall job by performing tasks as expected.					
3	The organization is capable of capitalizing employee abilities.					
4	I could manage additional responsibility in my job than is usually allotted to me.					
5	I am capable of working with others cooperatively.					
6	I am held accountable for achieving specific results.					
7	I usually achieve my performance goal.					
8	I spent minimum effort and time to complete my job.					
9	Understanding my target allow me to focus on my work and to have high performance.					

Thank You!

Appendix B: Questionnaire (Amharic Format - የአማርኛ መጠይቅ)

አዲስ አበባ ዩኒቨርሲቲ
ቢዝነስና ኢኮኖሚክስ ኮሌጅ

የቢዝነስ አድሚንስትራሽን ድህረ ምረቃ ትምህርት ክፍል

የተከበራችሁ የመጠይቁ መላሾች ፤

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ኮሌጅ ውስጥ የቢዝነስ አድሚንስትራሽን ትምህርት ክፍል የድህረ ምረቃ ተማሪ ሲሆን አላማውም የስራ አፈፃፀምና ምዘና ሂደት በድርጅቱ /አዲስ አበባ ገቢዎች ቢሮ/ ሰራተኞች ስራ አፈፃፀም ላይ ያለውን ተፅዕኖ ማየት ነው። በዚህም መሠረት ለቀረበላችሁ ምርጫዎች ያላችሁን ትክክለኛ መረጃ እንድትሰጡ በትህትና እጠይቃለሁ። የምትሰጡት ማንኛውም መረጃ ሚስጥራዊነት የሚጠበቅና ለታለመለት የትምህርታዊ ጥናት ዓላማ ብቻ እንደሚወጥ አረጋግጣለሁ። ስለዚህ ያላችሁን ቀናተኛና እውነተኛ እሳቤ እንዲሁም ፈጣን ምላሽ ጥናቱ ወጤታማ እንዲሆን ስለሚያስችል መልካም ትብብራችሁን በድጋሚ እጠይቃለሁ።

ለምትሰጡኝ ጊዜ እና ለምታደርጉት ትብብር በቅድሚያ አመሰግናለሁ!

ምንተስኖት ሙሉጌታ

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ማሳሰቢያ:- ስም መጻፍ አያስፈልግም።

ክፍል አንድ:- አጠቃላይ የመረጃ ጥያቄዎች

እባክዎ ከጥያቄ 1-5 ላሉት ጥያቄዎች የሚሰጡትን ምላሽ የ “√” ምልክት በማድረግ በተዘጋጁት ቦታዎች ግለጹ።

1. ያታ፤ 1) ወንድ 2) ሴት
2. ዕድሜ፤ 1) ከ18-30 ዓመት 2) ከ31-45 ዓመት 3) ከ45 ዓመት በላይ
3. ያለህ/ያለሽ ከፍተኛ የትምህርት ዝግጅት፤ 1) አንደኛ ደረጃ 2) ሁለተኛ ደረጃ
 3) ዲፕሎማ 4) የመጀመርያ ዲግሪ 5) ሁለተኛ ዲግሪ
 6) ዶክተሬት 7) ሌላ
4. በድርጅቱ ውስጥ ያለዎት የስራ መደብ/ድርሻ፤ 1) ዳይሬክተር
 2) የቅርንጫፍ ስራ አስኪያጅ 3) የስራ ሂደት
 4) የቡድን አስተባባሪ 5) ሰራተኛ/ፈፃሚ
5. በድርጅቱ የቆዩበት የሥራ ዘመን(በዓመት)፤
 1) ከ2 ዓመት በታች 2) ከ2-5 ዓመት 3) ከ6-9 ዓመት
 4) ከ11-14 ዓመት 5) ከ15 ዓመት በላይ

ክፍል ሁለት፡- ከጥናቱ ጋር የተገናኙ ጥያቄዎች

እባክዎ ቀጥሎ ለተቀመጡት ዝርዝር ሀሳቦች/ጉዳዮች እርስዎ ባለዎት እይታ መነሻነት የመስማማት/ያለመስማማት ደረጃዎትን በተቀመጠው ምላሽ የመስጫ ቦታ ላይ የ“/” ምልክት በማድረግ ያሳዩ፤

መግለጫ፡- 1 = በጣም አልስማማም 2 = አልስማማም 3 = አልወስንም
4 = እስማማለሁ 5 = በጣም እስማማለሁ

ጥ.ቁ	1. እቅድ ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልስማማም	2=አልስማማም	3=አልወስንም	4=እስማማለሁ	5=በጣም እስማማለሁ
1	የስራ ሀላፊዎች ግልፅ የሆነ እቅድ ያስቀምጣሉ፡፡					
2	የስራ አፈፃፀም ስራ አመራር ዘዴዉ በሚዘጋጅበት ጊዜ የሰራተኞችን ሃሳብ ይካተታል ፡፡					
3	የድርጅቱን ራዕይና ዓላማ አውቃለሁ ፡፡					
4	የግል ዕቅድን ለማሳካት የራሴን ሃላፊነት እወስዳለሁ ፡፡					
5	ድርጅቱ በቀጣይ 5 አመታት ለማሳካት የሚፈልገውን ነገር በትክክል አውቃለሁ ፡፡					
6	የስራ አፈፃፀም የሚመዘንባቸው መነሻ እቅዶች በጋራ የሚታቀዱ እቅዶች ናቸው ፡፡					
7	የድርጅቱን እቅድ ለማሳካት ምን ማድረግ/መስራት እንዳለብኝ አውቃለሁ ፡፡					
8	የግል ዕቅድን ባላሳካ የድርጅቱ እቅድ እንደማይላካ አምናለሁ፡፡					

ጥ.ቁ	2. ከስራ አፈፃፀም ምዘና ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልስማማም	2=አልስማማም	3=አልወስንም	4=እስማማለሁ	5=በጣም እስማማለሁ
1	የስራ አፈፃፀም ምዘናን አላማ በግልፅ እረዳለሁ ፡፡					
2	የስራ አለቃዬ በስራ አፈፃፀም ምዘናና ግምገማ ወቅት ትክክለኛና ሃቀኛ ነዉ ፡፡					
3	የስራ አፈፃፀም ምዘና የኔን አፈፃፀም ያሳያል ፡፡					
4	የስራ ሀላፊዎች ሰራተኞችን ለመመዘን የምያበቃ ክህሎት አላቸዉ ፡፡					
5	የስራ አፈፃፀም እንዴት እንደሚመመዘን ግልፅ ሆኖልኛል					
6	ሰራተኞች የስራ አፈፃፀም መመዘኛዎች የሚላኩ መሆናቸዉን ይገነዘባሉ፡፡					
7	የስራ አፈፃፀም ምዘና በድርጅቱ ዉስጥ ላለኝ አፈፃፀም ጠቃሚ ነዉ ፡፡					
8	በስራ አፈፃፀም ምዘና ወቅት የስራ አፈፃፀምን ሊያቀላጥፉና ሊያደናቅፉ የሚችሉ ነገሮች ከግምት ዉስጥ ይገባሉ፡፡					

ጥ.ቁ	3. ከስራ አፈፃፀም ግብረ መልስ ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልሰማም	2=አልሰማም	3=አልወሰንም	4=እስማማለሁ	5=በጣም እስማማለሁ
1	የስራ አለቃዬ የስራ አፈፃፀሜን በተመለከተ በተደጋጋሚ ከኔ ጋር ወይይት ያደርጋል።					
2	ከቅርብ አለቃዬ ያገኘሁት ግብረመልስ ስራዬን ለማሻሻል አግዞኛል።					
3	የስራ አፈፃፀም ሪፖርት የኔን እዉነተኛ አፈፃፀም እንደሚያሳይ አምናለሁ።					
4	የስራ አለቃዬን ሃሳብና አስተያየት በግልፅ እረዳለሁ።					
5	የስራ አፈፃፀሜ ደካማ በሚሆንበት ጊዜ አለቃዬ በአፈፃፀሜ ድክመት ምክንያቶች ላይ ወይይት ያደርጋል።					
6	የስራ ሃላፊዬ የስራ አፈፃፀሜን ለማሻሻል ግልፅ አቅጣጫ ይሰጠኛል።					
7	በተግባር ያሳካሁት የስራ አፈፃፀሜ እና የተቀበልኩት ግብረ መልስ ይገናኛል።					
8	ከስራ ሃላፊዬ ጋር በሚገጥሙ ስራዎች/ችግሮች ዙሪያ በምንወያይበት ወቅት ሃላፊዬ የኔን እይታ ይገነዘባል።					

ጥ.ቁ	4. ከማትጊያ ክፍያና ጥቅማጥቅሞች ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልሰማም	2=አልሰማም	3=አልወሰንም	4=እስማማለሁ	5=በጣም እስማማለሁ
1	በድርጅቱ ውስጥ ያለው የስራ አፈፃፀም ስራ አመራር ዘዴ መልክም የስራ አፈፃፀምን ይሸልማል/የጠቅማል/፤ ደካማ የስራ አፈፃፀምን ከማትጊያ ክፍያና ጥቅማጥቅም ይከለክላል።					
2	የድርጅቱ ስራ አፈፃፀም ስራ አመራር ዘዴ የስራ ደረጃ እድገትን ከስራ አፈፃፀም ጋር ያገናኛል።					
3	ከስራ አፈፃፀም ስራ አመራር ዘዴ የሚገኙ ዉጤቶች ለስራ ደረጃ እድገትና ለስራ ደረጃ መወሰድ ዉሳኔ ያገለግላሉ።					
4	የስራ ሀላፊዬ የሚሰጠኝ ማበረታቻ የስራ ዉጤቱን ያሻሽላል።					
5	የማገኘዉ የማትጊያ ክፍያና ጥቅማጥቅሞች ስራዬ በጊዜ እንዳጠናቅቅ ያነሳሳኛል።					
6	የደረጃ እድገት የሚገኘዉ በስራ አፈፃፀም ምዘና መሰረት ነዉ።					
7	የስራ አለቃዬ የላቀ የስራ አፈፃፀም በሚኖረኝ ወቅት ያመሰግናኛል።					
8	ድርጅቱ የደረጃ እድገትን ከጥቅማጥቅሙ ጋር በማገናኘት ለምርታማነቱ እስተዋጽኦ ያደርጋል።					

ጥ.ቁ	5. ከሰራ አፈፃፀም ምዘና ዘዴ ግልጋሎት ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልሰማም	2=አልሰማም	3=አልወሰንም	4=አሰማለሁ	5=በጣም አሰማለሁ
1	የድርጅቱ ስራ አፈፃፀም ስራ አመራር ዘዴ አላማ አለው።					
2	የድርጅቱ ስራ አፈፃፀም ስራ አመራር ዘዴ የድርጅቱን እና የሰራተኞች ግብ ያስተላልፋል።					
3	የድርጅቱ ስራ አፈፃፀም ስራ አመራር ዘዴ የስራ ኃላፊነትንና እቅድን ለመግለፅ/ለማስገንዘብ ያገለግላል።					
4	የድርጅቱ/ህ/ሽ ስራ አፈፃፀም ስራ አመራር ዘዴ አላማ የሰራተኞች ዕድገት ላይ ያተኩራል።					
5	በስራ አፈፃፀም ስራ አመራር ዘዴ የተሰበሰበ መረጃ ለአስተዳደራዊ አላማ ማለትም ለደረጃ ዕድገት፣የስራ ዉል ለማቋረጥ ያገለግላል።					
6	ድርጅቱ የስራ አፈፃፀም ስራ አመራር ዘዴን በዋናነት ሰራተኞችን ለተሻለ ኃላፊነት ለመለየትና ለማዘጋጀት ይጠቀማል።					
7	የስራ አፈፃፀም ስራ አመራር ዘዴ አላማ በድርጅቱ ዉስጥ የላቀ የስራ አፈፃፀም ባህልን መመስረት ነው።					
8	የስራ አፈፃፀም ስራ አመራር ዘዴ ደካማ እና የላቀ የስራ አፈፃፀም ያላቸውን ሰራተኞች ለመለየት ያገለግላል።					

ጥ.ቁ	6. ከሰራተኞች የስራ አፈፃፀም ጋር በተያያዘ ያሉ ጥያቄዎች	1=በጣም አልሰማም	2=አልሰማም	3=አልወሰንም	4=አሰማለሁ	5=በጣም አሰማለሁ
1	ድርጅቱ ሰራተኞች በሙሉ አቅማቸው እንዲሰሩ ድጋፍ ያደርጋል ።					
2	ስራን በተገቢው መንገድ በመስራት የስራ ድርሻዬን በላቀ ሁኔታ እፈፅማለሁ።					
3	የምሰራበት ድርጅት የሰራተኞችን ችሎታ የማሳልበት አቅም አለው ።					
4	ከተሰጠኝ ሀላፊነት በላይ ተጨማሪ ሀላፊነት የመውጣት አቅም አለኝ ።					
5	ከሌሎች ሰራተኞች ጋር በጋራ መስራት እችላለሁ ።					
6	አንድን ስራ ለማሳካት ተጠያቂነቱን እወስዳለሁ ።					
7	የስራ እቅድን ቡድን ጊዜ አሳክለሁ ።					
8	ስራዬን ለማጠናቀቅ ጥቂት ጊዜና ጉልበት እፈጃለሁ ።					
9	እቅድን በሚገባ ማወቁ ትኩረቴን ስራዬ ላይ እንዳደርግና የላቀ የስራ አፈፃፀም እንዲኖረኝ አስችሎኛል ።					

አመሰግናለሁ!

Appendix C

Appendix C: 1 Descriptive Statistics and Correlations

Descriptive Statistics

	Mean	Std. Deviation	N
Employee Performance	3.8773	.63587	345
Goal Setting	3.5500	.64948	345
Performance Appraisal	3.7087	.54404	345
Feedback	3.7029	.62525	345
Reward	1.7688	.95930	345
Purpose of PMS	3.5812	.75515	345

Descriptive Statistics					
Goal Setting	N	Mini.	Maxi.	Mean	Std. Deviation
Managers set clear goals with their direct reports.	345	1	5	3.60	.740
The Performance Management System was created with contributions from the staff all through the division and Organization.	345	1	5	3.42	.879
I know the vision & mission of my organization.	345	1	5	3.63	1.026
I assume individual responsibility for accomplishing my own goals.	345	1	5	3.57	1.027
I am familiar and understand what my organization needs to accomplish in the upcoming five years.	345	1	5	3.57	.871
Goals established for performance measurement are mutually set goals.	345	1	5	3.49	1.060
I know what I need to do to achieve the general organizational goals.	345	1	5	3.78	.867
I believe the organization wouldn't meet the corporate goal if I don't meet my own goal.	345	1	5	3.34	.821
Valid N (listwise)	345				

Descriptive Statistics					
Performance Appraisal	N	Mini.	Maxi.	Mean	Std. Deviation
I clearly comprehend the reason of performance evaluation.	345	1	5	4.01	.878
My supervisor is fair and honest in my performance appraisal.	345	1	5	3.74	.782
Performance appraisal mirrors my accomplishment.	345	1	5	3.76	.881
The manager has a capability to appraise the performance of employees.	345	1	5	3.64	.814
I am clear with how my achievement is to be appraised.	345	1	5	3.62	.884
Workers consider standards of performance are feasible.	345	1	5	3.52	.842
Performance evaluation is important to my productivity in my organization.	345	1	5	3.67	.708
All elements encouraging and obstructing performances are contemplated while evaluating the performance.	345	1	5	3.71	.990
Valid N (listwise)	345				

Descriptive Statistics					
Feedback	N	Mini.	Maxi.	Mean	Std. Deviation
My supervisor and me discuss regarding my work performance on regular basis.	345	1	5	3.76	.987
The feedback I get from my immediate manager encourages me to get better in my work.	345	1	5	3.68	1.050
I believe my actual performance is reflected by the performance appraisal.	345	1	5	3.75	.770
I clearly comprehend my supervisors remark and comments in the time of feedback	345	1	5	3.85	.900
When my performance has not met minimum standards, my manager discusses with me the reasons.	345	1	5	3.55	.970
The manager provides me with clear direction for improving my work performance.	345	1	5	3.78	.950
What I have actually achieved agree with the feedback I receive	345	1	5	3.64	.681
The manager tries to understand my point of view when he/she discusses problems or projects with me.	345	1	5	3.61	.836
Valid N (listwise)	345				

Descriptive Statistics					
Reward	N	Mini.	Maxi.	Mean	Std. Deviation
The performance management system in my organization reward good performance and discourage poor performance.	345	1	5	1.75	1.050
Performance management system links promotion to performance achievement.	345	1	5	1.77	1.108
The results of Performance Management Process are used for promotion and/or demotion.	345	1	5	1.69	1.060
Recognition by managers improves my success at work.	345	1	5	1.79	1.092
The rewards initiate me to be timely in completing my job.	345	1	5	1.72	1.085
Promotion is purely based on Performance Appraisal.	345	1	5	1.74	.969
My supervisor gives me gratitude for exceeding his/her expectations.	345	1	5	1.88	1.056
My organization impacts my performance by connecting the reward to on job promotion.	345	1	5	1.82	1.033
Valid N (listwise)	345				

Descriptive Statistics					
Purpose of PMS	N	Mini.	Maxi.	Mean	Std. Deviation
The Performance management system of the organization has purpose.	345	1	5	3.50	1.189
The organization Performance management system serves as a link between employee's personal goal and organizational goal.	345	1	5	3.61	1.028
Performance Management system serves as Clarifying work duties and targets.	345	1	5	3.61	1.196
In your organization the purpose of performance management system centers on the development of employees.	345	1	5	3.59	.920
Information Collected through Performance Management is uses for administrative purpose as promotion, suspension and termination.	345	1	5	3.65	1.003
The organization Employee Performance Management basically to identify and prepare individuals for increased responsibility.	345	1	5	3.40	1.069
The Purpose of Performance management is to set up a superior work culture in the organization.	345	1	5	3.60	.919
Performance Management system uses to distinguish low and high performers.	345	1	5	3.67	.953
Valid N (listwise)	345				

Descriptive Statistics					
Employee Performance	N	Mini.	Maxi.	Mean	Std. Deviation
My organization support employees to work to the best of their potential.	345	1	5	3.62	1.130
I execute well in my overall job by performing tasks as expected.	345	1	5	3.73	.942
The organization is capable of capitalizing employee abilities.	345	2	5	3.73	.887
I could manage additional responsibility in my job than is usually allotted to me.	345	1	5	3.60	.995
I am capable of working with others cooperatively.	345	1	5	4.22	.878
I am held accountable for achieving specific results.	345	2	5	3.97	.617
I usually achieve my performance goal.	345	1	5	4.01	.794
I spent minimum effort and time to complete my job.	345	1	5	3.92	1.189
Understanding my target allow me to focus on my work and to have high performance.	345	1	5	4.09	.875
Valid N (listwise)	345				

Correlations

		Employee Performance	Goal Setting	Performance Appraisal	Feedback	Reward	Purpose of PMS
Pearson Correlation	Employee Performance	1.000	.817	.722	.842	.187	.743
	Goal Setting	.817	1.000	.601	.754	.070	.597
	Performance Appraisal	.722	.601	1.000	.658	.064	.565
	Feedback	.842	.754	.658	1.000	.151	.627
	Reward	.187	.070	.064	.151	1.000	.030
	Purpose of PMS	.743	.597	.565	.627	.030	1.000
Sig. (1-tailed)	Employee Performance	.	.000	.000	.000	.000	.000
	Goal Setting	.000	.	.000	.000	.096	.000
	Performance Appraisal	.000	.000	.	.000	.117	.000
	Feedback	.000	.000	.000	.	.002	.000
	Reward	.000	.096	.117	.002	.	.288
	Purpose of PMS	.000	.000	.000	.000	.288	.
N	Employee Performance	345	345	345	345	345	345
	Goal Setting	345	345	345	345	345	345
	Performance Appraisal	345	345	345	345	345	345
	Feedback	345	345	345	345	345	345
	Reward	345	345	345	345	345	345
	Purpose of PMS	345	345	345	345	345	345

Appendix C: 2 Model Summary, ANOVA, Coefficients & Collinearity Diagnostic

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.925 ^a	.856	.854	.24266	.856	404.608	5	339	.000	1.791

a. Predictors: (Constant), Purpose of PMS, Reward, Performance Appraisal, Goal Setting, Feedback

b. Dependent Variable: Employee Performance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119.127	5	23.825	404.608	.000 ^b
	Residual	19.962	339	.059		
	Total	139.089	344			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Purpose of PMS, Reward, Performance Appraisal, Goal Setting, Feedback

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	-.045	.095		-.470	.639	-.232	.143		
Goal Setting	.310	.032	.317	9.683	.000	.247	.373	.395	2.530
Performance Appraisal	.204	.034	.174	6.084	.000	.138	.270	.515	1.942
Feedback	.318	.036	.312	8.791	.000	.247	.389	.335	2.982
Reward	.066	.014	.099	4.724	.000	.038	.093	.967	1.034
Purpose of PMS	.216	.024	.256	9.159	.000	.169	.262	.541	1.848

a. Dependent Variable: Employee Performance

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
	1	(Constant)	-.045			.095							
	GoalSetting	.310	.032	.317	9.683	.000	.247	.373	.817	.465	.199	.395	2.530
	PerformanceAppraisal	.204	.034	.174	6.084	.000	.138	.270	.722	.314	.125	.515	1.942
	Feedback	.318	.036	.312	8.791	.000	.247	.389	.842	.431	.181	.335	2.982
	Reward	.066	.014	.099	4.724	.000	.038	.093	.187	.249	.097	.967	1.034
	PurposeofPMS	.216	.024	.256	9.159	.000	.169	.262	.743	.445	.188	.541	1.848

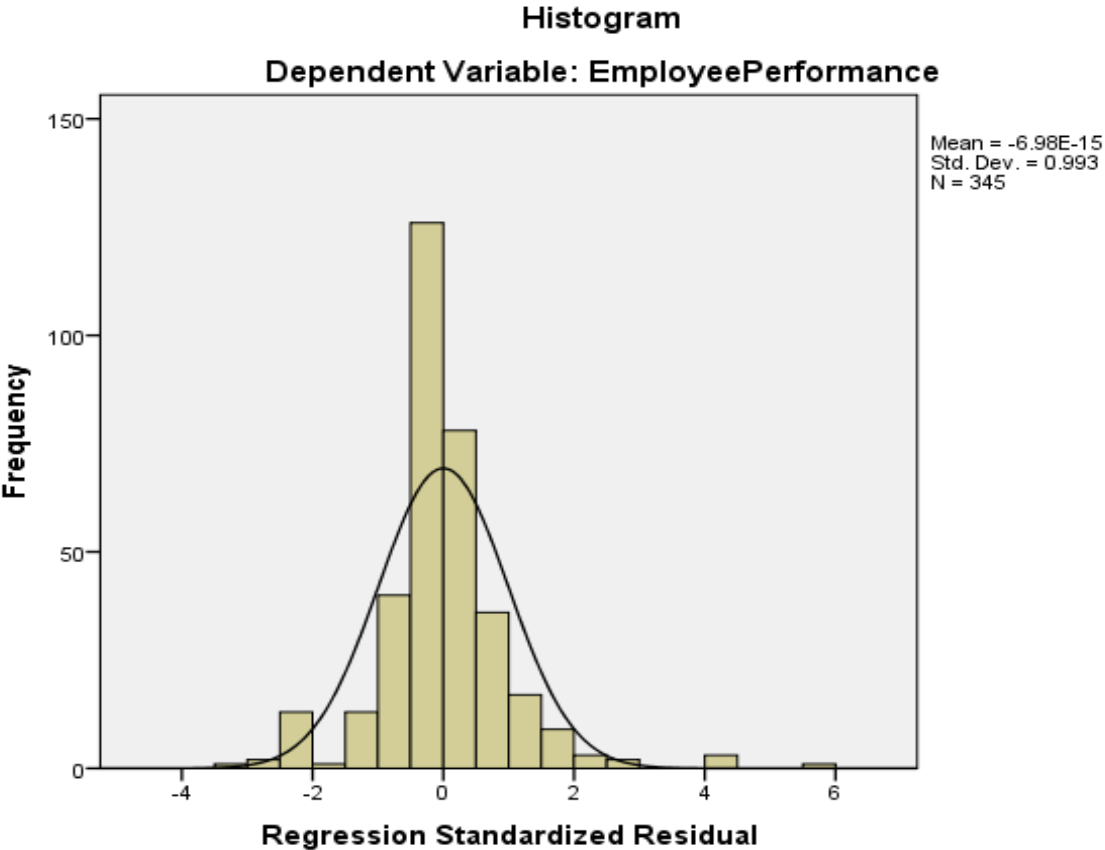
a. Dependent Variable: EmployeePerformance

Collinearity Diagnostics^a

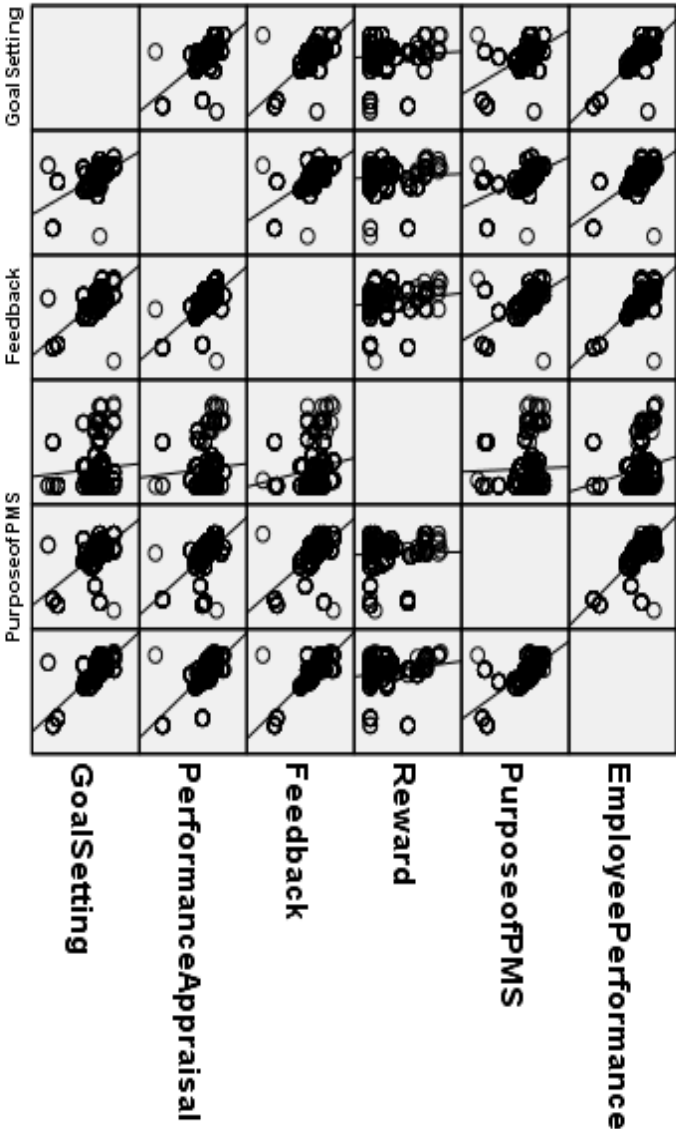
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Goal Setting	Performance Appraisal	Feedback	Reward	Purpose of PMS
1	1	5.750	1.000	.00	.00	.00	.00	.01	.00
	2	.198	5.395	.00	.00	.00	.00	.95	.01
	3	.022	16.291	.41	.01	.02	.00	.03	.49
	4	.015	19.380	.19	.33	.00	.08	.00	.47
	5	.009	25.509	.37	.25	.74	.03	.00	.04
	6	.007	29.377	.02	.41	.23	.88	.02	.00

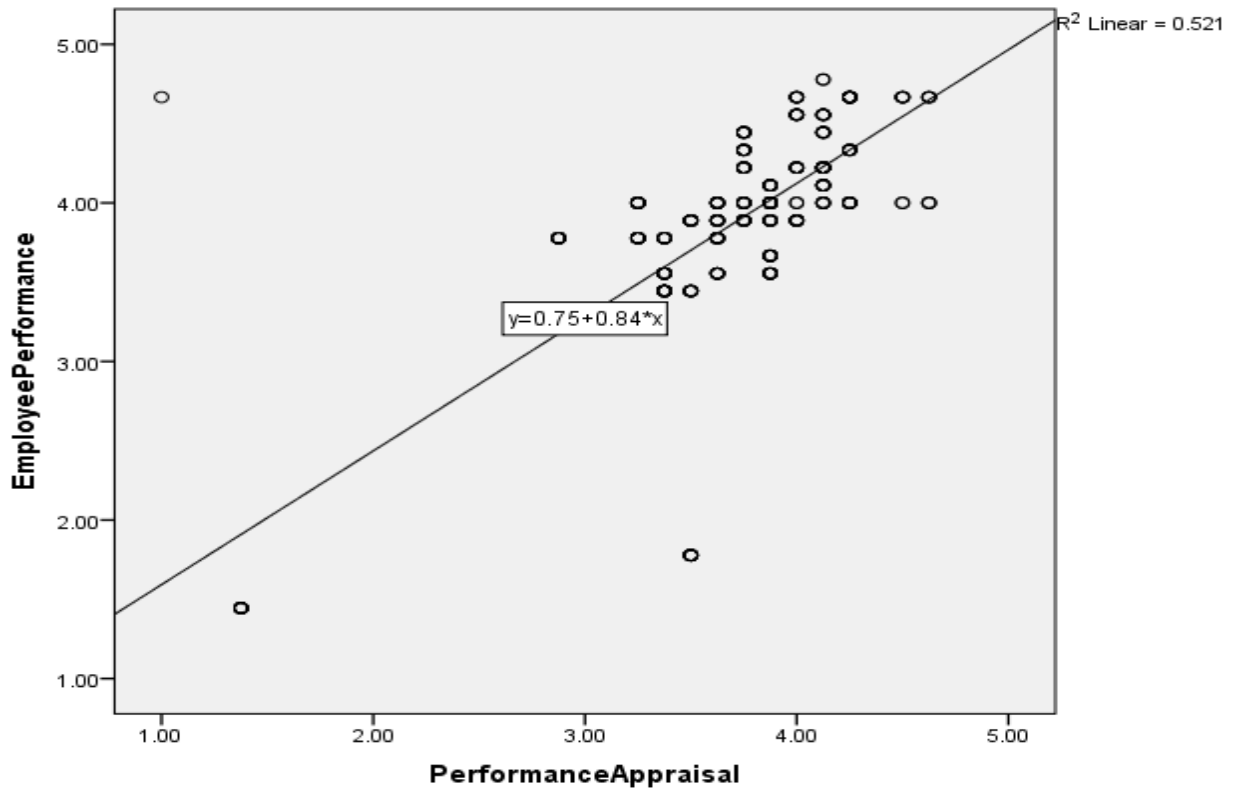
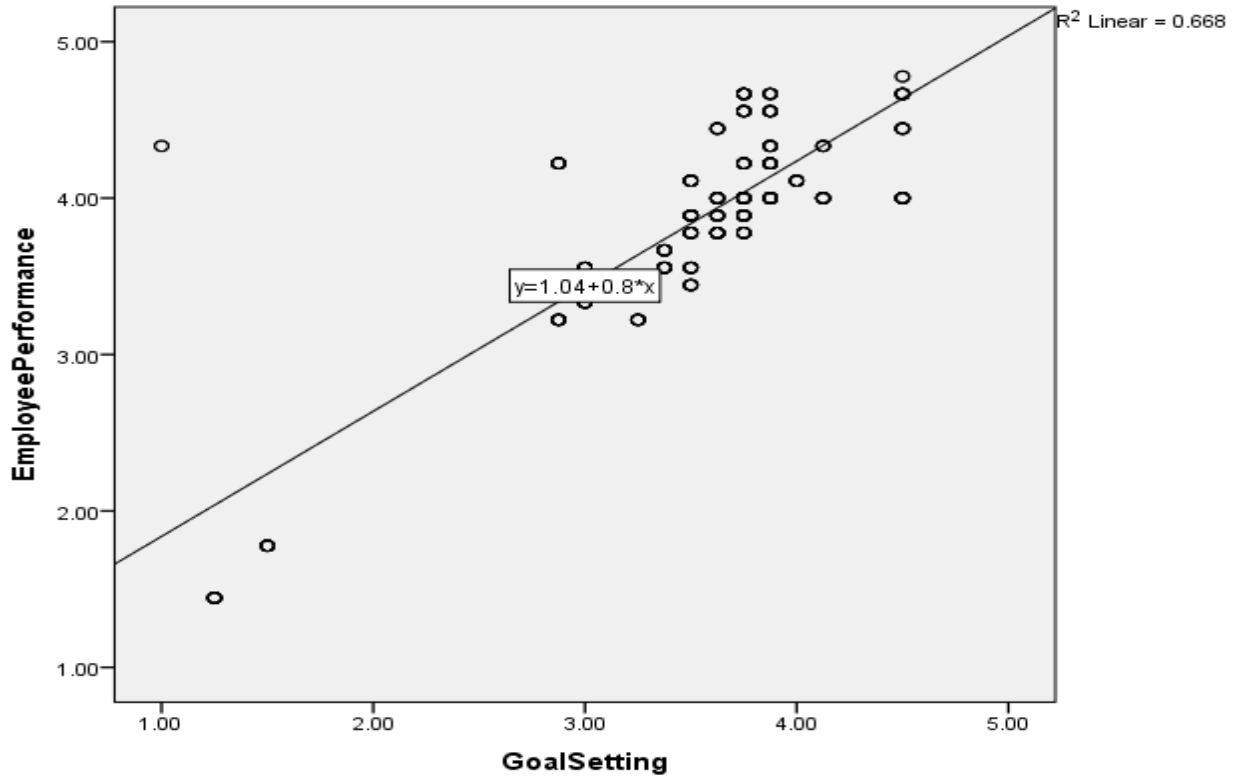
a. Dependent Variable: EmployeePerformance

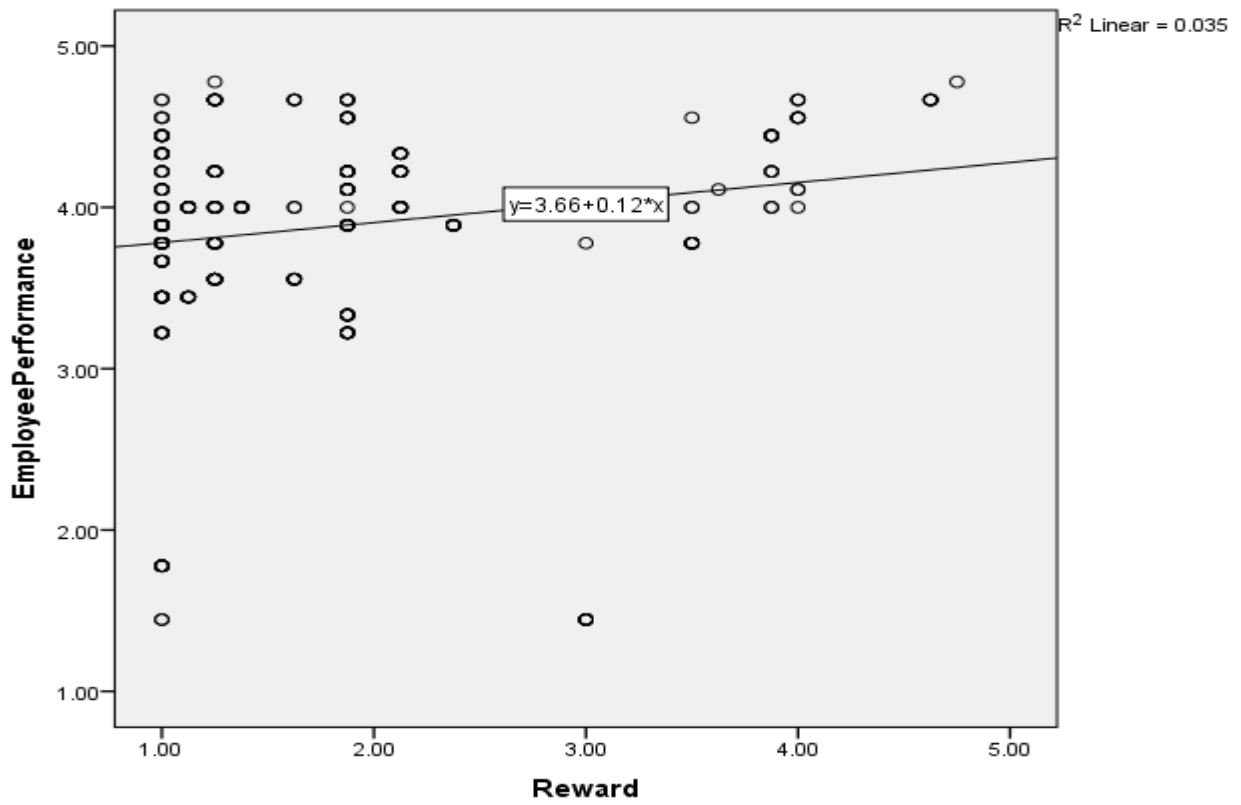
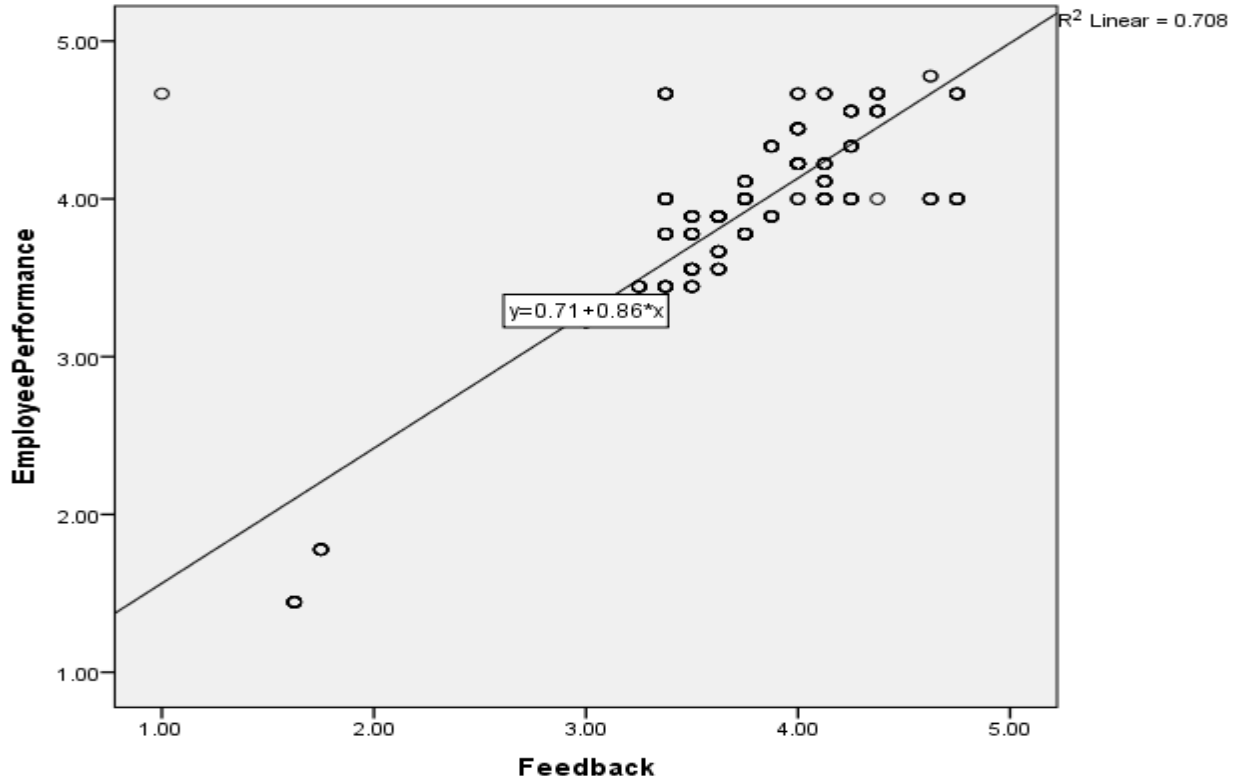
Appendix C: 3 Histogram, Linearity Matrix Plots, Scatter plot & Scree plot

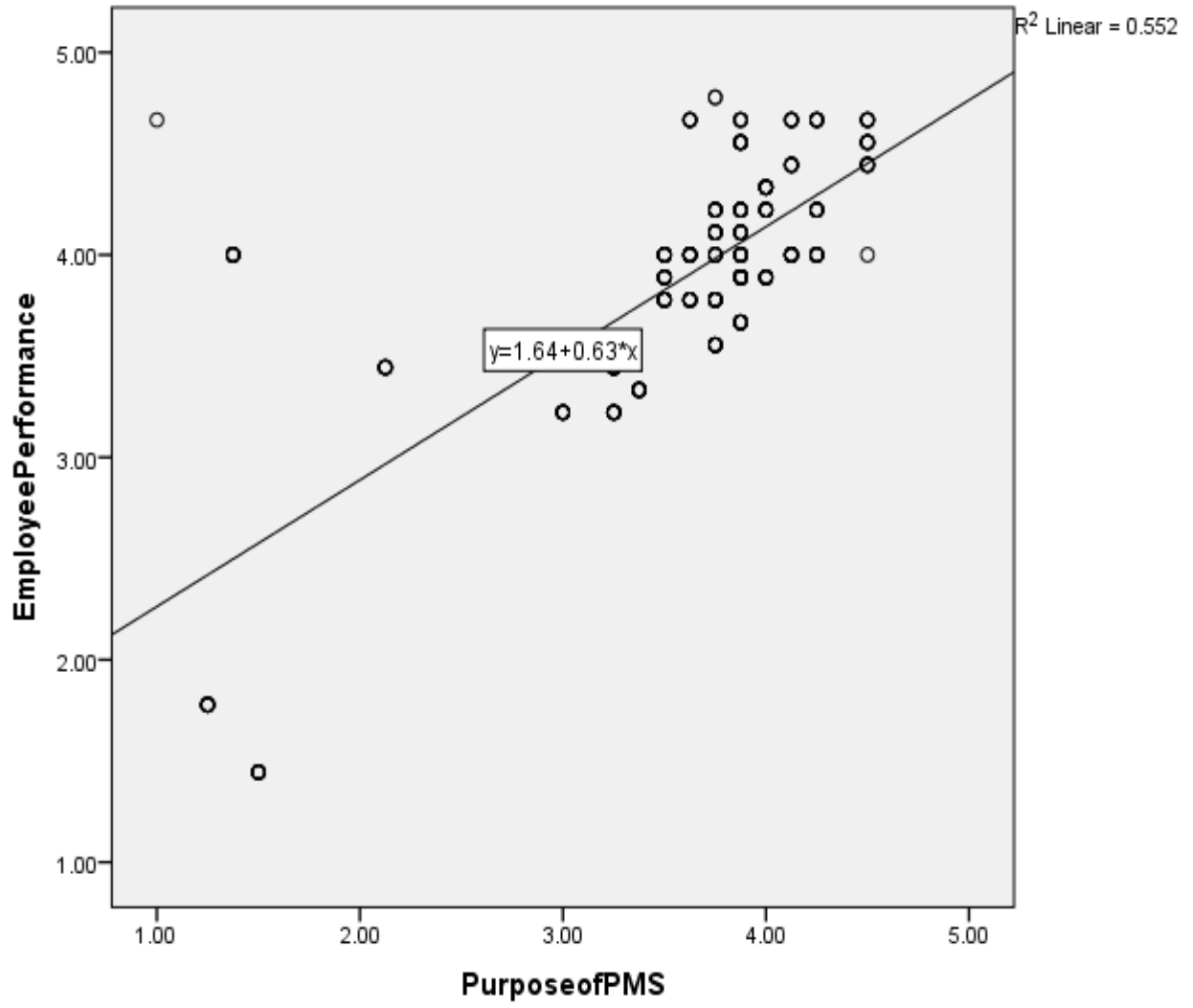


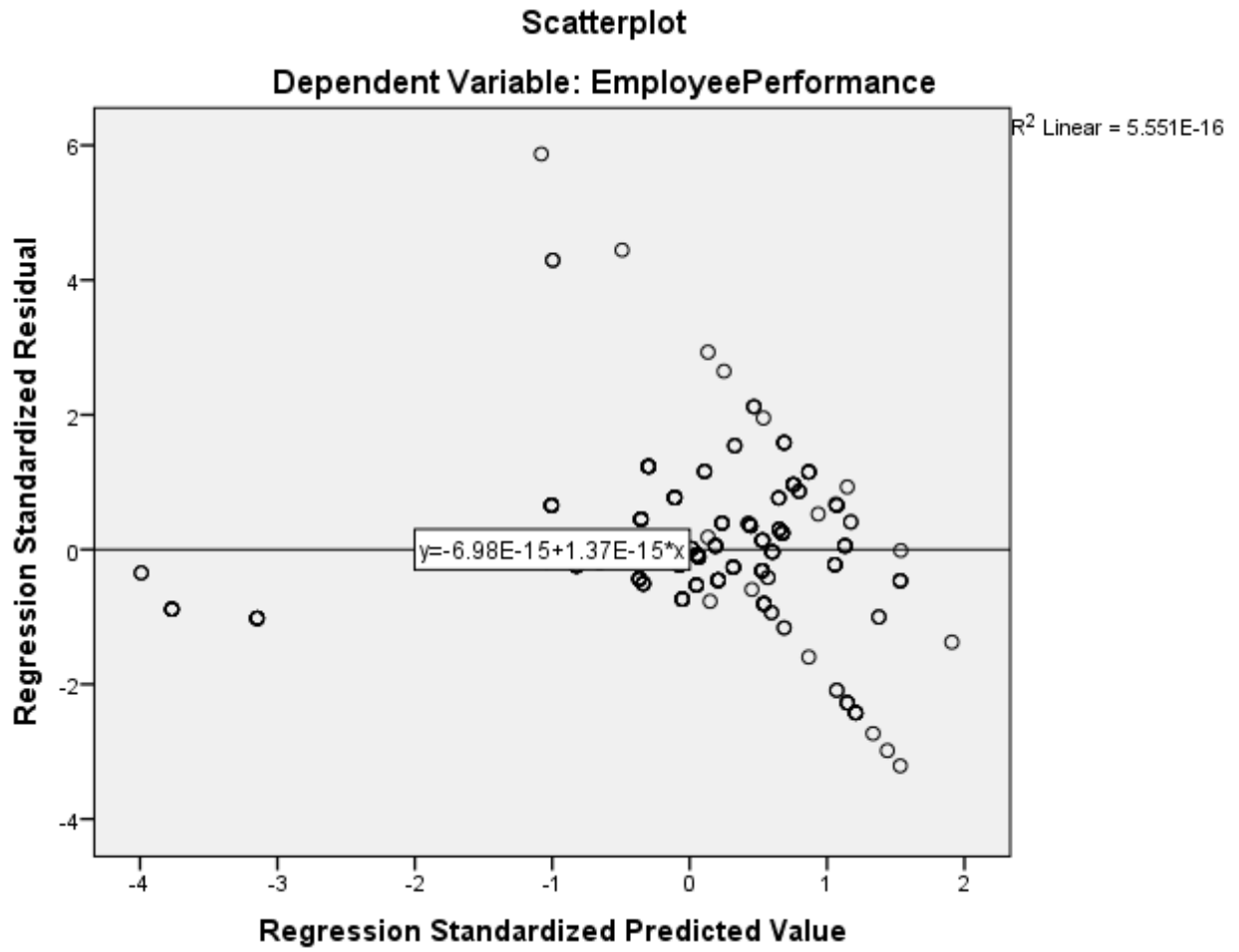
Linearity Matrix Plot











Case Processing Summary			
		N	%
Cases	Valid	345	100.0
	Excluded ^a	0	.0
	Total	345	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.812	6

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Goal Setting	16.6389	6.489	.721	.753
Performance Appraisal	16.4802	7.097	.657	.773
Feedback	16.4860	6.402	.791	.740
Reward	18.4200	7.767	.114	.915
Purpose of PMS	16.6077	6.327	.632	.769
Employee Performance	16.3116	6.106	.886	.718

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.847
Bartlett's Test of Sphericity	Approx. Chi-Square	1377.65
		4
	Df	15
	Sig.	.000

Scree Plot

