

Addis Ababa University
College of Business and Economics
School of Commerce

The Effect of Performance Management System
on Organizational Effectiveness:
In the Case of Ethiopian Roads Authority

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in Human Resource Management

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DECLARATION

I, the author of this research, declare that this thesis (THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON ORGANIZATIONAL EFFECTIVENESS: IN THE CASE OF ETHIOPIAN ROADS AUTHORITY) is my original work. It has not been submitted for a degree in any other universities and all the materials used in this study have been appropriately acknowledged.

Abraham Araya Kidane
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Signature

Date

LETTER OF CERTIFICATION

As the major advisor of this thesis, I hereby certify that I have read and evaluated this thesis prepared under my guidance by Abraham Araya, entitled as “THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON ORGANIZATIONAL EFFECTIVENESS IN THE CASE OF ETHIOPIAN ROADS AUTHORITY”. By means of this certification, I recommend it to be submitted as fulfilling the thesis requirements.

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We, the undersigned, members of the Advisor and Examiners of the final defense by Abraham Araya, have read and evaluated his thesis entitled “THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON ORGANIZATIONAL EFFECTIVENESS: IN THE CASE OF ETHIOPIAN ROADS AUTHORITY” and examined the candidate. This is therefore to certify that the thesis has been accepted in partial fulfillment for the award of the degree of Master of Art in Human Resource Management.

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ACRONYMS

BSC	Balance Score Card
ERA	Ethiopian Roads Authority
HR	Human Resources
HRM	Human Resources Management
PM	Performance Management
PMS	Performance Management System
PMC	Performance Management Cycle
SPSS	Statistical Packages for Social Sciences
OE	Organizational Effectiveness
HO	Head Office
RNMBD	Roads Network Management Branch Directorate
RSDP	Road Sector Development Program

ABSTRACT

The general objective of this study was to investigate the effect of Performance Management System (PMS) on Organizational Effectiveness (OE) in Ethiopian Roads Authority (ERA). Mixed of qualitative and quantitative research methodology has been used by the research. Among the total population of 2897 employees in ERA, 200 respondents were selected through stratified sampling design and 13 interviewees were also selected through purposive sampling design. Structured type of questionnaire has been employed, while semi-structured type of interview has been also used to collect primarily data. The study used both primary and secondary sources of data to gather the required information. Thematic, content and comparative data analysis techniques have been applied to analyze the data gathered through interviews. 'Karl Pearson's Correlation Coefficients' has been put in use to do the correlation analysis, while 'Simple Linear Regression' has been also employed to provide regression analysis. The research findings have shown that there is a positively significant relationship between each dimension of PMS (performance pre-requisites, performance planning, performance execution, performance evaluation, performance review, and performance renewal and re-contraction) and OE. And the study also proved there is a positively significant association between the overall PMS and OE. HR managers can use the results of this study for identification and bridging of the gaps related to the PMS, and to get the direction and guidelines to improve the level of PMS and OE in large.

Key words: *Ethiopian Roads Authority (ERA), Performance Management (PM), Organizational Effectiveness (OE)*

CHAPTER ONE

INTRODUCTION

1.1. Introduction

This chapter contained background of the study, statement of the problem, significant of the study, definition of key terms in the study, and organization of the study. While going through this chapter of the research, a reader can understand what the overall aim and specific objectives of the study were. Moreover, anyone who reads this research paper can understand the research questions that have been answered through this study and how this research would be significant for other researchers and HR managers especially for those who are responsible to design and implement PMS in their organization.

1.2. Background of the Study

Human resource is one of the most important assets for an organization (Mahapatro 2010). The human resource can be seen as a foundation of any organization. Without sufficient and efficient human resource, an organization cannot build a good team of working experts and environment. Effective firms do not focus merely on market realities and sustainable competitive advantages for success, but on human structures as well. These kinds of organizations consider their human capital as their most important asset (Armstrong 2006).

As a branch of management, Human Resource Management (HRM) is a process that links the goals of the organization with the goal of the individuals and teams together by obtaining the best people and winning their commitment to attain organizational goals in an effective and efficient manner (Pulakos 2004). In other words, it is the practice of managing the human resources of the firm to gain their maximum contribution to the company (Mahapatro 2010). Contributing to the personal development of employees is one of the goals of HRM. It supports people to employ their all-out potential and to improve their performance by providing the required information regarding their performances and by defining their respective roles. By doing this, they will be benefited in outlining their anticipated goals and thereby, it helps to implement with the best possible efforts.

As a portion of HRM, performance management purposes to advance the performance of the organization to the higher expectancy by developing the performance of individuals and teams in a structured way (Armstrong 2009). If an organization has an effective performance management system (PMS), managers should be able to manage employees' performance and enhance productivity by bringing individuals' and teams' goals into the line of strategic goals of the organization. This can be implemented by providing well-defined and clear performance expectation, measurement and recognition (Schindler 2009). It also helps the management to make consistent decision for the future and to be focused on how to develop employees' performance further.

Having the right PMS is a concern of every organization, because it is an important asset of any company to be a competitor in the business market. For this reason, firms must implement such an effective PMS in order to develop employee and organizational performance in a way that contribute to organizational effectiveness (Radebe 2013).

Ethiopian Roads Authority (ERA) is an official body established by the government of Ethiopia to administer the road sector development programs in the country. ERA was initially established in 1951 by the proclamation No. 115/1951, as a semi-autonomous agency [the Imperial Highway Authority (IHA)] with the aim of planning, designing, constructing, and maintaining roads. By passing through a number of stages, this administrative body had been re-established by the proclamation No. 247/2011, with the aim of planning and formulating long and short term plans and programs for road construction and administration of contracts and owning roads in the country. At the present time, the authority is working as a public enterprise under the administration of Civil Service to administer the main road networks and related issues all over the country (ERA 2016).

ERA undertakes its functions in three working divisions: the head office, two training centers, and ten road network management branch directorates (RNMBDs). The Authority has a flat organizational structure with a Director General at the top, four deputy director generals, 13 directors, and a number of teams with team leaders (ERA 2017). Through these arrangements of responsibility, ERA is currently working to achieve the 5th road sector development program

(RSDP-V) which has been started to be implemented in July 2015 and lasted in June 2020 (ERA 2017). The five RSDPs are listed respectively, as follows:

1. RSDP I - From July 1997 to June 2002 (5 years plan)
2. RSDP II - From July 2002 to June 2007 (5 years plan)
3. RSDP III - From July 2007 to June 2010 (3 years plan)
4. RSDP IV - From July 2010 to June 2015 (5 years plan)
5. RSDP V - From July 2015 to June 2020 (5 years plan and ongoing)

To implement these road development programs in an efficient and effective way, the role of performance management system is a vital. It plays a significantly crucial role to transform the Authority's mission and vision in to practice. The PM system is also vigorous to the authority in order to achieve its strategic goals as they were intended before. Based on this assumption, the researcher chose to investigate the extent to which performance management system in ERA influences the authority's overall organizational effectiveness.

1.3. Statement of the Problem

The studies conducted on the association between performance management and other organizational aspects can be seen in two ways. On one hand, there are some researchers that could prove the relationship. Jones et al. (1995), for instance, described that performance management influences an organizational output. In relation to that, the study conducted by (Reddy et al. 2016) revealed that there is a causal relationship between performance management and organizational success. In addition, Kibichii (2016) has found that the elements of performance management process affect employee productivity. Moreover, Waal et al. (2011) also showed that several key activities related to the introduction of performance management have effect on organizational results.

In contrary, there are, more or less, other researchers who were failed to prove this association between performance management and organizational productivity. (Guest and Conway 1998, cited by Armstrong 2009) were among these researchers. As shown in the study done by (Radebe 2013), it was proved there is no significant relationship between the performance management

system and effectiveness in Service Delivery Company. This difference among a number of research findings indicates that there is a knowledge gap among authors about the issue. Thus, this theoretical gap existed among researchers was one situation that initiated the researcher to undertake this study.

Though Ethiopian Roads Authority has been recording a number of accomplishments in the road constructions of the country, there are a number of challenges and problems that the Authority is still facing. As reported by ERA (2016) over the nineteen years of the RSDPs, physical works have been undertaken on a total of 128,470 km of roads excluding routine maintenance work and community roads. The total budget for the planned works during those periods is estimated to ETB 232.5 billion (USD 15.9 billion), and the total amount disbursed in the same periods, is ETB 266.2 billion (USD 17.4 billion).

However, Physical and financial performance of RSDPs over the past 19 years against plan was 86% and 115% respectively. As The World Bank (2012) reported, the implementation of the road projects had several problems such as lack of timely warning and management intervention with the implementation of the projects and poor performance monitoring system with implementers (contractors and consultants) and the implementing agencies (staffs of ERA) as well.

Likewise, three major practical gaps have been observed by the researcher on the road developmental works in the country. The first problem is connected to the *Completion of projects within the scheduled time*. There are several road projects in different areas of the country delayed mainly due to problems arising from the stakeholders. The second problem is linked to the *quality of maintenance works*. It has been common to see there are a lot of weaknesses in the maintenance quality of the roads and technologies and materials used to maintain old or damaged roads everywhere in the country. The third problem is also related to the *road safety*. Though, there are other major causes for the incidence of deaths and injured people because of vehicles' accidents in the country, the poor road safety can be mentioned as a cause for the problem (The World 2012).

Although the implementers (both contractors and consultants) might be accountable for the problems to some extent, the researcher believes that the implementing agencies (both the management and employees) of ERA would be the main responsible body in making the road works to be completed successfully. As exposed by the Authority, the major challenges and problems attributed to employee performance management are lack of timely performance evaluation, capacity gap to perform jobs appropriately and rent seeking behaviors (deceitful practices for personal gain) (ERA 2017).

These problems distinguished towards the road sector in the country made the researcher to question specifically about the employee performance and the system designed and implemented to manage performance of employees in ERA. This question was “If there is a performance management system in ERA, what is its effect on managing performance of performers particularly employees in ERA in a way that contributes significantly to organizational effectiveness?”

The main focus, therefore, was to investigate the effect of employee performance management system on the overall organizational effectiveness. In view of that, the problem statement of the study has been stated as “what is the degree of an association between the performance management system and organizational effectiveness in ERA?”

Considering the importance of performance management system in contributing a lot to the organization towards enhancing its effectiveness, the researcher was attracted to investigate the effect of performance management system on organizational effectiveness in ERA in order to answer the following basic research questions:

1. What is the association between PMS and OE in ERA?
2. What is the effect of each dimension of PMS on OE in ERA?
3. What is the effect of the overall PMS on OE in ERA?
4. Which dimension of PMS has a highest effect on OE than others in ERA?
5. What are a variety of gaps in designing and implementing the PMS in ERA and solutions used to bridge those gaps?

1.4. Objectives of the Study

1.4.1. General Objective

The overall objective of this study is to investigate the effect of performance management system on organizational effectiveness in Ethiopian Roads Authority.

1.4.2. Specific Objectives

In light of the general objective stated above, this study specifically attempted to:

1. Determine the association between PMS and OE in ERA.
2. Determine the effect of each dimension of PMS on OE in ERA.
3. Determine the effect of the overall PMS on the overall OE in ERA.
4. Determine which dimension of PMS has a highest effect on OE than others in ERA.
5. Identify a variety of gaps in designing and implementing the PMS in ERA and to assess the solutions used to bridge those gaps.

1.5. Significance of the Study

The result of this study enables:

1. HRM officers at ERA to obtain feedbacks and take corrective measures to ensure an effective designing and implementation of employee performance management system in their organization.
2. Other personnel to use the finding of this study as an input to deal with the practices of managing the performance of employees in their organizations.
3. Other researchers to be beneficiaries from this study by using it as an additional reference for their studies linked to this one.

1.6. Scope of the Study

To make the study manageable, the study was mainly focused on explaining the association and cause-and-effect relationship between the two variables: the independent variable (performance management system) and the dependent variable (organizational effectiveness). The research examined the above variables from the re-establishment of ERA i.e. 2011G.C. The study was

only undertaken on the three divisions of ERA. These are: 1) the head office located around Mexico in front of Wabe Shebelle hotel in Addis Ababa; 2) two training centers located at Alemgena and Chanco; and 3) 10 road network management branch directorates (RNMBDs) located at different parts of the country.

1.7. Definition of Key Terms

- **Performance:** the record of the person's outcomes or accomplishments achieved on an individual basis Armstrong (2006).
- **Performance Management:** a "strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors and teams" (Armstrong 2000).
- **Performance Management System:** *a tool involving the process of identifying, evaluating and developing the employee's performance* (Lansbury 1988).
- **Organizational Effectiveness:** the extent to which an organization fulfills the objectives (Whetton 1983, cited by Thibodeaux *et al.* 1995).
- **Effect:** the extent to which one variable affects another one

1.8. Organization of the Study

This study was divided into six chapters. Each of these chapters is stated with their components as follows: *Chapter one* is the introduction part of the study. It included the following: background, problem statement, objective, research questions, significance, scope and limitation of the study, and it also contained definitions of some key terms that will be used in the study. *Chapter two* is the literature review of the study. It contained the review of related literatures. It has been reviewed with the terms, phrases and topics that were directly arisen from the main topic of the study. *Chapter three* is the methodology of the study. It described the study area, research approach, and research design. Additionally, this chapter of the study defined the population and sampling, and it determined what type of data sources, data collection instruments and its procedures had to be used in this study. In addition to that, the issues of Ethical Consideration and Data Analysis have been discussed in this part of the study. *Chapter*

four is about Results and Discussion. In this section of the chapter, the data collected from both questionnaire and interviews have been analyzed and interpreted, and the results have been also discussed by the researcher accordingly. *Chapter five* is about summary, conclusion, and recommendation. It stated the summary of the major findings and conclusions drawn by the researcher. Recommendations, limitation of the study, and directions for further works have been stated in this chapter.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1. Introduction

This chapter of the study has three main sections: *theoretical review*, *empirical review* and *theoretical framework of the study*. In the first section, the researcher reviewed different literatures written mainly on the theoretical aspects of performance management system and organizational effectiveness. In the second section, the author also reviewed studies (journal articles) written recently and more closely to the main topic of this study, “the effect of performance management system on organizational effectiveness”, and the PMS which ERA has been implementing. In the final section, the researcher developed and presented the ‘conceptual framework’ of this study.

2.2. Theoretical Review

2.2.1. Performance Management Defined

Armstrong (2000) defined Performance Management as a “systematic process for improving organizational performance by developing the performance of individuals and teams. Another author, Lockett (1992) also defined it as “the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement.” What we understand from these definitions is that performance management is a process which is designed and implemented systematically for the purpose of making an organization competent to achieve its objectives through improving employees’ performance.

2.2.2. Organizational Effectiveness Defined

Generally speaking, the term ‘organizational effectiveness’ describes the degree to which an organization realizes its goals (Etzioni 1964). The effectiveness of an organization in achieving its goals at the organizational level is called organizational effectiveness (Cameron and Whetton 1983). The organizational effectiveness is also defined as the extent to which an organization fulfills the objectives (Thibodeaux and Favilla 1995). The topic of organizational effectiveness

emphasized process control, information management and goal setting (Denison *et.al*, 2004). OE is a step-by-step approach to continuously improving an entire organization” (Anon 2012).

2.2.3. Models for Organizational Effectiveness

There are a wide variety of approaches to organizational effectiveness. The most widely used models are the following five:

i. Goal Attainment Approach (GAA)

It is characterized by identifying organizational goals to measure its effectiveness. It defines effectiveness as the degree to which an organization has achieved its goals (Price, 1968, cited by Eyid 2015). According to Weese (1997), this framework is widely used approach to measure the effectiveness of an organization. This approach focuses on the goals or output of an organization and on evaluating how well the organization meets those goals. However, there are some advocates that argue over the effectiveness of this approach. Chelladurai (1987) for instance, argued that this approach has nevertheless its weakness. According to this author, there are some difficulties which can make this approach to be absolute such as numerous goals conflicting with one another, goals’ nature to be shift over time and various environments with organizations interaction over. Haggerty (1991) contended that it would be difficult to measure the effectiveness of an organization by stating the above reasons.

ii. System Resource Approach (SRA)

This approach is projected by Yuchtman and Seashore (1967). They defined effectiveness as “the ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources” (Yuchtman and Seashore 1967). This view of effectiveness focuses on an organizational ability to attract necessary resources to ensure sustainability of the organization’s effectiveness. The center for the applicability of this approach is two: attracting resources and maintaining a harmonious relationship with the environment (Eydi 2015). It is, therefore, possible to assume that “since resources are required to attain organizational goals, the greater the resources are the greater the organizational effectiveness would be” (Chelladurai 1987).

iii. **Internal Process Approach (IPA)**

This model views organizations that can offer a harmonious and efficient internal environment as effective ones (Chelladurai 1987). This approach focuses on the internal logic and reliability among the input and output processes of the organization, i.e. converting the organization's input into desired outputs (Eydi 2015). It has a clear premise that defines there is a clear association between the internal process and desired outputs (Pfeffer 1977, cited by Eydi 2015). This process model has also its own shortcomings. According to Eydi (2015), they are basically three: its one-sided view of effectiveness, the way it classifies the valued internal processes and in developing methods to measure those processes.

iv. **Strategic Constituencies Approach (SCA)**

This approach is based on the view of organizational effectiveness in which potentially several statements of effectiveness that can be made about the main organization (Connolly 1980). This constituency's model considers the key stakeholders' understanding of effectiveness as a vital. Though some researchers recommend this model as a possible alternative for evaluating effectiveness in different types of organizations, they underline that organizations assess effectiveness inversely (Eydi 2015).

v. **Competing Values Approach (CVA)**

This model of organizational effectiveness is first intended to measure organizational effectiveness in for-profit organizations (Eydi 2015). The strategic attempt of this approach is measuring effectiveness of organizations by integrating the definitions of the previous four models. It attempts to measure effectiveness by changing the measures of others' model over time and place. This approach places six pre-determined variables that indicate organizational effectiveness. According to the above author, these variables are adaptability, communication, finance, growth, human resources and organizational planning. These five major models which we discussed above can be summarized and listed in the table on the next page, as follows.

Table 1: Summary of models of organizational effectiveness

Model	Conceptualization of the organization	Focus	Advocates
<i>Goal Attainment Approach</i>	Organization as a rational set of arrangements oriented toward achieving goals.	Accomplishment of outcomes (ends)	(Etzioni 1960)
<i>System Resource Approach</i>	Organization as an open system (input, transformation, output).	Inputs, acquisition of resources and internal processes (means)	(Yuchtman and Seashore 1967)
<i>Strategic Constituencies Approach</i>	Organization as internal and external constituencies that negotiate a complex set of constraints, goals and referents.	Response to the expectations of powerful interest groups that gravitate around the organization	(Connolly et al. 1980)
<i>Competing Values Approach</i>	Organization as a set of competing values which create multiple conflicting goals.	Three dimensions of competing values: Internal vs. external focus/Control vs. flexibility concern/Ends vs. means concern	(Quinn and Rohrbaugh 1983)
<i>Internal Process Approach</i>	Organization as a set of problems and faults.	Factors that inhibit successful organizational performance	(Cameron 1984)

Source: (Goodman 1977)

In addition to the above models, Daft has identified two major approaches to measurement of organizational effectiveness: *the traditional* and *contemporary* approaches (Daft 2003). The traditional approaches include the goal approach, the system resource approach and the internal process approach. Profitability has been identified as criteria for organizational effectiveness by many authors. As suggested by Maheshwari (1980), productivity is basic to organizational effectiveness. Productivity is defined by Amah (2006) as “the measure of how efficiently and effectively resources (inputs) are brought together and utilized for the production of goods and services (out puts) of the quality needed by society in the long term”. There are other writers who proposed another approach to measure effectiveness, for instance Quang (2002). According to him, organizations can have seven measurement criteria to measure their effectiveness. These are: *employee’s satisfaction, profitability, growth rate of sales or revenue, financial growth, competitiveness of the company’s products and services, public image and good will and leader in Technology.*

Bhargava and Sinha (1992) were also other authors on measuring organizational effectiveness. These authors provided four components used to predict effectiveness as production, commitment, leadership, and interpersonal conflict. Jackson (1999) has also developed a model to examine the differences between community- and member-based nonprofit organizations. He

designed six selected indicators of OE included management experience, organizational structure, political impact, board of director's involvement, volunteer involvement, and internal communications (Jackson 1999, cited by Rojas 2000).

The competing values framework (CVF), which was developed by (Quinn and Rohrbaugh 1983), is better than others. As the reviewer perceived, it is a well-designed and clearly-defined framework to measure organizational effectiveness and anyone in organizations can simple measure effectiveness by using them. And these indicators are based on past attempts to formalize criteria for organizational effectiveness. The components of this model are human relations, open systems, rational goal, and internal process. Furthermore, Erdil *et al.* (2000) explained organizational effectiveness in terms of four indicators: customer orientation, employee satisfaction, organizational commitment and financial and growth performance.

2.2.4. Components of Performance Management System

Performance management system can have six dimensions. These are *performance requisites*, *performance planning*, *performance execution*, *performance evaluation*, *performance review*, and *performance renewal and re-constructing*.

i. Performance pre-requisites

The prerequisite is the primary stage of the performance management system (Aguinis 2005). There are two important requirements that are needed before a performance management system would be implemented in any organization. These are:

- a. Knowledge of the organization's mission and strategic goals and
- b. Knowledge of the job in question

In this stage, "the vision, mission, values, strategic goals, organizational structure and services of the organization" need to be stated clearly and assessed by both the management and employees in the organization.

ii. Performance planning

The second step in the performance management system is performance planning. It is the process in which performance expectations of employees would be established. The performance

expectations include both the behaviors employees are expected to exhibit and the results they are expected to achieve (Pulakos 2004). Managers are responsible to provide the behavioral as well as the results expectations of employees. During the performance planning process, managers should review and discuss these behavioral and results' standards with employees, and they should make employees sure to understand how those standards relate to their specific jobs. According to Pulakos (2004), these performance expectations are categorized based on the level of employees as Entry-Level Employee Performance Standards, Experienced Employee Performance Standards and First-Level Manager Performance Standards.

Armstrong (2006) suggested that the plan also deals with employees how their managers will provide the support and guidance they need. Moreover, the plan reaches to agreement on what has to be done to achieve objectives, raise standards and improve performance. As mentioned by this author, the plan also establishes priorities, means the key aspects of the job to which attention has to be given. According to (Armstrong 2006), Performance agreements must define role requirements, objectives, performance measures and indicators, knowledge, skill and competence, corporate core values or requirements, a performance plan, a personal development plan, and process details.

iii. Performance execution

This stage involves realization of performance goals and expectations through high performance culture, coaching, counseling and mentoring practices (Armstrong (2006). According to this author, there are two main issues that arise in the course of managing performance throughout the year. These are: *updating objectives* and *continual learning*.

In the first case, new demands may arise that calls for such amendments on the objectives and work plans. This may involves discussion on what the job holder achieves, identifying any shortfalls in achieving objectives or meeting the agreed standards; understanding reasons behind gaps, agree on any necessary changes of objectives and performance plans in response to changed circumstances and agreeing any actions required by the individual or the manager to improve performance (Armstrong 2009).

The second issue arising in the course of work plan executions is learning, i.e., learning from experience and learning by doing. This includes learning from problems, challenges and success inherent in people's day-to-day activities (Armstrong 2006). As stated by the same author, supervisors' primary responsibilities during performance execution include the following two major issues: 1) documentation of updates, feedback and coaching and 2) Discussing career and development opportunities (Armstrong 2000).

iv. Performance assessment

It this step, performance evaluation provides the basis for answering two fundamental questions: what is being done worth doing? And as it has been done well?. It is the process of assessing and rating of individuals by their managers at usually an annual review meeting (Armstrong 2000).

v. Performance review

As explained by (Plachy 1988), "Performance review occurs whenever a manager and an employee confirm, adjust, or correct their understanding of work performance during routine work contacts." It is mostly occurred once or twice yearly in a formal manner in most organization in which the performance management system is existed. It is a focal point and a 'stocktaking' occasion for the consideration of basic performance and development issues and provides the basis for performance and development planning and agreements (Armstrong 2006).

As suggested by (Armstrong 2009), Performance review can be conducted either formally or informally throughout the year. It is totally the task of comparing what happened with what should have happened by the individual as well as the manager. According to this author, the main objectives of reviewing performance are the following:

- a. *Planning*: to provide the basis for re-formulating the performance agreement and the performance and development plans incorporated in it.
- b. *Motivation*: to provide positive feedback, recognition, praise and opportunities for growth; to clarify expectations; to empower people by encouraging them to take control over their own performance, learning and development.

- c. *Learning and development*: to provide a basis for self-managed learning and the development through coaching and other learning activities of the abilities relevant both to the current role and any future role the employee may have the potential to carry out.
- d. *Communication*: to serve as a two-way channel for communication about roles, expectations, relationships, work problems and aspirations.

As suggested by (Strebler et. al. cited by Armstrong 2009), the performance review process should have clear aims and measurable success criteria; be designed and implemented with appropriate employee involvement; have its effective use core to all managers' performance goals; allow employees a clear 'line of sight' between their performance goals and those of the organization; focus on clarity and performance improvement; be closely allied to a clear and adequately resourced training and development infrastructure; make crystal clear the purpose of any direct link to reward and build in proper equity and transparency standards; and be regularly and openly reviewed against its success criteria.

Another important aspect of the book written by Armstrong (2009) is it provided an advice for responsible individuals and managers who are involved in the performance review process to answer the following questions before conducting the process: Why have they at all?; If they are necessary, what are the objectives of reviewing performance?; What are the organizational issues?; On whom should performance reviews focus?; On what should they focus?; What criteria should be used to review performance?; What impact does management style make on performance reviews?; What skills are required to conduct reviews and how can they be developed?; How can both negative and positive elements be handled?; How can reviews be used to promote good communications?; How should the outputs of review meetings be handled?; To what extent is past performance a guide to future potential?; When should reviews take place?; What are the main problems in conducting reviews and how can they be overcome?; and How can their effectiveness be evaluated?

vi. Performance renewal and re-contracting

Performance renewal and re-contracting phase is mostly identical to the second phase of PMS, performance planning except its usage of insights and information from previous phases and

restarts the performance management cycle (Armstrong 2009): according to this author, it is, however, important to make sure the following to implement this phase effectively:

- Employee should be aware of the specific contributions expected of him/her for a predetermined period linked to the performance management cycle.
- A written contract should be established for a predetermined period linked to the performance management cycle.
- In case of disagreements between the supervisors and employee on any component of the contract, the top manager should interfere to help the two to reach an agreement.
- It uses information gathered during the review to make adjustments as needed.

2.3. Empirical Review

2.3.1. Studies Previously Conducted on the Topic of the Study

Establishing the impact between human resource management (HRM) practices, including performance management and other organizational aspect is challenging. As stated by (Armstrong 2009), it is because of causality, i.e. determining the relationship between independent and dependent variables. According to this author, it is a major issue in a business research, especially in the HRM field. As considered by him, it is as much more difficult and sometimes impossible to prove the cause and effect correlation between one variable and another one. According to this author, there are two main reasons for this: 1) the existence of multiple causations and 2) the occurrence of reverse causation when a cause is pre-dated by an effect (Armstrong 2009).

However, there were a number of studies conducted on a causal relationship between performance management and other organizational aspects. As investigated by (Panda et. al. (2016), the association between PMS and Organizational Effectiveness is explored, and his study revealed that there is an association between these two variables and performance management system plays a significant role on ensuring the organizational survival. A research conducted by (McDonald et. al. 1991) supposed a cause-effect relationship between performance management and firm performance. Another researcher, (Kumari 2016) also examined the issue and his research resulted that the performance management system is an integral part of an organization

to measure, motivate, and improve the performance of the entire organization. In fact, some researchers, (Armstrong 2006, for instance) has already claimed that all studies suffered from the problem of reversed causality, but it will be good to consider another studies that prove the relationship between performance management and different organizational aspects rather than organizational effectiveness. (Farheen et. al. 2014, for example) studied the problems or weaknesses related with performance management in banking sector. As studied by these authors, banks' employees face the problem of dissatisfaction, lacks motivation and proper reward system from their current performance management in their banks. As solution, establishing "direction and guidelines" were recommended by the authors to improve the performance management system.

Another study done by (Kibichi 2016) founded that the following components of performance management process (performance appraisal system, training and development and reward system) affect employee productivity. As recommended by this author, the banks should ensure that performance of the employees is appraised, training and development be conducted and reward system adopted to enhance employee productivity. As a study conducted by (Qureshi et. al. 2013), a performance management process which provides training and development to the employees motivates the employee to work harder and harder. What we can understand from these all studies and their findings is the relationship, on one hand was proved by many researchers, but there were also some others who couldn't prove the relationship through their studies.

2.3.2. Overview of Performance Management System in ERA

As a governmental organization under the Ministry of Public Service and Human Resource Development, it is supposed ERA's PMS could be based on the manual provided by this governmental body (Public 2017). As stated in the manual, the purposes to conduct provide the manual are the following:

- To develop the practice of integrating the performance evaluation and assessment with other change mechanisms.

- To evaluate and assess performance at organizational, work process and implementer level.
- To make organizational plan derived from organizational strategies which was already resulted from policies and strategies at country level.
- To evaluate performance by combining behavior with day-to-day performance.
- To make performance evaluation not to be simply rated but by holding required documents starting from planning to conclusion phases.
- To record continual growth by improving individuals, groups and organizational performance, directing works effectively, and aligning employee goals with organizational goals, and putting organizational strategies in day-to-day jobs, and establishing common ground between the management and taskforce towards the strategic plan of the government (Public 2017).

The performance evaluation in ERA is divided in to four divisions: performance evaluation of the organization, the management, supervisor, and employee. As many organizations employ Balance Score Card (BSC) to evaluate employee performance, ERA similarly implemented this tool in January 07/2013 to conduct performance evaluation over its employees (ERA 2018). As known by many, BSC has four perspectives to measure employee performance. These are: Financial perspective, Customers perspective, Internal Business Process Perspective, and Learning and Growth perspective. However, ERA has developed it in a way the Authority can employ it contextually by viewing the rating category in three: (60%) for Performance, (20%) for Behavior, and (20%) for Feedback from immediate supervisor and co-workers (ERA 2018).

2.4. Hypothesis and Conceptual Framework of the Study

The theories which have been tested through this research are listed by the following predictive statements, as follows:

H1: Performance pre-requisites have a positively significant relationship with OE.

H2: Performance planning has a positively significant relationship with OE.

H3: Performance execution has a positively significant relationship with OE.

H4: Performance evaluation has a positively significant relationship with OE.

H5: Performance review has a positively significant relationship with OE.

H6: Performance renewal and recontracting has a positively significant relationship with OE.

H7: Performance management system has a positively significant relationship with OE.

In addition, independent and dependent variables are shown in the conceptual framework of the study. The performance management system (PMS) is the independent variable and organizational effectiveness (OE) is the dependent variable. These two variables have been chosen to see the relationship between these variables, i.e. to see the effect of performance management system on the overall organizational effectiveness. According to Armstrong (2009), the independent variable, PMS has six dimensions. These are performance pre-requisites, performance planning, performance execution, performance assessment, performance review, and performance renewal/re-contracting.

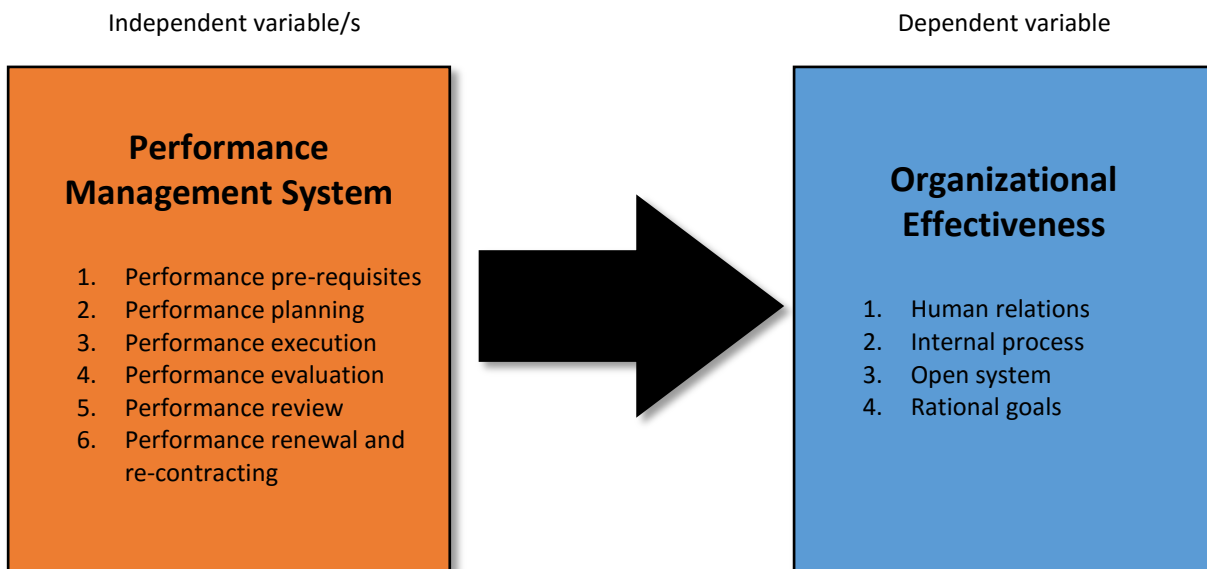
Performance pre-requisites: the primary stage of the performance management system in which the vision, mission, values, strategic goals, job in question and services of the organization needed to be stated and assessed (Aguinis 2009). *Performance planning*: refers a work and people related activity focused on what has to be done, how it is done and what is achieved (Armstrong 2000). *Performance execution*: is the process of carrying out the works needed to implement the performance plan (Armstrong 2006). *Performance assessment*: is the process of measuring of what has been achieved to provide the foundation for performance agreements and development plans, forecasts of potential and career plans (Armstrong 2006). *Performance review*: refers the meeting that considers what has been achieved and, in the light of this, establish what more needs to be done and any corrective action required if performance is not in line with the plan (Armstrong 2009). *Performance renewal and re-contracting*: refers the process in which the employee and managers decide the regularity and continuation of the performance agreement.

As reviewed in chapter two, this study adopted four indicators to measure organizational effectiveness. These are human relations, open systems, rational goal and internal process (Quinn 1988, cited by Rojas 2000). First, the “Human Relations Model” sees participation, discussion and openness as a means to improve morale and achieve commitment. Second, the “Internal

Process Model sees internal processes such as measurements, documentation and information management as methods to achieve stability, control and continuity. Third, the “Open Systems Model” relates insight, innovation and adaptation as a path towards external recognition, support, acquisition and growth. Finally, the “Rational Goal Model” seeks profit and productivity through direction and goals.

In view of that, the study was guided by the theory that assumes there is a positively significant relationship between the independent variables (PMS and each of its components) and the dependent variable (the overall organizational effectiveness). As a result, the conceptual framework of the research can be shown in figure, as follows.

Figure 1: Conceptual Framework of the Study



Source: Developed by the researcher based on the literature review

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

In this chapter, the study area in which the research undertaken has been described by the researcher, and the applied research design, strategy, methods, data sources, sampling techniques, data collection instruments and procedures, and data analysis methods in the study has been also discussed briefly.

3.2. Description of the Study Area

Ethiopian Roads Authority (ERA) is an official body established by the government of Ethiopia to administer the road sector development programs of the country. ERA was initially established in 1951 by the proclamation No. 115/1951, as a semi-autonomous agency [the Imperial Highway Authority] with the aim of planning, designing, constructing, and maintaining roads in the country (ERA 2016). After making several transitions, the Authority was re-established by the proclamation No. 247/2011, with the aim of planning and formulating long and short term plans and programs for road construction and administration of contracts and owning roads (ERA 2017). ERA is currently working as a public enterprise under the supervision of Civil Service to administer the main road networks and related issues of the country.

The Authority has three main divisions: the head office, training centers and RNMBDs. The head office is located in front of Wabe Shebelle Hotel around Mexico in Addis Ababa. The two training centers are established around Addis Ababa: one at Chanco and the other is at Alemgena. The RNMBDs are also found at different areas of the country. This research, therefore, is carried out on the head office, two training centers, and RNMBDs.

3.3. Research Approach

There are two basic approaches to research, namely, *quantitative approach* and *qualitative approach* (Kothari 2004). Quantitative research addresses research objectives through empirical assessments that involve numerical measurement and analysis, while qualitative research

addresses the research objectives through techniques that allow the researcher to provide elaborate interpretations of phenomena without depending on numerical measurement, and focuses on discovering true inner meanings and new insights (Zikmund *et al.* 2009). Because of the emphasis of the research and the nature of the research topic, the researcher chose mixed research approach (both quantitative and qualitative approaches) to conduct this study. As a result, the researcher employed “questionnaires” to collect quantitative data, whereas the researcher also used “interviews” to gather qualitative data from primary sources. The questionnaire helped the researcher to test hypothesis and specific questions of the research, while the interview also helped to examine ideas and opinions.

3.4. Research Design and Strategy

3.4.1. Research Design

This study adopted “Explanatory Research Design”. This kind of research design establishes causal relationships between variables. The emphasis here is on examining the problem in order to explain the relationships between the two variables, PMS and OE. Accordingly, the researcher was engaged more in a brief quantitatively data analysis to show the relationship between the independent and dependent variables. The author also goes ahead and subjects the data to statistical tests such as correlation in order to get a clearer view of the relationship (Saunders *et al.* 2009). Additionally, the data was collected and analyzed qualitatively to verify how often PMS affects OE.

3.4.2. Research Strategy

This study selected *survey strategy*. The reason to choose this research strategy is that it can provide the following advantages for the researcher: (Saunders *et al.* 2009)

- Comparatively easy to explain and to understand.
- Allows the researcher to collect quantitative data which he can analyze quantitatively using descriptive and inferential statistics
- Can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships
- Gives the researcher more control over the research process and, when sampling is used.

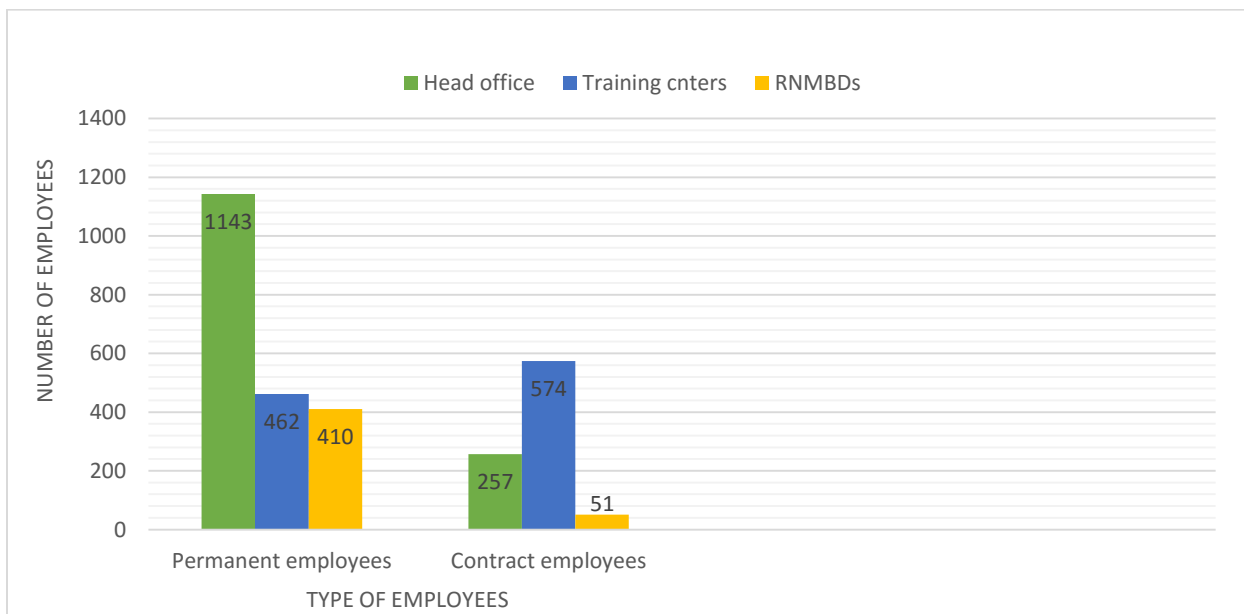
- Generates findings that are representative of the whole population at a lower cost than collecting the data for the whole population

3.5. Population and Sampling

3.5.1. Population

The population considered for this research consisted all the management staffs and employees at ERA. Even though there are other stakeholders of ERA, these were considered as the key informants of the study because the researcher believes that they are highly responsible in performing the day-to-day activities of the Authority and also they are active participants in the entire phases of PMS particularly from its planning to renewal. There were around 2897 employees working at ERA including those who are at the two training centers and the 10 RNMBDs cited at different parts of the country when this study was conducted. ERA mainly comprises the head office, two training centers and ten RNMBDs with a total of 2897 employees including both permanent and contract workers. Out of the total employees, 1400 of them are working at the head office; 1036 of them are working at the training centers; and the rest 461 are also working at the RNMBDs. The number of the population of this research can be also shown in the following chart, as follows.

Figure 2: Size of the population in ERA



Source: employees' data (ERA 2017)

3.5.2. Sampling Design

Stratified sampling design was selected for this research to form the sample size. The strata were purposively formed and usually based on past experience and personal judgment of the researcher (Kothari 2004). Thus, the strata for this study were based on the three divisions which the organization comprises. These were: the head office, training centers, and RNMBDs. The reason behind selecting this design was the researcher’s perception that all the three divisions in ERA significantly contribute on the overall effectiveness of the Authority. Moreover, it provides equal chance to the population to make sure the representativeness of the data and the composition of all characteristics of the population which are not considered by the researcher.

The determination of the sample size was also taken place based on the following table adopted from (Peterson and Malhotra 2006).

Table 2 Sample determination

Population size	Sample size		
	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Sample size determination for each stratum was also undertaken based on the three divisions of ERA, and each stratum is calculated in table 3 below, as follows.

Table 3: Sample size determination for each stratum

Name of stratum	Population	Proportional sample size	Sample size for each stratum
Head office	1400	$1400/2897=0.4832$	$0.4832*200=96.64$ (or 97)
Training centers	1036	$1036/2897=0.3576$	$0.3576*200=71.52$ (or 71)
RNMBDs	461	$461/2897=0.1591$	$0.1591*200=31.82$ (or 32)
Total	2897		199.98 rounded to 200

Source: ERA’s HR database of employees (March 2017)

As shown in table 3, the total sample size is assigned to each stratum accordingly. As a result, **200** respondents were expected to be administered to the questionnaires. Out of 200 informants, 97 of them were from the head office, 71 of them were also from the two training centers located at Chanco and Alemgena (36 from the first center and 35 from the other one), and 32 of them were from the 10 RNMBDs cited at different areas of the country.

In addition to the above, the study implemented *purposive or judgmental sampling* which is a type of non-probability sampling techniques to collect data qualitatively. The reason to select this sampling technique was so that it would help the researcher to ‘select the sample based on his or her judgment about some appropriate characteristics required of the sample member’ such as who can give him an appropriate and valuable information about the issue (Zikmund *et al.* 2009). The key informants were selected based on their in-depth information that gives optimal insight into the issue of the study. Therefore, **13** respondents from the management staff at the head office have been selected based on their sufficient knowledge and experience on the research topic.

In general, **213** respondents participated in the research, and it constituted 7.35% of the population. 200 (6.90%) of them had part by filling out the structured questionnaires while 13 (0.45%) of them had role by responding to the interview-questions in writing.

3.6. Data Types and Sources

As mostly usual in many researches, this study attempted to obtain the necessary information from the two main types of data, namely primary and secondary data. The primary data is that which is collected afresh and for the first time, and thus happen to be original in character, but the secondary data is that which has already been gathered by someone else and passed through the statistical process (Kothari 2014). The reason to collect both sorts of data is, on one hand, collecting primary data helps the researcher to obtain original information on the research problem, although collecting secondary data, on the other hand, also helps him to compile further information those which could not be supplied by the first one.

The necessary data for this study was collected from the two main categories of data sources: *primary* and *secondary* data sources. Primary source of data is a type of data source from which the researcher can collect firsthand information, while secondary source of data is another category of data source from which the researcher can gather such secondhand and supplementary information that which helps him to compile the entire data (Saunders et al. 2009). The primary data for this study had been directly supplied by the key informants of this study through two selected primary data collecting methods, *interviews* and *questionnaires*. The secondary data for this study was also provided by subordinate data sources such as documents prepared by the Authority and as well as by externals such as government and other organizations.

3.7. Data Collection Procedures

There are several methods of collecting primary data. Important ones are: observation method, interview method, through questionnaires, and through schedules (Kothari 2004). Among these methods, *interviews* and *questionnaires* were selected by the researcher to collect the primary data.

For the interview, *semi-structured interviews* will be used. It is a type of interview in written form with a list of themes and questions to be covered and the order of questions that may also be varied depending on the flow of the questions (Saunders *et al.* 2009). This type of interview is usually come in a written form and asks respondents for short essay responses to specific *open-ended questions*, and they are free to write as much or as little as they want (Zikmund *et al.* 2009). According to the author cited above, semi-structured interviews provide the following advantages for the researcher:

- An ability to address more specific issues
- Responses are usually easier to interpret than other qualitative approaches
- Since the researcher can simply prepare the questions in writing ahead of time, and if in writing, the questions can be administered without the presence of an interviewer.
- It can be relatively cost effective.

And for the questionnaire, the researcher chose to use ‘structured questionnaire,’ a type of questionnaire that consists of a number of questions printed or typed in a definite order on a form or set of forms (Kothari 2004). The reason to employ this type was that it is simple to administer and relatively inexpensive to analyze, and it has the provision of alternative replies at a time and helps to understand the meaning of the question clearly. (Kothari 2004) This type of questionnaire can be suitable when a problem is being first explored and working hypotheses sought (Zikmund 2009). The main aspects of a questionnaire (the general form, question sequence and question formulation and wording) will be carefully constructed (Kothari 2004).

Thus, through the two data collection tools, 213 respondents have been administered. The interview was administered for 13 participants while the questionnaire was also administered for 200 respondents who have been working at the three divisions of ERA. In addition, the questionnaire was translated to and prepared in Amharic for participants those who can understand English well.

In relation to that, the interview-questions were delivered for each respondents from the management staffs and collected latter by hand of the PM officers of ERA, whereas the questionnaires were also distributed for each respondents at the head office and gathered latter by hand of the researcher. Concerning respondents at the two training centers and 10 RNMBDs located out of Addis Ababa, the questionnaires were posted and returned latter by post after completion by the assistance of HR officers at the head office.

3.8. Measurement

This study has developed a validated method of measurement based on the six dimensions of performance management system (Armstrong 2009). These components of PMS were appeared in the questionnaire in order to assess the performance management system of ERA. Each of the six elements of PMS is further divided into six tables. And the study has also adopted four indicators that help to measure an organization’s effectiveness (Quinn 1988, cited by Rojas 2000). These indicators are: *human relations*, *open system*, *internal process* and *rational goals*, and they were also divided into four separate tables and presented in the questionnaire to measure the organizational effectiveness of ERA.

Likert's multiple-item scale's invention and summated ratings was adopted to quantify the construct(s) of interest (Likert 1931, cited by Gliem 2003). Each dimension of PMS is consisted a set of items, composed of approximately an equal number of favorable and unfavorable statements, regarding the attitude of an object, which is given to a group of subjects. Respondents are asked to respond to each statement in terms of their own degree of agreement or disagreement.

Typically, participants were instructed to select one of the five responses: *strongly disagree*, *somewhat disagree*, *neither agree nor disagree*, *somewhat agree*, and *strongly agrees*. The specific responses to the items were combined so that individuals with the most favorable attitudes have the highest scores while individuals with the least favorable (or unfavorable) attitudes have the lowest scores (Gliem 2003).

Moreover, the study has also used the five points Likert's scales items, ranged from 1=Very poor to 5=Excellent to assess the overall effectiveness of the organization.

3.9. Data Analysis

In this study, the data form both data collection tools have been analyzed. To analyze the data from questionnaires, the study employed three types of analysis: *descriptive analysis*, *correlation analysis*, and *causal analysis*. Descriptive analysis studies the distribution of one variable, and it helps the researcher to provide profiles of the respondents and other subjects on any of a multiple of characteristics such as size and preferences, in respect of various size of variable/s (Emory 1976 cited by Kothari 2014).

Correlation analysis also studies "the joint variation of two or more variables for determining the amount of correlation between two or more variables (Zikmund 2009). For the case of this study, this sort of analysis applied bivariate analysis in respect of two variables described as independent and dependent. And causal analysis (sometimes termed as regression analysis) also implemented to measure the functional relationships existing between the variables (Saunders et al. 2009). The reason why the researcher uses these three types of analysis is that they helps him

to determine the size and shape of the distributions along with the study of measuring the linear and causative relationship between the two main variables of the study, PMS and OE.

For the reason mentioned above, the researcher employed “Karl Pearson’s coefficient of correlation” to do the correlation analysis and to test the hypotheses of the study, while “simple linear regression” to do the regression analysis. To the analysis in such an active and reliable ways, the researcher put some data analysis software such as SPSS into service to analyze the primary data quantitatively.

This study also used the following three types of qualitative data analysis in order to analyze the data from interviews. These are: 1) *thematic analysis* (When data is analyzed by theme), 2) *comparative analysis* (data from different people is compared and contrasted), and 3) *content analysis* (the researcher systematically works through each transcript assigning codes [numbers or words] to specific characteristics within the text (Dawson 2002).

3.10. Validity and Reliability of the Research Instrument

The validity and reliability of the data collecting instruments need to be checked carefully, because they are the center or major issues in all measurements. Neuman (2003) proposed that it also leads the researcher to be engaged in meaningful analysis and interpretation of data.

3.10.1. Validity of the Research Instrument

Validity is often defined as the extent to which an instrument measures what it purports to measure, and it is the most critical criterion and indicates the degree to which an instrument measures what is supposed to measure (Kothari 2004). In the context of this study, the researcher uses questionnaires that their validity and reliability are examined and checked within the context of its four separate facets: *content validity*, *construct validity*, *criterion validity* and *consequential validity* (Messick 1995).

The construct validity of a measure is directly concerned with the theoretical relationship of a variable to other variables (Kimberlin 2008). Literatures that show there is relationship between the independent (PMS) and dependent variables (OE) are reviewed in the paper.

Content validity considers whether or not the items on a given test accurately reflect the theoretical domain of the latent construct it claims to measure (Gregory 1992). In relation, content validity of the questionnaires is developed based on the conceptual review of the paper.

Criterion-related validity refers to the ability to draw accurate inferences from test scores to a related behavioral criterion of interest (Cronbach, *et al.* 1955, cited by Kimberlin 2008).

Consequential validity refers to the notion that the social consequences of test scores and their consequent interpretation should be measured not only with the original intention of the test, but also cultural norms (Messick, 1995). The consequence of the items (parts) in the questionnaires is developed based on the common order of PM dimensions according to several authors in the field including Armstrong (2009).

Furthermore, it was also obtained an approval from the advisor, HR director of ERA, and program coordinators at the university. And as a model and preparation of the main survey, questionnaires of this research were given to 3 selected respondents for the pilot study. Through this preliminary study, the researcher observed there were some problems within the questionnaires such as poor wording and ambiguous questions. Hence, the author has fixed the problems and amended some aspects of the questionnaires.

3.10.2. Reliability of the Research Instrument

Reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Saunders *et al.* 2009). To ensure the reliability of the instrument in this study, the researcher has tested the reliability by using Cronbach's alpha, which was developed by Lee Cronbach in 1951 (Tavakol *et al.* 2011). Cronbach's alpha is a test reliability technique that requires only a single test administration to provide a unique estimate of the reliability for a given test (Blalock 1970). Cronbach's alpha reliability coefficient normally ranges between **0** and **1**. However, there is actually no lower limit to the coefficient.

The closer Cronbach's alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale. It does not have the right or wrong marking arrangements and a maximum alpha

value of 0.90 has been recommended (Kimberlin 2008). The size of alpha is determined by both the number of items in the scale and the mean inter-item correlations based on the formula,

$\alpha = \frac{rk}{[1 + (k - 1) r]}$, where:

- α is Alpha
- k is the number of items considered, and
- r is the mean of the inter-item correlations (Tavakol et al. 2011)

George and Mallery (2003) provided the following rules of thumb: “ $\alpha > .90$ (Excellent), $\alpha > .80$ (Good), $\alpha > .70$ (Acceptable), $\alpha > .60$ (Questionable), $\alpha > .50$ (Poor), and $\alpha < .50$ (Unacceptable).” And for this particular study, Likert scale items reliability for all variables of PMS and OE were checked by Cronbach’s Alpha coefficient and shown in the following table, as follows.

Table 4: Reliability coefficients

Name of Variable		Number of items	Average correlation among all items	Cronbach's Alpha
PMS	1. Performance pre-requisites	7	.50	.875
	2. Performance planning	6	.50	.857
	3. Performance execution	4	.50	.8
	4. Performance evaluation	6	.50	.857
	5. Performance review	6	.50	.857
	6. Performance renewal and re-contracting	3	.50	.75
OE	1. Human relations	3	.50	.75
	2. Internal process	3	.50	.75
	3. Open system	3	.50	.75
	4. Rational goals	3	.50	.75

According to Sun *et al.* (2007), Cronbach’s alpha coefficients should fall within a range of 0.70 to 1.00. Based on that, it was fallen in-between and has been ‘Good’ for “performance pre-requisites, performance planning, performance execution, performance evaluation, and performance review” while it has been also ‘Acceptable’ for performance renewal and re-contracting, and all variables of OE.

3.11. Ethical Consideration

In the context of research, ethics refers to “the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by it (Saunders et al. 2009). Research ethics, therefore, relates to questions about “how we formulate and clarify our research topic, design our research and gain access, collect data, process and store our data, analyze data

and write up our research findings in a moral and responsible way (Schindler 2008). Moreover, research ethics also require a researcher to present ideas in his/her own words without forgetting to make appropriate references, and this is done to remove plagiarism, because “Plagiarism is scientific theft-stealing the ideas of others” (White 2010, cited by Saunders et al. 2009). The researcher, therefore, should follow all of the universal principles of Research Ethics when conducting this study.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Introduction

There were 200 questionnaires distributed to sampled respondents, out of that all the 200 were retrieved, translating into a response rate or completion rate of 100%. In as far as the respondents were concerned 210 questionnaires were distributed and 200 were collected. In this particular case a response rate of 100% was recorded, and the overall response rate was therefore 100%. The response rates from respondents are considered sufficiently significant to derive results for the research.

This section of the chapter included the Descriptive analysis, Correlation analysis and the Regression analysis with the SPSS. The hypotheses testing were conducted by using the correlation analysis. The research findings derived from the data analyses have been also presented and discussed.

4.2. Descriptive Analysis and Interpretation

There are several different ways to organize the data in terms of a frequency distribution. The first approach is the frequency table, and is also the starting point for other statistical analyzing ways. “A frequency table is a visual depiction of data that shows how often each value occurred; that is, how many scores were at each value” (Saunders 2009). Once organized into frequency table, the data can be displayed as a grouped frequency table, a frequency histogram, or a frequency polygon (Zikmund 2004). In this study, data collected from employees by means of the interviews and questionnaires will be organized and analyzed through the frequency table

4.2.1. Demographic Characteristics of the Respondents

In this section of the chapter, the major demographic characteristics of the sample respondents to the questionnaires and the divisions in which they belong at ERA are analyzed and presented in the table below, on next the page:

Table 5: Demographic Characteristics of Respondents

Demographic data		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	84	42.0	42.0	42.0
	Female	116	58.0	58.0	100.0
	Total	200	100.0	100.0	
Age	18-30	71	35.5	35.5	35.5
	31-40	72	36.0	36.0	71.5
	41-50	27	13.5	13.5	85.0
	Above 50	30	15.0	15.0	100.0
	Total	200	100.0	100.0	
Educational Level	Certificate	9	4.5	4.5	4.5
	College diploma	65	32.5	32.5	37.0
	BA/BSc degree	108	54.0	54.0	91.0
	MA/MSc degree	18	9.0	9.0	100.0
	PhD	0	0.0	0.0	100.0
	Total	200	100.0	100.0	
Years of Service in ERA	Below 2 years	29	14.5	14.5	14.5
	2-5 years	50	25.0	25.0	39.5
	6-10 years	78	39.0	39.0	78.5
	Above 10 years	43	21.5	21.5	100.0
	Total	200	100.0	100.0	
Job category	Managerial	5	2.5	2.5	2.5
	Supervisory or team leader	16	8.0	8.0	10.5
	Professional	117	58.5	58.5	69.0
	Supporting staff	62	31.0	31.0	100.0
	Total	200	100.0	100.0	
Divisions in which respondents belong	Head office	97	48.5	48.5	48.5
	Training centers	71	35.5	35.5	84.0
	RNMBDs	32	16.0	16.0	100.0
	Total	200	100.0	100.0	

Source: own survey, 2018

As presented in table 5 above, the gender distribution of the sampled respondents shows that 84 (42.0%) of the participants were males and 116 (58.0%) of them were also females. This indicates that a higher number of males were participated in the study than females, and it may imply that larger size of female employees may participate in responsibilities than males in ERA.

As revealed in table 5 above, out of the total sampled respondents (200 employees), 71 (35.5%) of them are categorized between the ages of 18-30, 72 (36%) of them are fallen between the ages of 31-40, 27 (13.5) of them are found between the ages of 41-50, and the rest 30 (15%) are above the ages of 50. This shows that the majority of employees in ERA are adults, and it may indicate that the Authority has to utilize the resources what these employees have such as experience and education effectively towards enhancing organizational success.

As shown in table 5 above, out of 200 sampled respondents, 9 or (4.5%) of them have only certificate, 65 or (32.5%) of them have only college diploma, 108 or (54.0%) of them are BA or BSc degree holders, 18 or (9.0%) of them are MA or MSc degree holders, none of them have PhD. This may show that majority of employees in ERA are fallen at undergraduate level and it can indicate that most employees in ERA are educated, have good knowledge, and better expectations of the Authority.

As revealed in table 5 above, the total respondents were 200, out of which 29 (14.5%) of them were employed for "Below 2 years", 43 (21.5%) of them were employed for "2-5 years", 50 (25%) of them were employed for "6-10 years", and 78 (39%) of them were employed for "above 10 years". This depicts that the majority of the respondents (39%) were employed for ERA above 10 years, and it implies that the rate of turnover in ERA is low and most employees are highly familiar with their jobs and the organization as well.

As shown in table 5 above, out of the total sampled respondents 5 (2.5%) of them are working at managerial position, 16 (8%) of them are working at supervisory position, 117 (58.5%) of them are categorized as professionals, and 62 (31%) of them are also considered as supporting staffs. This illustrates the majority percent of employees in ERA are professionals and it may implies that the most of the activities in the Authority are operational and require employees who are well trained with skills and knowledge related to the road construction.

As showed in table 5 above, the total respondents were 200, out of which 97 (48.5%) were employees at head office, 71 (35.5%) were at the training centers and 32 (16.0%) were also at the RNMBDs. This table depicts that the majority of percentage (48.5%) of the respondents were employees at the head office, and it indicates that ERA is exerting more of its man power on works and activities performed towards the road construction from the head quarter.

4.2.2. Characteristics of Performance Management System at ERA

Table 6: Respondents' perception on PMS in ERA

Characteristic Data		Frequency	Percent	Valid Percent	Cumulative Percent
Does your organization operate employee performance management system?	Yes	198	99.0	99.0	99.0
	No	2	1.0	1.0	100.0
	Total	200	100.0	100.0	
What type of employee performance management system is it?	Formal	122	61.0	61.0	61.0
	Informal	46	23.0	23.0	84.0
	Both formal & informal	32	16.0	16.0	100.0
	Total	200	100.0	100.0	
If you have been working in ERA for more than 5 years, how many times have you had any performance appraisal?	Only once	25	12.5	12.5	12.5
	Twice	22	11.0	11.0	23.5
	Several times	108	54.0	54.0	77.5
	Never	45	22.5	22.5	100.0
	Total	200	100.0	100.0	
Who takes the leading role of implementing the performance management system in ERA?	Immediate supervisor	141	70.5	70.5	70.5
	HR officers	41	20.5	20.5	91.0
	Top-managers only	9	4.5	4.5	95.5
	Co-workers	9	4.5	4.5	100.0
	Total	200	100.0	100.0	
For what purpose the result of performance appraisal is used in ERA?	Only for formality	88	44.0	44.0	44.0
	For personal/employee development	54	27.0	27.0	71.0
	As a base for salary & incentive payment	33	16.5	16.5	87.5
	For rewarding or punishing employee	25	12.5	12.5	100.0
	Total	200	100.0	100.0	

Source: own survey, 2018

Out of the total sampled respondents, a comparatively large percentage (99.0%) of them agreed, while a lower percentage (1.0%) of them disagreed for the question “Does your organization operate employee PMS?” as it was shown in table 6 above. This shows that most employees know there is PMS in their organization, and indicates that ERA is implementing PMS towards the performance of its employees.

As revealed in table 6 above, a comparatively large percentage (61.0%) of respondents chose ‘Formal’, while a lower percentage (16.0%) of sampled respondents chose ‘Both formal & informal’ for the question “what type of PMS is being operated in ERA”. In addition, a medium percentage (23.0%) of participants said ‘Informal’ to the same question. This indicates that the organization implements PMS to manage the performance of its employees in all means. This

implies that it will be by itself a gap towards the system which the responsible persons to lead the system has to bridge for the future.

Table 6 depicts that a comparatively largest percentage (54.0%) of sampled employees had performance appraisal to be evaluated for several times, whereas a smallest percentage (11.0%) of them had only for twice. In contrast, a moderate percentage (22.5%) of participants had never met with performance evaluation, while the smallest percentage (12.5) had met only once. This indicates that there is no such a regular time or period for employees to be evaluated on their work performance.

Concerning taking the leading role to implement the PMS in ERA, Out of the total sampled respondents, 141 or 70.5% of them tick for immediate supervisors, 41 or 20.5% of them tick for HR officers, 9 or 4.5% of them indicated to top managers, 9 or 4.5% of them also indicated to fellow-workers. This shows that the PMS in ERA is not mostly implemented by the most responsible or professional persons (HR officers) who may have better understanding and experience on the system than others.

As presented in table 6, 44.0% of sampled respondents agree that the result of performance appraisal is used only for formality, while 27.0% of them agree that it is used for employee development. In other way, 16.5% of the respondents agree that the performance appraisal is implemented as a base for salary and incentives, whereas 12.5% of them agree that it is used either to reward or punish the employee. This indicates that the implementers do not typically use the result for the purpose of employee personal developments, but for formality.

4.2.3. Perception of Employees on PMS in ERA

4.2.3.1. Perception of Employees on Performance Pre-requisites in ERA

Table 7: Perception of Employees on Performance Pre-requisites

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
1	Managers and employees set performance objectives jointly		27	45	59	61	8	2.89	1.106
		Percent	13.5	22.5	29.5	30.5	4		
2	Managers and employees have a clear understanding of what the strategic goals of ERA		12	49	73	55	11	3.02	.992
		Percent	6	24.5	36.5	27.5	5.5		
3	The core values in ERA are aligned with mission and vision of the organization		7	36	52	91	14	3.35	.970
		Percent	3.5	18	26	45.5	7		
4	Managers and employees understand organizational structure in ERA		3	40	70	72	15	3.28	.20
		Percent	1.5	20	35	36	7.5		
5	Managers and employees are involved in the job-description preparation jointly		10	51	59	68	12	3.11	1.014
		Percent	5	25.5	29.5	34	6		
6	Managers and employees are clear enough about job responsibilities what are expected from both of them		11	52	56	69	12	3.10	1.030
		Percent	5.5	26	28	34.5	6		
7	The organization's service is aligned with the values and needs of customers		13	39	49	84	15	3.25	1.059
		Percent	6.5	19.5	24.5	42	7.5		

Source: own survey, 2018

In accordance with questionnaire statement #1, 27 or 13.5% of the sampled respondents strongly disagreed, 45 or 22.5% of them disagreed, 59 or 29.5% of them are not sure, 61 or 30.5% of them agreed, and 8 or 4% of them strongly agreed that performance objectives are set by managers and employees jointly. Table 7 shows that a majority percentage (30.5%) of the respondents are sure that the process of setting performance objectives in ERA provides a chance for managers and employees to be participates on it.

Table 7 above shows that (36.5%) of the sampled respondents are not sure that both managers and employees have a clear understanding of what the strategic goals of ERA, whereas (5.5%) of them agree strongly on it. (27.5%) of them agree on the questionnaire statement, while (25.5%) of them disagree on it. But, (6.0%) of the respondents disagree strongly on the statement. This indicates that employees in ERA do not clearly understand the strategic goal of their organization and the organization needs to make its strategic goals known for all of its stakeholders.

As shown in table 7 above, the majority percentage (45.5%) of the sampled respondents agree that the core values in ERA are aligned with mission and vision of the organization as compared

with a smaller percentage (18.0%) of units of analysis that does not agree with the statement. A smaller percentage of respondents (3.5%) strongly disagree with the questionnaire statement compared with (7.0%) of respondents who strongly agree with the questionnaire statement. This implies that ERA has to work to bring its core values in line with the organizational mission and vision.

In accordance questionnaire statement #4, out of 200 respondents, 3 (1.5%) of them strongly disagreed, 40 (20%) of them disagreed, 70 (35%) of them are not sure, 72 (36%) of them agreed, and 15 (7.5%) of them strongly agreed that managers and employees understand organizational structure in ERA. This implies a majority of employees of ERA, though, know that organizational structure of ERA is known by managers and employees, it need to work more to make the structure to be known by all stakeholders.

Job description is one of the items prepared for PMS. It has been measured by the sampled respondents in table 7 above. And a significantly higher percentage (34.0%) of the units of analysis agreed, a comparatively small percentage (25.5%) of them does not agree, a lowest percentage (1.5%) of them strongly disagreed, and a low percentage (7.5%) of them strongly agreed that managers and employees are involved in the job-description preparation jointly.

Awareness of job responsibility is another expectation of performers. And, a high percentage (34.5%) of the respondents agreed, a small percentage (26.0%) of them disagreed, (5.5%) of the respondents strongly disagreed, (6.0%) of them agree, and 28.0% of the respondents are not sure that managers and employees are clear enough about job responsibilities what are expected from both of them. This implies that persons who are responsible to the PMS in ERA have to still work further to make performers to realize their job responsibility well.

Customers' needs and values are factors determined the organization's service. And a lowest percentage (6.5%) of respondents strongly disagreed, a lower percentage (7.5%) of them strongly agreed, a higher percentage (42%) of them agreed, a small percentage of respondents (19.5%) do not agreed, and a high percentage (24.5%) of them were not sure that the organization's service in ERA is aligned with the values and needs of customers. This shows that a majority of

employees of ERA are not sure whether or not organizational service of their organization has been aligned with the core values and needs of its customers, and implies that the management needs to work more on creating awareness about this issue for all of its stakeholders.

4.2.3.2. Perception of Employees on Performance Planning in ERA

Table 8: Perception of Employees on Performance Planning

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
8	Managers and employees identify, define and agree on the Key Result Areas (KRAs) for the job holder		13	39	67	71	10	3.13	.999
		Percent	6.5	19.5	33.5	35.5	5		
9	Performance planning meeting/discussion is held between managers and employees		5	35	34	101	25	3.53	1.002
		Percent	2.5	17.5	17	50.5	12.5		
10	Managers and employees meet to discuss and determine learning and developmental needs of the employee		21	45	57	63	14	3.02	1.116
		Percent	10.5	22.5	28.5	31.5	7		
11	Managers and employees are involved in the performance planning process		7	35	49	96	13	3.37	.963
		Percent	3.5	17.5	24.5	48	6.5		
12	Managers and employees have the skills and knowledge to implement the performance management system.		14	36	65	72	13	3.17	1.028
		Percent	7	18	32.5	36	6.5		
13	Sufficient resources are available for the implementation of the performance management system.		11	47	56	69	17	3.17	1.057
		Percent	5.5	23.5	28	34.5	8.5		

Source: own survey, 2018

Regarding to questionnaire statement #8, a higher percentage (35.5%) of sampled employees agreed that managers and employees identify, define and agree on the Key Result Areas (KRAs) for the job holder, whereas a high percentage (19.5%) of respondents does not agree with the questionnaire statement #8. Similarly, a low percentage (6.5%) of respondents strongly disagrees with the questionnaire statement, while a lower percentage (5.0%) of them strongly agrees. On the contrary, a moderate percentage (33.5%) of respondents is not sure with the questionnaire statement. This implies that the management needs to increase the level of employees' participation in the task of identifying and defining the KRA, and both stakeholders have to reach to a common consensus before going in to implementation.

Discussion between all stakeholders is an important item for performance planning. Concerning to this, a highest percentage (50.5%) of the sampled respondents agreed, a high percentage (17.5)

of them did not agree, a comparatively small percentage (12.5%) of them strongly agreed, 2.5% of them strongly disagreed, and a significantly high percentage (17.9%) of them were not sure. This entails that meeting and discussion are held between managers and employees towards performance planning in ERA.

Concerning to questionnaire statement #10, out of the total sampled respondents (31.5%) of them agreed, (22.5%) of them did not agree, (7.0%) of them strongly agreed, 10.5% of them strongly disagreed, (28.5%) of them were not sure that managers and employees meet to discuss and determine learning and developmental needs of the employee. This indicates that majority of the employees of ERA know that they have a chance to meet with managers to determine their developmental needs.

As shown in table 8 above, a higher percentage (48.0%) of the sampled respondents agree that managers and employees are involved in the performance planning process, whereas a lesser percentage (17.5%) of them do not agree. A comparatively (6.5%) of the sampled participants in the study strongly agree on the questionnaire statement (#11), while (3.5%) of them strongly disagree. Similarly, (24.5%) of the respondents are not sure on the statement. This indicates that there is a chance for employees to be participated in the performance planning process, but it is suggested that the managers make sure this chance to be always kept for other stakeholders particularly the performers.

Regarding to questionnaire statement #12, 72 (36.0%) of the sampled respondents agreed that managers and employees have the skills and knowledge to implement the performance management system, while (18.0%) of them did not agree. Similarly, (6.5%) of them strongly agreed on the statement, but (7.0%) of them strongly disagreed. In relation, (24.5%) of the participants were not sure that managers and employees have the skills and knowledge to implement the performance management system. This suggests that the organization needs to invest more on developmental programs towards its stakeholders.

On the statement stated in #13, 11 (5.5%) of the sampled respondents said “Strongly disagree”, 47 (23.5%) said “Disagree”, 56 (28.0%) said “Not sure”, 69 (34.5%) said “Agree”, 17 (8.5%)

said “Strongly agree”. This shows that the majority of the respondents know that sufficient resources are available for the implementation of the performance management system at ERA.

4.2.3.3. Perception of Employees on Performance Execution in ERA

Table 9: Perception of Employees on Performance Execution

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
14	Management implements training programs to instill a positive attitude towards the performance management system		21	42	55	66	16	3.08	1.125
		Percent	10.5	21	27.5	33	8		
15	Management discusses with employees on career and development opportunities		16	53	57	63	11	3.00	1.061
		Percent	8	26.5	28.5	31.5	5.5		
16	Management carries out high performance culture and counseling to ensure subordinates are able to work with the PM system.		17	55	64	53	11	2.93	1.049
		Percent	8.5	27.5	32	26.5	5.5		
17	Management carries out coaching and mentoring practices to ensure Subordinates are able to work with the PM system.		17	54	58	55	16	3.00	1.100
		Percent	8.5	27	29	27.5	8		

Source: own survey, 2018

It is expected that a management implements training programs to instill a positive attitude towards the performance management system. In relation, 25 (10.5%) of the sampled respondents said “Strongly disagree”, 42 (21.0%) said “Disagree”, 55 (27.5%) said “Not sure”, 66 (33.0%) said “Agree”, and 16 (8.0%) said “Strongly agree” to questionnaire statement #14 in table 9 above. This depicts that the majority of the respondents (33.0%) agreed on the statement, and suggests that the management has to be committed to implement further training programs.

The management effort to discuss about employee career opportunities is appreciated collectively. Out of the total respondents, 16 (8.0%) said “Strongly disagree”, 53 (26.5%) said “Disagree”, 57 (28.5%) said “Not sure”, 63 (31.5%) said “Agree”, and 11 (5.5%) said “Strongly agree” questionnaire statement #15. This indicates that the majority of the respondents (31.5%)

agreed, and the management at ERA has to make sure discusses with employees can be a means to determine the required career and development opportunities for employees.

According to table 9 above, 17 (8.5%) said “Strongly disagree”, 55 (27.5%) said “Disagree”, 64 (32.0%) said “Not sure”, 53 (26.5%) said “Agree”, and 11 (5.5%) said “Strongly agree” to questionnaire statement 16. This depicts that the majority of the respondents are not sure to the issue. It implies that the management has to establish high performance culture and provide counseling to develop performers’ skills towards the PM system.

As shown in the above table, it is shown that management has to implement coaching and mentoring practices. Out of the total sampled respondents, 17 (8.5%) said “Strongly disagree”, 54 (27.0%) said “Disagree”, 58 (29.0%) said “Not sure”, 55 (27.5%) said “Agree”, and 16 (8.0%) said “Strongly agree” to questionnaire statement #17. This suggests that the majority of the respondents (29.0%) were not sure that the management at ERA carries out such practices, and implies that it needs to provide such important practices by which it make sure subordinates are able to work with the system.

4.2.3.4. Perception of Employees on Performance Evaluation in ERA

Table 10: Perception of Employees on Performance Evaluation

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
18	There are many defined key performance indicators (KPIs)		15	31	83	57	14	3.12	1.005
		<i>Percent</i>	7.5	15.5	41.5	28.5	7		
19	The information technology used to carry out the performance management system is user friendly.		26	48	46	63	17	2.99	1.192
		<i>Percent</i>	13	24	23	31.5	8.5		
20	The performance appraisal in ERA is fair and accurate.		29	51	53	50	17	2.88	1.190
		<i>Percent</i>	14.5	25.5	26.5	25.5	8.5		
21	There are difficulties in getting the data to calculate the performance indicators.		10	51	63	61	15	3.10	1.027
		<i>Percent</i>	5	25.5	31.5	30.5	7.5		
22	Ratings are based on actual performance and not personal feelings.		24	54	46	63	13	2.94	1.152
		<i>Percent</i>	12	27	23	31.5	6.5		
23	Evaluation states what the employee “should be” doing versus “not” doing.		17	44	56	68	15	3.10	1.094
		<i>Percent</i>	8.5	22	28	34	7.5		

Source: own survey, 2018

Concerning questionnaire statement #18, table 10 shows that the total respondents were 200, out of which 15 (7.5%) said “Strongly disagree”, 31 (15.5%) said “Disagree”, 83 (41.5%) said “Not sure”, 57 (28.5%) said “Agree”, and 14 (7.0%) said “Strongly agree” on it. This depicts that majority of the respondents (41.5%) were not sure that there are many defined key performance indicators (KPIs) towards the PMS in ERA. It implies that the management has to work with subordinates to make those indicators clear or known well by all performers of the system.

As revealed in table 10, 26 (13.0%) of the sampled participants said “Strongly disagree”, 48 (24.0%) said “Disagree”, 46 (23.0%) said “Not sure”, 63 (31.5%) said “Agree”, and 17 (8.5%) said “Strongly agree” to questionnaire statement #19. This depicts that the majority of the respondents (31.5%) were familiar in using those technologies, and implies that information technology are very important to implement performance management system effectively and it is require to make users friend with them.

It is required to make the performance appraisal fair and accurate. And table 10 shows that the total respondents were 200, out of which 29 (14.5%) said “Strongly disagree”, 51 (25.5%) said “Disagree”, 53 (26.5%) said “Not sure”, 50 (25.5%) said “Agree”, and 17 (8.5%) said “Strongly agree” to questionnaire statement #20. This depicts that the majority of the respondents (26.5%) were not sure that the performance appraisal in ERA fits this requirement, and implies that it is also needed to implement reasonable and precise appraisal system for performers.

As presented in table 10, out of the total respondents, 10 (5.0%) said “Strongly disagree”, 51 (25.5%) said “Disagree”, 63 (31.5%) said “Not sure”, 61 (30.5%) said “Agree”, and 15 (7.5%) said “Strongly agree” to questionnaire statement #21. This depicts that employees faces challenges in getting the data to calculate the performance indicators.

Regarding questionnaire statement #22, table 10 shows that the total respondents were 200, out of which 24 (12.0%) said “Strongly disagree”, 54 (27.0%) said “Disagree”, 46 (23.0%) said “Not sure”, 63 (31.5%) said “Agree”, and 13 (6.5%) said “Strongly agree” on it. This depicts that the majority of the respondents (31.5%) said “Agree” that ratings are based on actual performance and not personal feelings. This implies that there were a certain number of respondents that

perceive performance rating in ERA is performed based on personal feelings, but not on actual performance.

Evaluation has to separate expectations which should be done versus not done. Concerning this, 17 (8.5%) said “Strongly disagree”, 44 (22.0%) said “Disagree”, 56 (28.0%) said “Not sure”, 68 (34.0%) said “Agree”, and 15 (7.5%) said “Strongly agree” on it in table 10. This depicts that the majority of the respondents (34.0%) agreed that the practice of performance evaluation states what is expected from the employee to do and not to do.

4.2.3.5. Perception of Employees on Performance Review in ERA

Table 11: Perception of Employees on Performance Review

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
24	Management and subordinates meet to review their assessments.		26	51	64	43	16	2.86	1.139
		Percent	13	25.5	32	21.5	8		
25	The performance review is regarded as a review of what was done (results) and how it was done (behaviors).		13	47	52	72	16	3.16	1.076
		Percent	6.5	23.5	26	36	8		
26	The review meeting includes discussion of the employee’s progress as well as plans for the future		11	33	63	82	11	3.25	.980
		Percent	5.5	16.5	31.5	41	5.5		
27	Yearly performance score and grade are determined and communicated to the employee.		7	30	49	2	22	3.46	.992
		Percent	3.5	15	24.5	46	11		
28	Manager and employee sign the year-end performance review form.		6	32	51	78	33	3.50	1.042
		Percent	3	16	25.5	39	16.5		
29	Manager and employee keep copies of the signed year-end performance review form		15	38	57	62	28	3.25	1.142
		Percent	7.5	19	28.5	31	14		

Source: own survey, 2018

On the first statement in table 11, the majority of the sampled respondents reflected that they were not sure that the management and subordinates meet to review their assessments. As presented, some reflected their agreement on the issue, while some others revealed their disagreement on it. This depicts that the management make sure both stakeholders meet to review the evaluation.

As presented on table 11 above, respondents reflected their agreement towards the performance review that it has included both results and behavior of the performer. It is important to make the review process which contained both what was done and how it was done as well.

Out of the total respondents 11 (5.5%) said “Strongly disagree”, 33 (16.5%) said “Disagree”, 63 (31.5%) said “Not sure”, 82 (41.0%) said “Agree”, and 11(5.5%) said “Strongly agree” to questionnaire statement #26 in the table above. This depicts that the majority of the respondents revealed their agreement that the discussion meeting in ERA includes the employee’s personal development as well as plans for the future.

To questionnaire statement #27 in table 11 above, 7 (3.5%) of the sampled respondents responded “Strongly disagree”; 30 (15.0%) “Disagree”; 49 (24.5%) “Not sure”; 92 (46.0%) “Agree”; and 22 (11.0%) “Strongly agree”. This shows that the majority of the respondents expressed their agreement that performance score and grade in ERA are determined and communicated to the employee.

Putting signs on review form is one item required in performance review period. In relation, some portion of the respondent expressed that they were not sure, where as a large portion of them revealed their agreement on questionnaire statement #28. This suggests manager and employee sign the year-end performance review form in ERA.

As presented on table 11, the total respondents were 200, out of which 15 (7.5%) said “Strongly disagree”, 38 (19.0%) said “Disagree”, 57 (28.5%) said “Not sure”, 62 (31.0%) said “Agree”, and 28 (14.0%) said “Strongly agree” to questionnaire statement #29. This depicts that the majority of the respondents (31.0%) said “Agree” that manager and employee keep copies of the signed year-end performance review form.

4.2.3.6. Perception of Employees on Performance Renewal/Re-contracting in ERA

Table 12: Perception of Employees on Performance Renewal and Re-contracting

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
30	Employee is aware of the specific contributions expected of him/her for a predetermined period linked to the performance management cycle.		9	38	75	67	11	3.17	.950
		<i>Percent</i>	4.5	19	37.5	33.5	5.5		
31	A written contract is established for a predetermined period linked to the performance management cycle.		8	36	71	75	10	3.22	.934
		<i>Percent</i>	4	18	35.5	37.5	5		
32	In case of disagreements between the supervisors and employee on any Component of the contract, the top manager interferes to help the two to reach a consensus.		21	31	73	62	13	3.08	1.070
		<i>Percent</i>	10.5	15.5	36.5	31	6.5		

Source: own survey, 2018

Nine of the sampled respondents reflected their strong disagreement that the employee is aware of the specific contributions expected of him/her for a predetermined period linked to the performance management cycle in ERA. Because they cannot contribute as estimated by the management unless they have sufficient understanding what is expected of them.

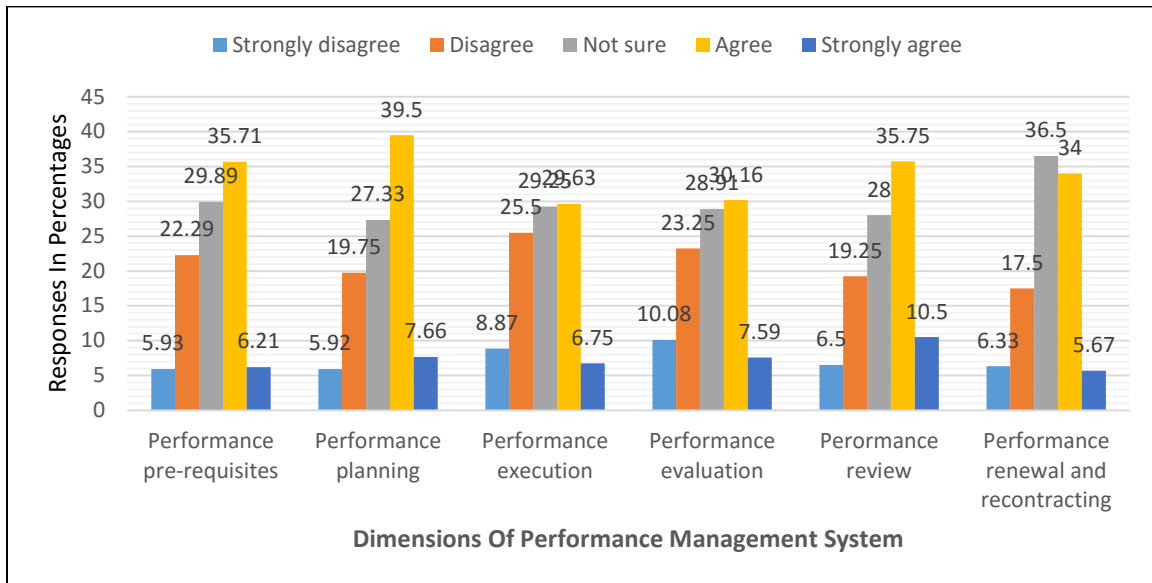
As presented in table 12 above, seventy of the sampled respondent expressed their agreement that a written contract is established for a predetermined period linked to the performance management cycle in ERA. This suggests that the management in ERA work more to make sure that a written contract is provided for its employees.

The majority percentage (36.5%) of the sampled respondents responded that they were not sure on the questionnaire statement #32 in table 12 above. This suggests that the majority of employees of ERA do not know what they can do when they meet disagreements with managers in the case of establishing the new performance contract.

4.2.4. Level of the Dimensions of Performance Management System at ERA

Based on the data analyzed in Appendix 1, the level of the dimensions of performance management system at ERA is expressed in the chart below, as follows.

Figure 3: Level of dimensions of PMS



Source: own survey 2018

Performance pre-requisites are considered as the essential items for designing the PMS in an organization. Figure 8 shows 5.93% of the sampled respondents said “Strongly disagree”, 22.29% of them said “Disagree”, 29.89% of them said “Not sure”, 35.71% of them said “Agree”, and 6.21% of them said “Strongly agree”. This implies that the majority of sampled respondents (35.71%) realized that performance pre-requisites helped ERA to be at a good level towards the management of employee performance.

Figure 8 depicts that the performance planning is the second important component of PMS. And, 5.92% of the sampled respondents expressed their disagreement, whereas 39.5% of them reflected their agreement on the level of PMS in ERA. This indicates that the majority of employees of ERA have good feeling towards the performance planning in their organization.

With regard to the performance execution, figure 8 depicts that out of 200 respondents, 8.87% of them said “Strongly disagree”, 25.5% of them said “Disagree”, 29.25% of them said “Not sure”, 29.63% of them said “Agree”, and 6.75% of them said “Strongly agree”. This indicates a majority of sampled respondents (29.63%) revealed their agreement that performance execution in ERA is at a good level.

As presented in figure 8 above, 10.08% of the sampled respondents strongly disagreed; while 23.25% of them disagreed on the level of performance evaluation in ERA is at a good level. In the contrary, 30.16% of them reflected their agreement, while 7.59% of the respondent expressed their agreed strongly on the issue. But 28.91% of the respondents were not sure whether the issue is found at a good level or not. This indicates that ERA has to work further to maximize the level of performance evaluation towards its employees.

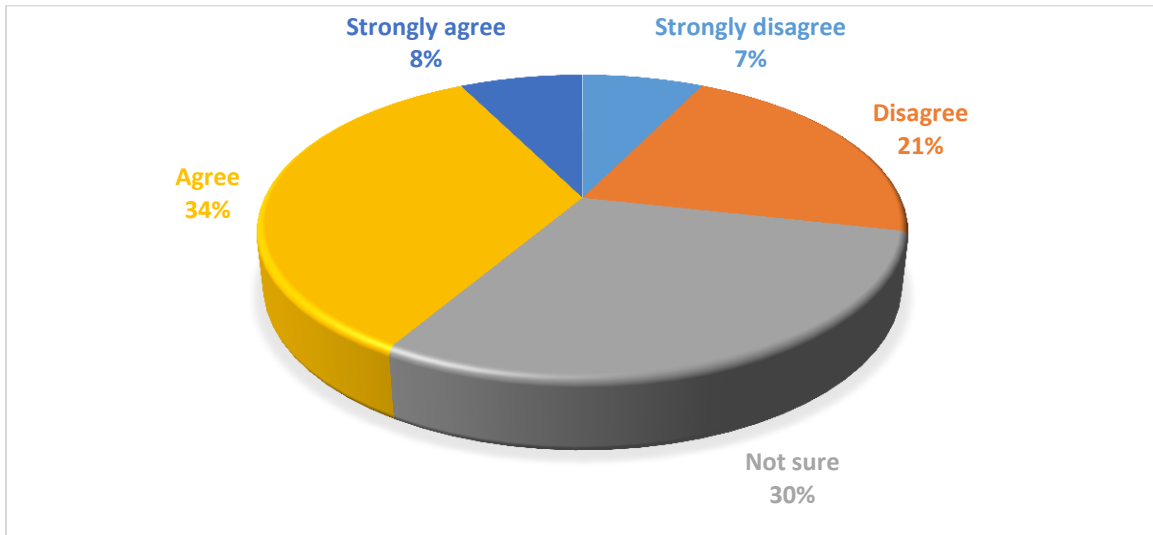
Performance review is an important dimension required to implement an effective performance management system. Concerning its existing level in ERA, 6.5% of the sampled respondents reflected their disagreement strongly, whereas 19.25% of them have also presented their disagreement. Contrarily, 35.75% of the participants revealed their agreement, while 10.5% of them expressed their agreement strongly. But 28% of them were not sure towards the level of performance review in their organization. This highlights that there are many employees in ERA those who do not have clear perception concerning the issue, and the responsible management staffs has to make sure that reviewing the performance of their employees after the evaluation.

With regard to the performance renewal and re-contracting, figure 8 depicts that out of 200 respondents, 6.33% of them strongly disagreed, while 17.5% of them their disagreement simply. And 34% of the respondents simply reflected their agreement, whereas 5.67% of them put their strong agreement on the issue. But, 36.5% of the sampled respondents were not sure on the level of performance renewal in ERA. This shows that the majority of respondents do not have sufficient perception towards the issue. It also suggests that the persons who take the responsibility to implement the system need to provide such forms and forward copies of contract to the performers.

4.2.5. Level of the Performance Management System at ERA

Based on the data analyzed in figure 8, the overall level of the performance management system at ERA can be summarized and expressed in the diagram below, as follows:

Figure 4 Level of performance management system



Source: own survey 2018

Concerning the overall level of PMS in ERA, figure 9 shows that out of 200 respondents: 7.27% of them said “Strongly disagree”, 21.24% of them said “Disagree”, 30.01% of them said “Not sure”, 34.12% of them said “Agree”, and 7.39% of them said “Strongly agree” to the questionnaire statements towards the performance management system at ERA. This implies that a majority of sampled respondents agree the PMS at ERA is at a good level, while a minority of them strongly agrees on it. It suggests that the management has to work further to improve the level of performance management system to great extent.

4.2.6. Arithmetic Mean of Individual Constructs

Table 13: Mean of respondents constructs

Category	N	Mean	Std. deviation
1. Performance pre-requisites	200	3.14	1.013
2. Performance planning	200	3.23	1.028
3. Performance execution	200	3.00	1.084
4. Performance evaluation	200	3.09	1.110
5. Performance review	200	3.25	1.062
6. Performance renewal and re-contracting	200	3.15	0.985

Source: Analysis of data survey 2018

Descriptive statistics in table 13 clearly depict the corresponding arithmetic mean and standard deviation of every construct totals (total of every individual categorical construct). Therefore, performance pre-requisites categorical total has a mean of 3.14 and a standard deviation of 1.013; performance planning categorical total has a mean of 3.23 and a standard deviation of

1.028; performance execution categorical total has a mean of 3.00 and a standard deviation of 1.084; performance evaluation categorical total has a mean of 3.09 and a standard deviation of 1.110; performance review categorical total has a mean of 3.25 and a standard deviation of 1.062; and performance renewal and re-contracting has a mean of 3.15 and a standard deviation of 0.985.

Table 13 also depicts the mean and standard deviation of all dimensions of questionnaire statements #1 to 32. Deduced from the table, the value for a mean of variables ranged from 3.00 to 3.25. In case of all variable dimensions, “Category 5: Performance review” has the maximum mean value of 3.25 while; “Category 3: Performance execution” had the minimum mean value of 3.00. It means that the functional areas at ERA are giving top priority to performance review as it has the highest mean value.

The value of standard deviation for the variables ranges from 0.985 to 1.110. “Category 4: Performance evaluation” had the maximum standard deviation of 1.110; which indicates that in giving priority to performance evaluation, there is much variation in opinion of the respondents. “Category 6” had the minimum standard deviation of 0.985, which means there is not variation in opinion of the respondents for Performance renewal and re-contracting at ERA.

This analysis of mean of categorical constructs showed all constructs have a mean value proportionate to the average standard. Accordingly, it implies that if gaps conducted in some components such as performance execution and performance evaluation. To the opposite, strength in some components such as performance planning and performance review was perceived by the employees.

4.2.7. Perception of Employees on OE in ERA

4.2.7.1. Perception of Employees on Human Relations in ERA

Table 14: Perception of Employees on Human Relations

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
33	Participation is seen as a ways to improve morale and achieve commitment		18	40	57	70	15	3.12	1.096
		Percent	9	20	28.5	35	7.5		
34	Discussion is seen as a way to improve morale and achieve commitment		17	41	54	65	23	3.18	1.142
		Percent	8.5	20.5	27	32.5	11.5		
35	Openness is seen as a way to improve morale and achieve commitment		16	31	70	58	25	3.23	1.105
		Percent	8	15.5	35	29	12.5		

Source: own survey 2018

As analysis of data in table 14 above, out of 200 sampled respondents, 18 (9.0%) of them revealed that participation in ERA is very poor, while 40 (29.0%) of them stated “Poor”. And 57 (28.5%) of the respondents had such a good feeling, while 70 (35.0%) of them had such a very good feeling towards the issue. However, 15 (7.5%) of the respondents have stated ‘excellent’ to questionnaire statement #33. This portrays that there are still a number of employees in ERA those who do not have such a good perception towards the chance to be participated in major organizational affairs. So, the management has to provide possibilities for employees to be involved in organizational issues, because it is seen as a way in order to improve employees’ morale and achieve high of their commitment to the organization.

Discussion is seen as another item to improve employees’ morale and achieve commitment. As presented in table 14 above, 17 (8.5%) of the sampled respondents showed that the issue was very poor in their organization, whereas 41 (20.5%) of them stated it was poor. And 54 (27.0%) of them said “Good” while 65 (32.5%) of them said “Very good” on the issue. But, 23 (11.5%) of the respondents have ranked “Excellent” to the issue. This suggests that the management of ERA has to improve the culture of making discussion with employees in organizational affairs.

Openness is considered as an essential element to establish a high level of morale and commitment to the organization. As analysis of data in table 14 above, 16 (8.0%) said “Very poor”, 31 (15.5%) said “Poor”, 70 (35.0%) said “Good”, 58 (29.0%) said “Very good”, and 25 (12.5%) said “Excellent” to questionnaire statement #35. This portrays that the majority of them (35.0%) were agreed on it that *openness* is seen as a way to improve morale and achieve commitment at ERA.

4.2.7.2. Perception of Employees on Internal Process in ERA

Table 15: Perception of Employees on Internal Processes

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
36	Measurements are seen as methods to achieve control, stability and continuity.		10	42	69	63	16	3.17	1.011
		Percent	5	21	34.5	31.5	8		
37	Documentation is seen as a method to achieve control, stability and continuity.		6	33	84	60	17	3.25	.932
		Percent	3	16.5	42	30	8.5		
38	Information management is seen as a method to achieve control, stability and continuity.		9	38	81	56	16	3.16	.974
		Percent	4.5	19	40.5	28	8		

Source: own source, 2018

Measurements are one of the methods to achieve control, stability and continuity. As presented in table 15 above, 10 (5.0%) said “Very poor”, 42 (21.0%) said “Poor”, 69 (34.5%) said “Good”, 63 (31.5%) said “Very good”, and 16 (8.0%) said “Excellent” to questionnaire statement #36. This highlights that the majority percentage (34.5%) of them were agreed on *the issue* that it can be seen as a means to realize control, stability and continuity are important to organizational effectiveness.

Documentation can be also taken as the second means to achieve control, stability and continuity. As revealed in table 15 above, out of the total respondents, 6 (3.0%) of them revealed their very poor feeling towards the issues, whereas 33 (16.5%) of them also expressed their feeling poorly. On the other hand, 17 (8.5%) of them said “Excellent” to questionnaire statement #37. But 84 (42.0%) of the respondents reflected they are not clear concerning documentation in ERA. while 60 (30.0%) of them showed they have very good feeling. This suggests that a majority percentage (42.0%) of the employees in ERA were not that much familiar with the concept that documentation is seen as a method to achieve those expressions of effectiveness.

The third statement in table 15 above measures what the level of effectiveness in ERA. And out of the total respondents, 9 (4.5%) feels about information technology in ERA very poorly, while 38 (19.0%) of them simply feels poor. And 81 (40.5%) of the respondents feel good towards the issue, 56 (28.0%) of them are also very impressed. But 16 (8.0%) of the respondents are

extremely attracted in the management of information in ERA. This highlights that there is an attractive information management system in ERA.

4.2.7.3. Perception of Employees on Open Systems in ERA

Table 16: Perception of Employees on Open System

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
39	Insight is seen as a path toward external recognition, acquisition and growth.		14	45	67	58	16	3.09	1.055
		<i>Percent</i>	7	22.5	33.5	29	8		
40	Innovation is seen as a path toward external recognition, acquisition and growth.		10	42	64	69	15	3.19	1.103
		<i>Percent</i>	5	21	32	34.5	7.5		
41	Adaptation is seen as a path toward external recognition, support, acquisition and growth.		7	42	65	65	21	3.26	1.017
		<i>Percent</i>	3.5	21	32.5	32.5	10.5		

Source: own survey, 2018

In accordance with the questionnaire statement #39 in table 16, the analysis shows that the total respondents were 200, out of which 14 (7.0%) said “Very poor”, 45 (22.5%) said “Poor”, 67 (33.5%) said “Good”, 58 (29.0%) said “Very good”, and 16 (8.0%) said “Excellent”. This indicates that the majority of the respondents perceived that insight is an important path towards achieving external recognition, acquisition and growth.

As shown in table 16 above, innovation is another method to achieve organizational effectiveness. And 10 (5.0%) of the sampled respondents perceive very poorly the existence of this practice in ERA. On the contrary, 69 (34.5%) of them are also support that innovation is practiced in ERA greatly. The majority percent of respondents agreed that it can be seen as a method to achieve external recognition, acquisition and growth at ERA.

Table 16 shows that 7 (3.5%) of the sampled respondents responded “Very poor”, while 42 (21.0%) of them also responded “Poor” to the questionnaire statement #41. And 65 (32.5%) of them answered “Good”, whereas 65 (32.5%) of them replied “Very good” on it. But, 21 (10.5%) of them separately have replied “Excellent” to the statement. This suggests that majority of employees agree *adaptation* is taken as a method toward external recognition, acquisition and growth in ERA.

4.2.7.4. Perception of Employees on Rational Goals in ERA

Table 17: Perception of Employees on Rational Goals

No.	Questionnaire Statement		SD	D	NS	A	SA	Mean	Std. Deviation
42	Organizational competitiveness through strategic directions and goals.		5	36	85	55	19	3.24	.940
		<i>Percent</i>	2.5	18	42.5	27.5	9.5		
43	Organizational productivity through strategic directions and goals.		6	33	88	57	16	3.22	.920
		<i>Percent</i>	3	16.5	44	28.5	8		
44	Organizational expansions through strategic directions and goals.		9	33	82	61	15	3.20	.956
		<i>Percent</i>	4.5	16.5	41	30.5	7.5		

Source: own survey 2018

Organizational competitiveness helps organizations to be effective. Concerning questionnaire statement #42, 5 (2.5%) said “Very poor”, 36 (18.0%) said “Poor”, 85 (42.5%) said “Good”, 55 (27.5%) said “Very good”, and 19 (9.5%) said “Excellent” out of the total sampled respondents. This implies that organizational competitiveness is implemented through strategic directions and goals at ERA.

Organizational productivity can be seen as a method to be effective. And table 17 above shows that 6 (3.0%) of the sampled respondents have very poor feeling, while 33 (16.5%) of them have simply poor feeling towards the issue. And 88 (44.0%) of the respondents expressed their good feeling, whereas 57 (28.5%) of them reflected their very good feeling to the item. But 16 (8.0%) of the respondents revealed their extreme feeling by saying “Excellent” to the statement. This indicates organizational productivity is achieved through strategic directions and goals in ERA.

Organizational expansions is seen as another means in organizations to be effective. Concerning questionnaire statement #44, 9 (4.5%) of the respondents said “Very poor”, 33 (16.5%) of them said “Poor”, 82 (41.0%) of them said “Good”, 61 (30.5%) of them said “Very good”, and 15 (7.5%) of them also said “Excellent” on it. This highlights that organizational expansions is seen as a means and it is achieved through strategic directions and goals at ERA.

4.2.8. Arithmetic Mean of Individual Constructs

Table 18: Arithmetic Mean of Individual Constructs

Category	N	Mean	Std. deviation
1. Human relations	200	3.18	1.096
2. Internal processes	200	3.19	0.972
3. Open systems	200	3.18	1.028
4. Rational goals	200	3.22	0.938

Source: own questionnaire survey 2018

Descriptive statistics in table 18 clearly depict the corresponding arithmetic mean and standard deviation of every construct. Therefore, category of Human relations has a mean of 3.18 and a standard deviation of 1.096, Internal processes categorical total has a mean of 3.19 and a standard deviation of 0.972, Open systems categorical total has a mean of 3.18 and a standard deviation of 1.028, Rational goals categorical total has a mean of 3.22 and a standard deviation of 0.938 which shows that organizational effectiveness of ERA is proportionate to the average.

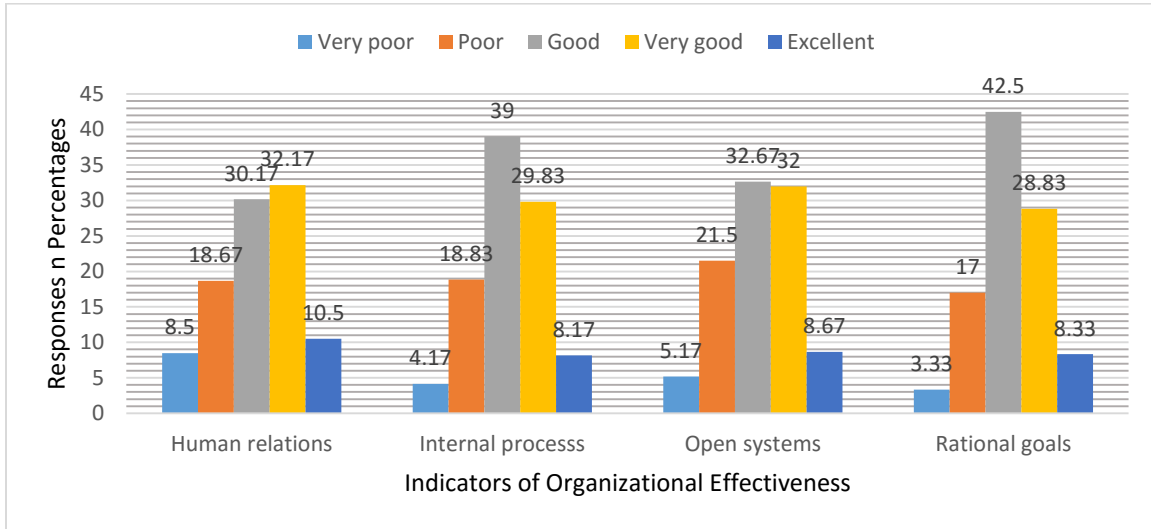
Table 18 depicts the mean and standard deviation of all dimensions of questionnaire statements #33 to 44. As deduced from the table, the value for a mean of variables ranges from 3.18 to 3.22. In case of all variable dimensions, “Category 3: Rational goals” has the maximum mean value of 3.22 while; both “Category 1: Human relations” and “Category 3: Open systems” had similarly the minimum mean value of 3.18. It means that the functional areas in ERA are giving top priority to *rational goals* as it has the highest mean value.

The value of standard deviation for the variables ranges from 0.938 to 1.096. “Category 1: Human relations” had the maximum standard deviation of 1.096; which indicates that in giving priority to Human relations, there is much variation in opinion of the respondents. “Category 4: Rational goals” had the minimum standard deviation of 0.938, which means there is not variation in opinion of the respondents for rational goals at ERA.

This analysis of mean of categorical constructs showed that a mean value is also proportionate to the average standard. Accordingly, it implies that ERA is implementing an effective human relation practices, making internal processes simple and save, stretching open working systems, and designing and implementing rational goals.

4.2.9. Level of the Indicators of Organizational Effectiveness in ERA

Figure 5: Level of the Indicators of OE



Source: Analysis of data survey 2018

Human relation is the first indicator of organizational effective. And figure 10 illustrates, 17% of the respondents have very poor feeling, while 18.67% of them have simply poor feeling on the issue. And 30.17% of the respondents expressed their good feeling, while 32.17% of them have very good feeling to the statement. But 10.5% of the sampled respondents expressed their extreme impression on the item. This shows that human relation is so important aspect of effectiveness for organizations.

Internal process is also another indicator to measure effectiveness. And out of 200 respondents 4.17% of them said “Very poor”, 18.83% of them said “Poor”, 39% of them said “Good”, 29.83% of them said “Very good”, and 8.17% of them said “Excellent” on it as shown in figure 10. Internal process is perceived by most employees as it is important for an organization to be effective. This highlights that ERA is found at a good level in internal processes.

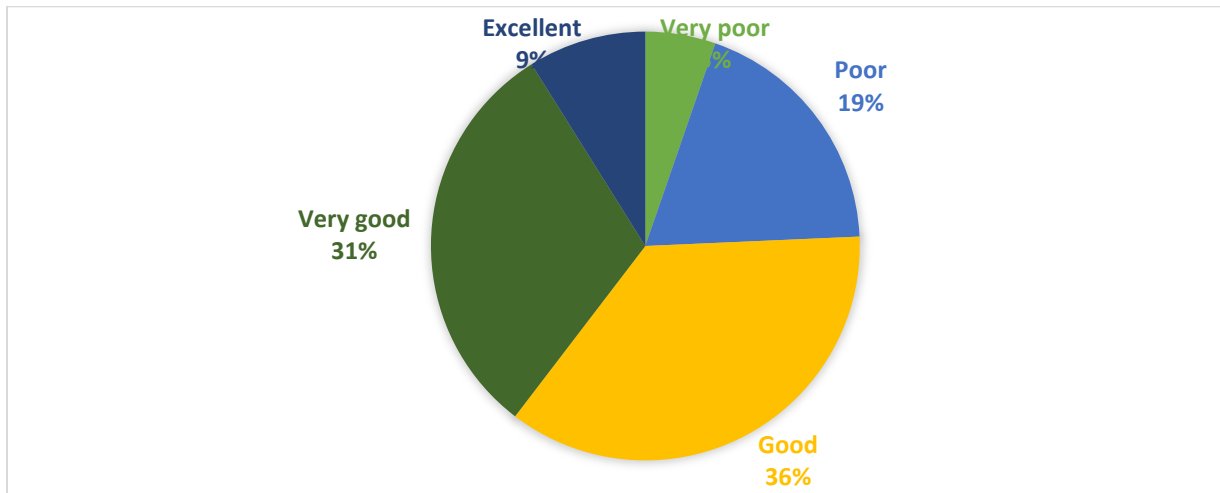
System in an organization has to be open for all. And out of the total respondents, 5.17% of them reflected their very poor feeling, while 21.5% of them showed their poor feeling towards the statement. And 32.67% of the respondents have good outlooks, while 32% of them presented their very good feeling concerning the item. But 8.67% of them extremely revealed their feeling

to the questionnaire statement. This indicates there is a good organizational internal system in ERA.

Rational goal is also another indicator to measure the level of organizational success. Based on this assumption, 3.33% of the sampled respondents responded “Very poor”, 17% of them replied “Poor”, 42.5% of them answered “Good”, 28.83% of them ticked on “Very good”, and 8.33% of them also chose “Excellent” to the questionnaire statement #44 as exposed in figure 10 above. This suggests that establishing rational goal is so important for an organization to be successful.

4.2.10. The level of organizational effectiveness of ERA

Figure 6: Level of Organizational Effectiveness



Source: Analysis of data survey 2018

Organization effectiveness is varied from one organization to another on its level. As presented in figure 11, out of 200 sampled respondents 5% of them said “Very poor”, 19% of them said “Poor”, 36% of them said “Good”, 31% of them said “Very good”, and 9% of them said “Excellent” on the overall level of organizational effectiveness of ERA. This depicts a majority percentage of respondents believed ERA is at a good OE level, while a minority percentage of respondents perceived ERA is at a very poor level of OE.

4.3. Correlation Analysis and Interpretation

In this section of the study, the objective is to establish if any correlation relationship exists between the performance management system and the overall organizational effectiveness of

ERA. The key hypothetical argument is that the performance management system has positively significant relationship with organizational effectiveness in ERA. The purpose of the correlation is also to discover the direction of the relationship between the PMS and OE, which is, whether the direction of a relationship is positive or negative to determine the degree of the relationship between the variables. In relation, the analysis which is done in this section helped the researcher to test the seven hypotheses of the study respectively.

4.3.1. Conceptual Explanation of Correlation Analysis

In a correlation analysis, there is a correlation value, also called correlation coefficient, (r – value) which falls between -1 and +1. If the $r = +1$ or -1 then all cases fall in a straight line, i.e. perfect linear (Ghauri *et. al.* 2005).

A positive correlation exists where higher scores on one variable match with higher scores on another. On the other hand, a negative correlation is when higher marks on one variable correspond with lower results on another. This means that as the scores of one variable decreases, then results on the other variable increases (Hoy 2010).

A correlation is non-existent if the r value is 0.00. The implication is obviously that there is no correlation between the variables (Howitt *et. al.* 2005). When the correlation is reflected in the ranges between the r values of 0.10 to 0.29, it is weak. When the correlation is reflected in the ranges between the r values of 0.30 to 0.49, it is moderate. And when the correlation is reflected in the ranges between the r values of 0.50 and above, it is strong (Kothari 2014).

4.3.2. Correlation Coefficients between Dimensions of PMS and OE

Table 19: Correlation coefficient of each dimension of PMS

No.	Variables		Pearson Correlation	Sig.(2 tailed)
	Independent variable	Dependent variable		
1	Performance pre-requisites	Organizational effectiveness	.373	.000
2	Performance planning	Organizational effectiveness	.370	.000
3	Performance execution	Organizational effectiveness	.417	.000
4	Performance evaluation	Organizational effectiveness	.533	.000
5	Performance review	Organizational effectiveness	.359	.000
6	Performance renewal and re-contracting	Organizational effectiveness	.350	.000

Source: Analysis of data survey 2018

Table 19 shows the level of correlation coefficient of each dimension of PMS. The relationship between Performance pre-requisites and organizational effectiveness is at 0.373 which is interpreted as a positively moderate relationship and performance evaluation is ranked the highest level of correlation coefficient at 0.533. And there was a moderate level of correlation coefficient at 0.370 with Performance planning, at 0.417 with Performance execution, at 0.359 with Performance review, at 0.350 with Performance renewal and re-contracting of ERA with its organizational effectiveness. Then the highest level of correlation coefficient of the relationship between performance evaluation and organizational effectiveness is at 0.533 which is interpreted as a positively strong relationship.

4.3.3. Correlation Coefficients between PMS and OE

Table 20: The relationship between PMS and OE

Correlations			
		Performance Management System	Organizational Effectiveness
Performance Management System	Pearson Correlation	1	.599**
	Sig. (2-tailed)		.000
	N	199	199
Organizational Effectiveness	Pearson Correlation	.599**	1
	Sig. (2-tailed)	.000	
	N	199	200

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

Source: own survey 2018

Table 20 indicates the level of correlation coefficient of PMS. The relationship between Performance Management System and Organizational Effectiveness is at 0.599 which is interpreted as a strong positive relationship, which means when the level of PMS increases, the level of its effect that it has on OE also increases at the same time. Based on the result, it is further possible to declare that there is a strong positive relationship between PMS and OE. And this implies that working on Performance Management System will result the Authority to perform effectively in all indicators of organizational effectiveness: human relations, internal processes, open systems, and rational goals.

4.3.4. Summary of the Hypotheses' testing

Table 21: Findings for Research Hypothesis

No.	Hypothesis OF the research	Finding	
		Type of Correlation	Strength of Correlation
1	There is a positively significant relationship between performance pre-requisites and organizational effectiveness	Positive	Medium
2	There is a positively significant relationship between performance planning and organizational effectiveness	Positive	Medium
3	There is a positively significant relationship between performance execution and organizational effectiveness	Positive	Medium
4	There is a positively significant relationship between performance evaluation and organizational effectiveness	Positive	Strong
5	There is a positively significant relationship between performance review and organizational effectiveness	Positive	Medium
6	There is a positively significant relationship between performance renewal/re-contracting and organizational effectiveness	Positive	Medium
7	There is a positively significant relationship between performance management system and organizational effectiveness	Positive	Strong

Source: Analysis of data survey 2018

As presented in table 21, all the seven alternative hypotheses of the study were tested, and all have a positively significant relationship with the overall organizational effectiveness. Table 23 shows that the strength of Hypotheses 1, Hypothesis 2, Hypothesis 3, Hypothesis 5, and Hypothesis 6 is somehow medium while the strength of Hypothesis 4 and Hypothesis 7 is somehow strong. As a result, all null hypotheses are rejected while all alternative hypotheses of the study are accepted.

4.4. Regression Analysis and Interpretation

Regression is the determination of a statistical or cause-and-effect relationship between two or more variables. The coefficient of determination (sometimes known as the regression coefficient) enables the researcher to assess the strength of relationship between a numerical dependent variable and one or more numerical independent variables (Saunders et al. 2009). It can only interpret what exists physically i.e., there must be a physical way in which independent variable “X” can affect dependent variable “Y”, and the basic relationship between “X” and “Y” is given by $Y = a + bX$ (Kothari 2004).

In this section of the study, the objective is to establish if any arithmetical relationship exists between the performance management system and the overall organizational effectiveness of

ERA. The purpose for doing this is to discover the extent to which the independent variable (performance management system) affects the dependent variable (organizational effectiveness). As it has been already stated in the 3rd chapter of this study (Research Methodology), the researcher employed simple linear regression analysis to determine the statistical relationship between the two types of variables. In simple regression, we have only two variables, one variable (defined as independent) is the cause of the behavior of another one (defined as dependent variable).

4.4.1. Model Summary

Table 22: Coefficient of determination

	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Performance pre-requisites	.373	.139	.135	.64388
2	Performance planning	.370	.137	.133	.64465
3	Performance execution	.417	.174	.170	.63083
4	Performance evaluation	.533	.284	.280	.58719
5	Performance review	.359	.129	.125	.64757
6	Performance renewal and re-contracting	.350	.123	.118	.64998
7	Performance management system	.599	.358	.355	.55607

Source: Analysis of data survey 2018

1. Predictor: (constant), Performance pre-requisites
2. Predictor: (constant), Performance planning
3. Predictor: (constant), Performance execution
4. Predictor: (constant), Performance evaluation
5. Predictor: (constant), Performance review
6. Predictor: (constant), Performance renewal and re-contracting
7. Predictor: (constant), Performance management system

As shown in table 22, 35.8% of the variation in organizational effectiveness at ERA could be explained by performance management system. 13.9% by performance pre-requisites, 13.7% by Performance planning, 17.4% by Performance execution, 28.4% by Performance evaluation, 12.9% by Performance review, 12.3% by Performance renewal and re-contracting, and 35.8% by Performance management system. As a result, we can see that highest percentage of the variation in organizational effectiveness, among the models could be explained by performance management system in ERA.

4.4.2. Regression Coefficient of PMS and Its Dimensions on OE in ERA

Table 23: Regression coefficient

MODEL	UNSTANDARDIZED COEFFICIENTS		STANDARD IZED COEFFICIENTS	T	SIG.
	B	Std. Error	Beta		
(Constant)	2.032	.210		9.689	.000
Performance Pre-Requisites	.369	.065	.373	5.655	.000
Performance Planning	.381	.068	.370	5.607	.000
Performance Execution	.340	.053	.417	6.446	.000
Performance Evaluation	.497	.056	.533	8.862	.000
Performance Review	.371	.069	.359	5.419	.000
Performance Renewal And Re-Contracting	.314	.060	.350	5.262	.000
Performance Management System	.831	.079	.599	10.488	.000

a. Dependent variable: Organizational Effectiveness

Source: Analysis of data survey 2018

As denoted in table 23, the regression coefficient between the independent variables (performance pre-requisites, performance planning, performance execution, performance review, and performance renewal and re-contracting) and the dependent variable (organizational effectiveness) is moderate, and the results of the standardized coefficients (beta) reveal that each dimension is relatively important predictor towards organizational effectiveness. And as revealed in table 23 above, the coefficient of determination between the independent variables (performance evaluation and performance management system) and the dependent variable (organizational effectiveness) is strong, and the results of the standardized coefficients (beta) reveal that each dimension is also important predictor towards organizational effectiveness.

This implies that if performance pre-requisites increase with one unit then organizational effectiveness also increases in 37.3%; if performance planning increases with one unit then OE also increases in 37%; if performance execution increases in one unit then OE also increases in 41.7%; if performance evaluation increases in one unit then OE also increases in 53.3%; if performance review increases in one unit then OE also increases in 35.9%; and if performance renewal and re-contracting increases in one unit then OE also increases in 35%. In relation, it is possible to see in the table above that when Performance Management System increases in one unit then overall organizational effectiveness also increases in 59.9%. Based on the above results, it can be seen that performance evaluation is the most important predictor of

organizational effectiveness than other dimensions of PMS. And it can be further declared that the overall PMS is important predictor towards OE.

4.5. Results of the Study

In this chapter of the thesis, the student researcher attempted to gather and summarize the major findings of this study resulted from the data analyzed in the above chapter accordingly.

4.5.1. Results from the Descriptive Analysis

From the descriptive analyses, it is possible to understand all employees know their organization operates PMS. As the analysis showed, ERA uses both formal and informal ways to implement PMS not at regular base, and the system is typically not implemented to employee's personal development but to fulfill the formality. In addition, it is found a majority percentage (34.12%) of sampled respondents agreed the PMS at ERA was at a good level, and a majority percentage (36%) of them similarly agreed the existing overall organizational effectiveness in ERA is at a good level too.

4.5.2. Results from the Correlation Analysis

The result showed there is an association in all cases. It can further be declared that the correlation between the variables in all cases is positively significant. By implication the following correlation is recorded between the variables, as follows:

1. There is a positively significant correlation between performance pre-requisites and the overall organizational effectiveness in ERA.
2. There is a positively significant correlation between performance planning and the overall organizational effectiveness in ERA.
3. There is a positively significant correlation between performance execution and the overall organizational effectiveness in ERA.
4. There is a positively significant correlation between performance evaluation and the overall organizational effectiveness in ERA.
5. There is a positively significant correlation between performance review and the overall organizational effectiveness in ERA.

6. There is a positively significant correlation between performance renewal/re-contracting and the overall organizational effectiveness in ERA.
7. There is a positively significant correlation between the overall performance management system and organizational effectiveness in ERA.

As resulted from the analysis, the performance management system and all of its dimensions are efficient to have a positively significant relationship with the overall organizational effectiveness at ERA.

4.5.3. Results from the Regression Analysis

As revealed in the analysis, there is a positively significant cause-and-effect relationship in all cases. Based on the result from the analysis, it can further be declared that all independent variables have effect on organizational effectiveness in ERA. By implication the following causative relationship is recorded between the variables, as follows:

1. There is a cause-and-effect relationship between performance pre-requisites and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow medium at .373 or (37.3%) level.
2. There is a cause-and-effect relationship between performance planning and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow medium at .370 or (37%) level.
3. There is a cause-and-effect relationship between performance execution and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow medium at .417 or (4.17%) level.
4. There is a cause-and-effect relationship between performance evaluation and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow strong at .533 or (53.3%) level.
5. There is a cause-and-effect relationship between performance review and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow medium at .359 or (35.9%) level.

6. There is a cause-and-effect relationship between performance renewal/re-contracting and the overall organizational effectiveness in ERA, and the strength of the relationship is somehow medium at .350 or (35%) level.
7. There is a cause-and-effect relationship between the overall performance management system and organizational effectiveness in ERA, and the strength of the relationship is somehow strong at .599 or (599%) level.

As exposed from the analysis above, the performance management system and all of its dimensions are efficient to have a significant effect on the overall organizational effectiveness at ERA. Based on the Regression analysis performed on all of the 7 cases, it can further be declared that 5 of the independent variables (performance pre-requisites, performance planning, performance execution, performance review, and performance renewal and re-contracting) moderately affect the dependent variable (organizational effectiveness), while the rest of the independent variables (performance evaluation and performance management system) strongly affect the dependent variable (organizational effectiveness)

4.5.4. Results from the Interviews

Thirteen management staffs from 13 different directorates at ERA were interviewed. The type of the interview was semi-structured and included both closed and open-ended questions. The interview helped the researcher in gaining additional information on the existing level of PMS and OE at ERA, and the gaps that may hinder the implementation of PMS not to be effectiveness. Out of 13 interviewees, 3 of them were females and the rest were males, and all of them have a minimum of 10 years of experience. Extensive experience and having in-depth information about the issue were a standard used to select the interviewees. This helped the researcher to do a well-informed review from the interviews. Accordingly, the researcher reviewed the analysis and its results, as follows:

1. All respondents responded “Performance evaluation” is highly emphasized than other components of PMS at ERA. This depicts ERA has to work more on the other elements of PMS so that they contribute more on its organizational effectiveness.

2. The gaps mentioned by the interviewees towards the PMS were the following:
 - Lack of awareness of the system over the workman and the employee
 - Job placement used with BSC
 - Limited capacity to implement the PM system
 - Measurability of the goals and measuring based on that
 - Favoritism towards rating
 - Lack of effort to fill the gaps
 - Lack of linkage between the system and benefits
 - Availability of job description for all employees
 - Open discussion on performance review meeting
 - Rewarding high performers with low performers in the same way
 - Poor following up
 - Inconsistent performance evaluation and rating system
 - Untimely evaluation
 - Imbalance rating classification (60% for performance, 40% for behavior, and 20% for immediate co-workers and supervisors)

These problems mentioned by the interviewees suggest that there are a number of gaps which needs to be narrowed towards the performance management system at ERA. Some of the gaps are related with the management, while others are also related with the employees.

3. Suggestions presented by interviewees which are used to bridge these gaps are the following:
 - Taking the problems into serious consideration
 - Supplement the system with ICT
 - Persistent training for both managers and employees at a regular bases
 - Balancing the rating classification between performance and behavior
 - Open discussion among managers and employees
 - Modernization of the system
 - Increase motivational practices
 - Safe and attractive working environment
 - Facilitations and equipment

- Separate rating system according to the nature of each job
- Sufficient required resources
- Provide sufficient financial and non-financial benefits
- Well formulated rating measurements

These suggestions indicate measures should be taken to bridge the gaps and it might not be expected only from the management but the employees as well.

4. A majority percentage of the interviewees rated the level of organizational effectiveness of ERA as (90%) or “Very good”, while a minority percentage of them rated it as (85%) or “Good” in average. This shows the Authority’s organizational effectiveness is found at a good level. In addition, the interviewees suggested it will be important to take the following measures in order to improve the overall organizational effectiveness at ERA:

- Focusing on further training, development, and capacity building programs
- Participation of all stakeholders over the designing and implementation of the system
- Making ERA out under the responsibility of Civil service to create its own attractive working environments to its employees
- Improving recruitment and selection requirements
- Taking fundamental measures to avoid nepotism from the Authority
- Working with all stakeholders to solve problems related to the system
- Stretching open working system
- Creating and developing ownership attitude over all participants in the system

4.6. Summary of Major Results

As per the data collected and analyzed from the questionnaires and interviews, the findings are summarized and presented in this section of the chapter respectively, as follows:

1. As resulted from the correlation analysis, there is a positively significant relationship between PMS (and each of its dimensions) and OE in ERA and the strength of the correlation is somehow strong at 0.599 (59.9%) level. Depended on this result, the entire alternative hypotheses developed for this study are accepted.

2. As resulted from the regression analysis, most independent variables (performance pre-requisites, performance planning, performance execution, performance review, and performance renewal and re-contracting) affect OE moderately, while the other (performance evaluation) affects OE strongly.
3. The performance management system affects the overall organizational effectiveness at ERA strongly at 0.599 (59.9%) level.
4. As resulted from both analyses, “Performance evaluation” has the highest effect on OE than the other dimensions of PMS, and the strength of its effect is strong at 0.533 (53.3%) level.
5. Gaps were observed on the performance management system at ERA. A majority percentage 88 (44%) of employees have agreement that the PMS is implemented only for formality at ERA. 141 (70.5%) of the respondents’ response showed that the immediate supervisors or team leaders take the leading role to implement the PMS rather than the HR officers. PMS is implemented at ERA not at a regular base and not for employee’s personal development but to fulfill only the formality. Moreover, the analysis done on the interviews showed there were also further gaps towards the PMS in ERA. Major of these are: lack of skills and knowledge to implement the system, poor linkage between the system and its benefits, untimely performance evaluation, rewarding high performer with low performer in the same way, favoritism towards rating employee performance, and Imbalance rating classification or requirements (60% for performance, 40% for behavior, and 20% for feedback from immediate supervisor and co-workers). And solutions used to bridge the gaps were suggested by the interviewees. Major of those suggestions are: Taking the problems into serious consideration, Supplement the system with ICT, Persistent training for both managers and employees at a regular base, Balancing the rating classification between performance and behavior, Open discussion among managers and employee, Modernization of the system, Increase motivational practices, Safe and attractive working environment, Facilitations and equipment, Separate rating

system according to the nature of each job, Sufficient required resources, Provide sufficient financial and non-financial benefits, and Well formulated rating measurements.

4.7. Discussion

In this section, the results of the study are discussed in line with major findings summarized above and in views of other studies done by other researchers previously. The result of found in this study are discussed in a way achieving the objectives of the study or answering the research questions.

It was reviewed from literatures that there were studies, on one hand, unable to prove this relationship, while on the other hand, able to proven it (Jones et. al. 1995). This study proved there is an association between PMS and organizational effectiveness. So, this study can be taken in line with studies those had been verified the association. In relation, this study proved not only the association between these investigative variables in organizations but the correlation between the dimensions of PMS and OE too. This result shows organizations need to give a serious consideration to each component of performance management to enhance their organizational success.

As proven by (Kibichii et al. 2016), the predicted value of each dimension of PMS towards OE has also been verified. Subsequently, most dimensions (performance pre-requisites, performance planning, performance execution, performance review, and performance renewal) had a moderately significant effect, and besides this, the other ‘performance evaluation’ had also a strongly significant effect on OE. This indicates organizations have to increase their attention on all rudiments of PM in order to assist organizations to be more effective.

The study showed ‘Performance evaluation’ has the highest effect on OE than others. This indicates the level of influence each element of PM might have on OE could be varied one from another. Managers who are particularly responsible to the system need to be aware of which dimension have more effect and how could they put equal emphasis on all of them in order to make them played their roles in terms of contributing on organizational effectiveness

significantly and correspondingly. This may help the managers of PM at ERA to lay equivalent emphasis for all elements and to make them effective in contributing a high toward OE.

Gaps were observed on the performance management system at ERA. It will be helpful that the performance managers at ERA take the PMS to further consideration whether it was being implemented as it was expected before or not. The managers are expected to make sure whether or not the system is being applied to achieve its major objectives such as assisting employee morale, motivation and creativity to be conveyed in to higher level and to employ both materialistic and intellectual resources of employees (Director, 2018). The system has not to be implemented to fulfill only the formalities or to reward or punish the performers, but to encourage them to be effective and to provide quality, reasonable and fastest service for customers (users) of the roads.

It will be better to take the leading role by HR professional. The reason to say this is these persons are supposed to have such a superior awareness and required skills to implement PMS than others (Armstrong 2009). This may help the system to be well-designed and worked efficiently in a way that makes both stakeholders successful. It is necessary to the management to understand the result of employee performance evaluation is directly connected with the overall effectiveness of the organization (Armstrong 2006). In addition, it is necessary to exploit and spread information technology, HR software and data bases, and other HR systems to improve employee's motivation and potential further in a manner that makes these resources important for the overall effectiveness of organizations.

It is important making employees' effectiveness parallel to organizational effectiveness and aligning the higher performers with the higher benefits as well. As its purpose is encouraging employee motivation, good performers should be rewarded or benefited from the system in a way which makes them to be separated from poor performers (Goodman 1977). This might be done not only to reward higher achievers and punish lesser performers but to provide possibilities in which poorer doers be convinced for further improvement through trainings and personal development programs. Additionally, the managers who take the leading role to implement PMS should be free from any act of preference based on nepotism (Daft 2003).

Actually not only the managers but the management is also responsible to make the overall system of performance management free from any attempts of favoritism particularly towards rating employee performance. Both the practice of rewarding and punishing employees should be ultimately established on employee's performance.

It might be important to change the rating system and procedures in order to arrange employee performance at different levels in a line with the strategic goals of the organizations (Director 2018). For example, as it was shown in the rating classification at ERA, the grading system was classified as follows: 60% for performance, 40% for behavior, and 20% for feedback from immediate co-workers. As it was suggested by some interviewees, it is perceived to make some changes concerning some aspects of the classification such as its intervals and nominated persons to provide feedback. Some may argue whether on the first or the other, but the management should improve the system from time to time by taking existing situations and relevant changes both in the environment and business market in to a serious consideration in order to make the PMS effective towards contributing to the organization's sustainability in its effectiveness.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

In this chapter of the research, the major findings of the research have been summarized and the researcher has drawn his conclusions based on those results. In addition, the researcher stated his recommendations for the management at ERA based on the results of the study.

5.2. Summary

The effect of performance management system on organizational effectiveness has been studied in this research. PMS (and its dimensions) were the independent variables and OE was the dependent variable of the study. Mixed approach, i.e. the combination of both quantitative and qualitative research methods were used to carry out this research. Stratified sampling design was applied to determine the sample size to the questionnaire, while purposive sampling designs was also used to decide the size of the interviewees. In general, two hundred thirteen (213) respondents have been administered to collect the required data for this study. Both primary and secondary data sources were administered to collect the required data for this study. Structured questionnaires and semi-structured interviews have been employed to gather the primary data, while a variety of publications and HR data at ERA have been also used to obtain complementary information towards the issue.

The study analyzed the collected data both quantitatively and qualitatively. Karl Pearson's correlation coefficient has been employed to do the correlation analysis, while simple linear regression has been applied to do the regression analysis. And descriptive analysis has been also applied to describe the frequency, mean and standard deviation in the study. In addition, the data obtained from the interviews were also analyzed by its theme, content, and comparatives. After doing the analyses in depth, this study found that there is a positively significant relationship between performance management system and organizational effectiveness, and the PMS affects OE in ERA significantly.

5.3. Conclusion

Based on the analyses and major findings, this study has established the following five conclusions:

1. ERA is appreciated both in designing and implementing all components of PMS. It is possible to say that the PMS at ERA has been contributing on the Authority's overall effectiveness to great extent. Both the PMS and OE at ERA are at a good level.
2. This study proved there is a positively significant relationship between PMS (and each of its dimensions) and OE at ERA and the strength of the correlation is somehow strong at 0.599 (59.9%). All the alternative hypotheses, therefore, were accepted while all the null hypotheses were rejected.
3. The study showed most dimensions of PMS (performance pre-requisites, performance planning, performance execution, performance review, and performance renewal and re-contracting) affect OE moderately, whereas performance evaluation affects OE strongly. Accordingly, it was also verified in this study that the performance management system affects the overall organizational effectiveness at ERA strongly at 0.599 (59.9%) level.
4. Though it was shown in this study that all dimensions of PMS have effect on OE in ERA, "Performance evaluation" has recorded the highest score (0.533 (53.3%)) indicated it was the strongest dimension among others to affect organizational effectiveness.
5. However the level of PM and OE at ERA was appreciated, the study revealed there were gaps towards the PMS at ERA. Major of the gaps are: limited capacity to implement PMS, favoritism towards rating performance, inability to align the system with rewards, inability to reward higher performers and lower performers separately, and untimely performance evaluation. However, there are some solutions suggested by the interviewees to bridge the gaps. Major of them are: awareness creation and training, increase participation and inspection of the management, aligning the PMS with other

HR and management practices, supplement the system with information technology, and performance based reward and punishment.

5.4. Recommendation

Based on the results presented in this study, the student researcher would forward some recommendations for the management staff particularly those who are responsible to take the leading role to design and implement the PMS at ERA, as follows.

1. Though the management of employee performance in ERA is found at a good level, it is important that the management takes some measures to maximize the level more. These actions can include providing chance for all levels of management and employees to be participated in the deigning and implementation of all dimensions of the PMS. This can make the performance management system to be applied throughout the Authority effectively. The inclusion of all levels of management and employees in the process will stimulate the sense of ownership of the performance management system required for its effectiveness.
2. It is recommended that the management of ERA to realize that PMS affects the Authority's overall effectiveness significantly. As they may have sufficient concern for other HR practices in the organization, it would extremely be important for the organization to pay the required attention to PMS too, because as the result showed its impact is very high. So it is preferable to strength the management system towards employee performance, and it might be taken as a selective method to manage the practical problems seen in the road constructions of the country at a great level.
3. It is suggested that the management to get emphasis on all components of the PMS at ERA equally. Realizing that all can have its own input is important. Though one's importance might be differed from the other at certain level, giving equal emphasis for all makes the organization to be successful more. As this study has proved that all components of PMS have their own significant effect on organizational success, the organization will be beneficial by implementing all effectively and efficiently. It is

advisable that the management, therefore, takes this as a method to make sure that all dimensions are being accurately implemented and contributing for the overall effectiveness of the organization.

4. It is important that the management in ERA to understand PMS is an essential component of HRM which highly contributes for the organization to be effective. This might help them to be strategic in terms of giving special emphasis to the highest contributor on organizational success. As shown in the analyses, performance evaluation has the highest effect on OE than the other dimensions of PMS. So, it would be suggested by the author to operate the system strategically in order to attain strategic goals of the organization.
5. It would be a sound practice that managers who take the leading role to manage employee performance in ERA to make sure the following suggestions to bridge the gaps observed through this study. These are: Taking the problems into a serious consideration, Supplement the system with ICT, Persistent training for both managers and employees at a regular bases, Balancing the rating classification between performance and behavior, Open discussion among managers and employees, Modernization of the system, Increase motivational practices, Safe and attractive working environment, Facilitations and equipment, Separate rating system according to the nature of each job, Sufficient required resources, Provide sufficient financial and non-financial benefits, and Well formulated rating measurements.

❖ **Limitation of the Study**

As performance management system is an important practice of HRM and an investigative topic for researchers, it was debatable that whether PMS can actually affect OE in a reasonable and measureable sense. Researchers on the association between PMS and OE had been separated into two groups: who were able to prove the relationship and those who were not able to show it. This lack of agreement between researchers was one major limitation for this study. In addition to this: Difficulty in collecting questioners on time, Carelessness of some respondents to respond to the questionnaires timely, lack of sufficient time and finance needed to conduct the study were also among the various problems encountered by the researcher during the study.

❖ **Future Research Directions**

The research results presented in this study make a valuable contribution to the awareness of the effect performance management system has on organizational effectiveness. However, additional studies are needed in order to investigate the potential association between Performance management and organizational overall success. Additionally, future researches may help HR officers or implementers of the PMS to be aware of the effect PMS has on OE. This helps them to proactively put mechanisms in place to increase organizational effectiveness and eventually to improve the areas in which the practical problems observed in the road sector of the country such as quality of maintenance works, road safety, and the completion of projects within the scheduled time.

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APPENDIXES

Appendix 1: Questionnaire Used to Collect Data

QUESTIONNAIRE

Addis Ababa University
College of Business and Economics
School of Commerce/Department of HRM

This questionnaire is to be filled by selected respondents who are currently working at Ethiopian Roads Authority (ERA). Its purpose is to provide data for the research conducting by a student at the university mentioned above. The title of the study is “The Effect of Employee Performance Management System on Organizational Effectiveness in Ethiopian Roads Authority”. In this regard, I kindly request your time to provide me with reliable information so that the findings of this study would meet the intended outcome. I strongly assure you for the confidential treatment of your answers. I would like to thank your voluntary participation for the success of my research study.

Note:

- No need to mention your name
- Put “√” in a box matched to your response
- Honestly response is expected
- Timely returning of the questionnaire is very appreciated and helpful
- For any question, never hesitate to contact the student at the following address:

Abraham Araya

E-mail: - rakebab40@gmail.com

Mobile: - 251-911542293

I. General profile of respondents:

1. Gender: Male Female
2. Age category: 18-30 31-4 41-50 above 50
3. What is your highest educational status?
Certificate College diploma BA/BSC degree
MA/MSc degree Doctoral degree
4. Years of service in ERA:
Less than 2 years 2-5 years 6-10 years above 10 years
5. To which category does your position fall?
Managerial Supervisory/Team leaders
Professionals Other supporting staffs

II. Nature of current Employee Performance Management System

1. Does your organization operate employee performance management system?
Yes No
2. If yes, what type of employee performance management system is it?
Formal Informal Both formal & informal
3. If you have been working in ERA for more than 5 years, how many times have you had any performance appraisal?
Only once Twice Several times Never
4. Who takes the leading role of implementing the performance management system in ERA?
Immediate supervisor HR officers
Top-managers only Co-workers
5. For what purpose the result of performance appraisal is used in ERA?
Only for formality For personal/employee development
As a base for salary & incentive payment For rewarding or punishing employee

III. Research related questions:

Section one: this section of the questionnaire is classified by six. Each section is designed to assess the PM system of ERA based on the six dimensions of a performance management system with statements that can best explain it. There are five blank spaces beside each statement listed. The measurements put above each column represent the degree in which whether the respondent agrees or not with each statement. They are itemized from in five: **1= Strongly disagree, 2= Strongly agree, 3=Note sure, 4=Agree, and 5=Strongly agree**. The respondent, therefore, is kindly requested to circle a number in the box that describes his/her exact feeling.

Part one: Performance pre-requisites

Note: Performance pre-requisites is the process in which vision, mission, values, strategic goals, organizational structure and services of the organization would be stated and assessed. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement (items)	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
1	Managers and employees set performance objectives jointly	1	2	3	4	5
2	Managers and employees have a clear understanding of what the strategic goals of ERA	1	2	3	4	5
3	The core values in ERA are aligned with mission and vision of the organization	1	2	3	4	5
4	Managers and employees understand organizational structure in ERA	1	2	3	4	5
5	Managers and employees are involved in the job-description preparation jointly	1	2	3	4	5
6	Managers and employees are clear enough about job responsibilities what are expected from both of them	1	2	3	4	5
7	The organization's service is aligned with the values and needs of customers	1	2	3	4	5

Source: (Radebe 2013)

Part two: Performance planning

Note: Performance planning is a stage where the supervisor and the employee meet together to discuss and agree on what will be done for the future and how it should be done. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement (items)	Strongly disagree	Disagree	Note sure	Agree	Strongly agree
8	Managers and employees identify, define and agree on the Key Result Areas (KRAs) for the job holder	1	2	3	4	5
9	Performance planning meeting/discussion is held between managers and employees	1	2	3	4	5
10	Managers and employees meet to discuss and determine learning and developmental needs of the employee	1	2	3	4	5
11	Managers and employees are involved in the performance planning process	1	2	3	4	5
12	Managers and employees have the skills and knowledge to implement the performance management system.	1	2	3	4	5
13	Sufficient resources are available for the implementation of the performance management system.	1	2	3	4	5

Source: (Radebe 2013)

Part three: Performance execution

Note: Performance execution is the process that involves realization of performance goals and expectations through high performance culture, coaching, counseling and mentoring practices. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement (items)	Strongly disagree	Disagree	Note sure	Agree	Strongly agree
14	Management implements training programs to instill a positive attitude towards the performance management system	1	2	3	4	5
15	Management discusses with employees on career and development opportunities	1	2	3	4	5
16	Management carries out high performance culture and counseling to ensure subordinates are able to work with the PM system.	1	2	3	4	5
17	Management carries out coaching and mentoring practices to ensure subordinates are able to work with the PM system.	1	2	3	4	5

Source: (Armstrong 2009)

Part four: Performance evaluation

Note: Performance evaluation is the process of assessing and rating of employees by their managers at usually an annual review meeting. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement (items)	Strongly disagree	Disagree	Note sure	Agree	Strongly agree
18	There are many defined key performance indicators (KPIs)	1	2	3	4	5
19	The information technology used to carry out the performance management system is user friendly.	1	2	3	4	5
20	The performance appraisal in ERA is fair and accurate.	1	2	3	4	5
21	There are difficulties in getting the data to calculate the performance indicators.	1	2	3	4	5
22	Ratings are based on actual performance and not personal feelings.	1	2	3	4	5
23	Evaluation states what the employee “should be” doing versus “not” doing.	1	2	3	4	5

Source: (Armstrong 2009)

Part five: Performance review

Note: Performance review is the task of comparing what happened with what should have been happened by the employee as well as the manager. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement (items)	Strongly disagree	Disagree	Note sure	Agree	Strongly agree
24	Management and subordinates meet to review their assessments.	1	2	3	4	5
25	The performance review is regarded as a review of what was done (results) and how it was done (behaviors).	1	2	3	4	5
26	The review meeting includes discussion of the employee's progress as well as plans for the future	1	2	3	4	5
27	Yearly performance score and grade are determined and communicated to the employee.	1	2	3	4	5
28	Manager and employee sign the year-end performance review form.	1	2	3	4	5
29	Manager and employee keep copies of the signed year-end performance review form	1	2	3	4	5

Source: (Radebe 2013)

Part six: Performance renewal and re-contracting

Note: Performance renewal/re-contracting is the process in which a new written contract would be established for the predetermined period linked to the performance management cycle. Therefore having this in mind, please rate your level of agreement or disagreement for the following questions.

No.	Survey statement	Strongly disagree	Disagree	Note sure	Agree	Strongly agree
30	Employee is aware of the specific contributions expected of him/her for a predetermined period linked to the performance management cycle.	1	2	3	4	5
31	A written contract is established for a predetermined period linked to the performance management cycle.	1	2	3	4	5
32	In case of disagreements between the supervisors and employee on any component of the contract, the top manager interferes to help the two to reach a consensus.	1	2	3	4	5

Source: (Armstrong 2009)

SECTION TWO: There are four tables below by which the researcher examines to what extent the Employee performance management system of ERA affects the authority's overall effectiveness based on the four indicators of organizational effectiveness adopted from (Quinn 1988, cited by Rojas 2000) and developed by the researcher. These indicators are: *human relations, open systems, rational goal, and internal process*. There are five choices. Accordingly, the respondent is expected to circle on his/her best choice for each statement from the given characters: **1= Very poor, 2=Poor, 3=Good, 4=Very good, and 5=Excellent.**

Part one: Human relations

No.	Survey statement	Very poor	Poor	Good	Very good	Excellent
33	Participation is seen as a ways to improve morale and achieve commitment	1	2	3	4	5
34	Discussion is seen as a way to improve morale and achieve commitment	1	2	3	4	5
35	Openness is seen as a way to improve morale and achieve commitment	1	2	3	4	5

Source: (Quinn 1988, cited by Rojas 2000)

Part two: Internal processes

No.	Survey statement	Very poor	Poor	Good	Very good	Excellent
36	Measurements are seen as methods to achieve control, stability and continuity.	1	2	3	4	5
37	Documentation is seen as a method to achieve control, stability and continuity.	1	2	3	4	5
38	Information management is seen as a method to achieve control, stability and continuity.	1	2	3	4	5

Source: (Quinn 1988, cited by Rojas 2000)

Part three: Open systems

No.	Survey statement	Very poor	Poor	Good	Very good	Excellent
39	Insight is seen as a path toward external recognition, acquisition and growth.	1	2	3	4	5
40	Innovation is seen as a path toward external recognition, acquisition and growth.	1	2	3	4	5
41	Adaptation is seen as a path toward external recognition, support, acquisition and growth.	1	2	3	4	5

Source: (Quinn 1988, cited by Rojas 2000)

Part four: Rational goal

No.	Survey statement	Very poor	Poor	Good	Very good	Excellent
42	Organizational competitiveness through strategic directions and goals.	1	2	3	4	5
43	Organizational productivity through strategic directions and goals.	1	2	3	4	5
44	Organizational expansions through strategic directions and goals.	1	2	3	4	5

Source: (Quinn 1988, cited by Rojas 2000)

THANK YOU FOR YOUR COOPERATION !!!

Appendix 2: Interview Questions Used to Collect Data

Interview questions

Addis Ababa University
College Of Business and Economics
School Of Commerce
Department Of HRM

The following questions are prepared to collect data for a research which is being conducted by a student in Addis Ababa University under the title of “The Effect of Employee Performance Management System on Organizational Effectiveness in Ethiopian Roads Authority” The questions are prepared for selected respondents with different management positions at ERA.

1. How do you express the Employee Performance Management System in ERA?
2. What is the most component of the Performance Management System which is highly emphasized in ERA?
3. How do you explain the effect of the performance management system on the overall effectiveness of the organization at ERA?
4. What are the gaps in the Employee Performance Management System at ERA?
5. What do you suggest to ERA to improve the effectiveness of its Employee Performance Management System?
6. Based on experience in the organization, which dimensions of the performance management system (performance pre-requisites, performance planning, performance execution, performance evaluation, performance review, and performance renewal and re-contracting have high effect on the overall organizational effectiveness of ERA?
7. How is the overall organizational effectiveness measured in ERA?
8. What actions should be taken to improve ERA’s overall organizational effectiveness?

