



**THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEE
PERFORMANCE: THE CASE OF JUSTICE FOR ALL-PRISON FELLOWSHIP
ETHIOPIA (JFA-PFE)**

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COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

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MAY 2017

ADDIS ABABA, ETHIOPIA

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**A research thesis submitted to the School of Graduate Studies of Addis
Ababa University School of Commerce in partial fulfillment of the
Requirements for the Award of Master of Arts in Human Resource Management**

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MAY 2017

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Declaration

I hereby declare that the work entitled: “The Effect of Performance Management System on Employee Performance”, The Case of Justice for All- Prison Fellowship Ethiopia (JFA-PFE) is the outcome of my own effort and study and that all source of materials used for the study have been duly acknowledged. I have produced it independently except of the guidance and suggestion of my Research Advisor. This study has not been submitted for any degree in this university or any other university. It is offered for the partial fulfillment of Degree of Masters in Human Resources Management.

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Addis Ababa University School of Commerce
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This is to certify that the thesis prepared by Meklit Sefani, entitled: “**The effect of Performance management system on employee performance the case of Justice for All Prison Fellowship Ethiopia (JFA-PFE)**” and submitted in partial fulfilment of the requirements for the Degree of Masters of Human Resources Management complies with the regulations of the university and meets the accepted standard with respect to originality and quality.

Signed by the Examining Committee:

Advisor _____ Signature _____ Date _____

Examiner _____ Signature _____ Date _____

Examiner _____ Signature _____ Date _____

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I dedicate the entire work to God Almighty, who made all things possible by granting me the strength, health, courage and inspiration throughout my education, and to my loving husband, Fesseha Haileselesie, parents, family and friends, for their advice, support and encouragement towards my success in education.

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Furthermore, I appreciate the assistance offered by the study organization. And finally I am grateful to all respondents for their cooperation.

ABSTRACT

The main objective of the study is to identify the effect of performance management system on employee performance in Prison Fellowship Ethiopia (JFA-PFE) organization. Specifically, this study were intended to address the following questions; what is the effect of performance management system through performance planning, performance appraisal, reward system and performance feedback. The study was done based on primary and secondary data sources. A self-administered structured questionnaire was designed to collect the relevant information from the respondents. During the research process, the population of study comprises all employees except the top management body of Prison Fellowship Ethiopia (JFA-PFE). In course of investigation, instrument used were structured questionnaire distributed to 138 respondents of which 132 were retrieved. Descriptive and causal research methods were followed and correlation coefficient was used to investigate the relationship between all variables of the study. The result revealed that there was a significant relationship between employee's performance with reward system, performance planning and performance feedback. The study recommends that the organization should make the employees to participate on the Planning stage of the PMS and a frequent feedback is necessary to enable the employees be aware of what exactly is expected from them and the organization should reward the employees for greater performance levels

Key Words: Performance Management, Performance Appraisal, Employee Performance, Feedback, Performance Management Practice and Reward system

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LIST OF ABBREVIATION/ACRONYMS

A	–	Agree
BCCM	-	Buffalo City Metropolitan Municipality
CPD	–	Performance Planning
D	–	Disagree
EDA	–	Employee Development Agreement
FAO	–	Food and Agriculture Organization
JFA-PFE	–	Justice for All Prison Fellowship Ethiopia
N	–	Neutral
NFP	–	Not for profit
NGO	–	Non Governmental Organization
PA	–	Performance Appraisal
PF	–	Performance Feedback
PMS	–	Performance Management System
R	–	Reward
SA	–	Strongly Agree
SD	–	Strongly Disagree
Sig	–	Significant
SPSS	–	Statistical Package for Social Sciences
Std. Devi.	–	Standard Deviation
VIF	–	Variance Inflation Factor

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CHAPTER ONE

INTRODUCTION

The introduction part of this study embraces several sections. The first section discusses about the research's background and following that profile of the study organization JFA-PFE, problem statement, research question, objectives of the study, scope of the study, significance of the study and organization of the paper are respectively discussed.

1.1 Background of the Study

In this competitive and changing environment, organizations compete through their employees. To survive with dynamic environments, they need to focus on continuous improvement, doing more with less, and productivity. These developments have brought performance management to center stage. Performance management system is considered to be one of the strongest tools for developing human asset as it lays the foundation for training, promotion, career planning and competency mapping etc. (Gupta & Upadhyayn, 2012).

Performance Management System (PMS) is defined as, strategic and integrated approach of conveying continued success to institutions by developing the people in a way that improves group and personal performance (Armstrong & Baron, 1998). Being the most important aspect performance management system is failing to deliver the expected result. (Gupta, Upadhyay, 2012, Armstrong, 2001). An increasing number of profit and non-profit organization are turning towards PMS for their organizations in order to achieve better results and better psychosomatic outputs (Gupta & Upadhyay, 2012). Beer and Ruh (1976) first coined the phrase performance management in 1976. Despite being, avant-garde approach there has been many difficulties in the proper implementation of the approach (Gupta, Upadhyay, 2012, De-Waal, 2007). PMS is impossible to be effective if focus is not given to performance driven behavior rigorously and managers acting as role models (De-Waal & Covert, 2007).

Performance management helps organizations achieve their strategic goals. Performance management is a tool to ensure that managers manage effectively; that they ensure the people or teams they could manage; know and understand what is expected of them, have the skills and ability to deliver on these expectations, are supported by the organisation to develop the capacity to meet these expectations are given feedback on their performance and have the opportunity to discuss and contribute to individual and team aims and objectives. (Mahapatro, 2010).

As could be depicted from its title, the current study is planned to assess the effect of performance management systems on employee performance in not-for-profit organizations and in connection to this, Justice for All Prison Fellowship Ethiopia (JFA-PFE), one of the not for profit Non-Governmental Organizations (NGOs) operating in Ethiopia, is selected as the target organization for the intended study.

As the study organization is a charity based, it has a performance management system. As one of the components of PMS, the organization conducts Performance appraisals twice a year. PA is a hugely important element of career development and progression. As Mahapatro (2010 P; 106), explained in his book, performance appraisal is a formal, structured system that compares employee performance to established standards. 'Successful appraisal methods have clearly defined and explicitly communicated standards or expectations of employee performance on the job'.

Therefore, this study aspires to add a significant amount of information and knowledge on the effect of the performance management system on employee performance working for the organization.

1.2 Profile of Justice for All Prison Fellowship Ethiopia (JFA-PFE)

Justice for All Prison Fellowship Ethiopia (JFA-PFE) is a not-for-profit (NFP) Non-Governmental Organization (NGO) established in 1992 with a vision to transform the lives of prisoners in Ethiopia. As of its establishment, JFA-PFE has been operating in Addis Ababa and other regions of Ethiopia to contribute to the efforts of the improving the prison service delivery in particular and of the justice system in general. Since its establishment, JFA-PFE has been making meaningful interventions in the areas of promoting humane treatment of prisoners such as construction of basic needs like sanitation facilities, model living quarters, dry pit latrines, washing troughs, water points, water tanks, chaplaincies, schools and biogas digesters. In the course of undertaking these operations, it has been providing furniture, medicine, medical equipment, and medical treatments in collaboration with local and foreign volunteer physicians to a large number of prisoners in the various localities of the country. It is used to continually

supply inmates with various materials to meet the basic needs of the targeted prisoners such as clothing and sanitation materials (JFA-PFE, 2010).

As of date of its establishment, JFA-PFE has been undertaking a significant number of activities whose intended purpose is promoting respect and protection of human rights, upholding principles of good governance and the rule of law, that are considered to be essential for the wellbeing of citizens in general and prisoners in particular, and to the prevalence of justice in Ethiopia. In connection to this, the intervention programs of the organization mainly focus on developing the capacity of relevant government officials through undertaking comprehensive awareness creation and capacity building trainings so as to refresh their awareness on the basics of human rights, good governance and rule of law, and help them consistently translate the knowledge and awareness they acquire on their regular operations (JFA-PFE's website).

The organization is led from top by Board of Directors having seven members (including the chairperson) and its regular operations are directed by the President and Vice President and all its regular and strategic operations are undertaken through the three functional units: Program Coordination, Finance, and Administration. A total of 138 employees (excluding the President and Vice President) are found under the three functional units of the organization (JFA-PFE, 2010).

1.3 Statement of the Problem

Employee's performance system is a veritable tool for employee productivity. The essence of performance appraisal is to checkmate the contribution made by every employee and to know how well they are going on with their task. Evaluation of employee's performance system help to identify the skilled and performing employee of an organization to increase their salary and other benefits that can make them satisfied on their job (Lawler & McDermott, 2013).

JFA-PFE exercises Performance Management. And As one of the component of PMS, the performance appraisal is conducted twice a year and it is linked to salary increment and training. Performance Management is used to ensure that employees' activities and outcomes are congruent with the organization's objectives and entails specifying those activities and outcomes that will result in the firm successfully implementing the strategy (Ruth,2012).A well-defined and executed performance management increases employees' satisfaction and performance (Kampkotter,2014). But when the implementation of performance management lack clarity and effectiveness, the whole system tends to demotivate employees (Risher, 2003).

As per the request of donors to grant additional fund, efficiency audit were conducted in the beginning of 2016 to access the overall performance of the organization. The report indicates the PMS were not practical and even if there is a clear written document on how to reward the high performers (both intrinsic and extrinsic) the organization hasn't implemented. In addition, the researcher has managed to interview a non-management staff member from JFA-PFE about the effect of performance planning, appraisal, reward system and feedback on her/his performance and s/he said *"the appraisal system in the organization is just for the sake of filling and he adds s/he never participated in the performance planning stage. Even if the performance appraisal is linked to some kind of rewards, it is not practical. During salary increment both the high and poor performers are considered equal. And he believes that this demotivates the high performers"* he also adds, *"the organization needs PMS that involves employees and which has a proper communication and feedback system, and reward staff who are high performers"*.

There are lots of problems associated with effective employee performance which includes untrained supervisors/managers, lack of effective metrics, inconsistent rating of employees, unreliable reward systems. It is on this premises that the study seeks to know the effect of performance management system on employee's performance.

1.4 Research questions

The research questions intended to be addressing such questions;

1. What is the effect of performance planning on employee performance?
2. What is the effect of performance appraisals on employee performance?
3. What is the effect of reward systems on employee performance?
4. What is the effect of performance feedback on employee performance?

1.5 Objectives of the Study

1.5.1 General Objective

The main objective of the study is to identify the effect of performance management system on employee's performance in Prison Fellowship Ethiopia (JFA-PFE) organization.

1.5.2 Specific Objectives

- ❖ To investigate the effect of performance planning on employee performance in JFA-PFE
- ❖ To find out the effect of performance appraisals on employee performance in JFA-PFE.
- ❖ To determine the effect of reward systems on employee performance in JFA-PFE.
- ❖ To examine the effect of performance feedback on employee performance in JFA-PFE.

1.6 Significance of the Study

The findings of the current study are expected to show the effect of PMS of the study organization on the performance of its employees, and would help managers in identifying the gap which needs to be bridged and also in their decision making and other concerned body and stakeholders of organization. Hence, the expected output of the study is believed to motivate and guide managers of the study organization in particular and other NGOs in general to work on the identified need gaps on a consistent way so as to ensure their survival and sustainable success of their interventions.

Besides to this, the result of the study is also expected to enhance the need for further investigations on the subject, and in turn provide the initial information required for conducting more comprehensive and inclusive studies on the issue under consideration and those other related aspects of performance management in NGOs.

1.7 Research Hypothesis

The researcher chose to discover the links between Performance Planning, Performance Appraisal, Reward System and Feedback with Employee Performance using the following hypothesis.

H1: Performance Planning is positively related with Employee Performance.

H1: Performance Appraisal is positively related with Employee Performance.

H1: Performance Feedback is positively related with Employee Performance.

H1: Performance Reward is positively related with Employee Performance.

1.8 Scope of the Study

There are a large number of charity organizations operating in Ethiopia in various intervention areas such as social development, environmental protection, and democracy and good governance. Among these, JFA-PFE that works on the rights of prisoners and capacitating the justice system of the country is selected for the study.

The core emphasis of the current study is identifying the effect of PMSs on the performance of employees working for JFA-PFE. It specifically wants to determine the effects of performance planning, performance appraisal, performance reward systems and performance feedback on employee's performance.

Both primary and secondary data were used. A population consisting of 140 employees was used for the investigation and structured questioner was distributed for 138 employees. The geographical boundary of the research is the Head Office of JFA-PFE in Addis Abeba. The study will focus on the management and non- management staff of the Head Office. The study was conducted between March to May 2017.

1.9 Limitations of the study

In spite of the fact that a large number of local NGOs are operating in the various localities of the country, only one charity organization, i.e., Justice for All Prison Fellowship Ethiopia (JFA-PFE), is selected for the case study under consideration. Hence, as a case study, the findings of

the study might not be entirely generalized to other, and such more research is required in order to form a more solid picture of PMSs practices in NGOs. Besides to this, As performance management system is very confidential and sensitive issue the chances of biasness in the response of respondents are very high and that might influence the findings of the study. The problem encountered during the study was the respondents took so much time to send back the questioner and that brought lag of time in finalizing the study.

1.10 Definition of Key Terms

The contextual definitions of technical terms frequently used in the proposal and the whole study are listed as follows:

Performance Management: is a means of getting better results from a whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements. (Armstrong, 2006)

Performance Appraisal: is where a superior evaluates and judges the work performance of subordinates (Harter, Schmidt & Hayes, 2012).

Employee Performance: refers to their output at a minimal cost from the use of their technical skills, raw materials in carrying out work responsibilities. (Odhiambo, 2015).

Employee Productivity: Productivity can be defined as “quality or volume of the major product or services that an organization provides” (Odhiambo, 2015, Moorhead & Griffin, 2012).

Feedback: This refers to the information reflecting past performance and results and given by the manager to the employee (Odhiambo, 2015, Solmon & Podgursky, 2010).

Performance Management Practice: is a way of communicating to employees on what they are expected to do and what the performance and productivity parameters are (Odhiambo, 2015)

Reward system: is the complex set of formal and informal incentives that connect individual motivation, behavior, performance, and ultimately results to the various forms of pay or compensation received in exchange. (Mahapatro, 2010)

1.11 Organization of the Study

The study is organized in five sections: Chapter one has background of the study, statement of the problems, the research questions intended to be addressed by the study, objectives, significance, scope, and limitations of the study, and contextual definition of key terms used in the study are presented. Chapter two deals with the review of the related literature, chapter three explained research methodology, Chapter four presents the outcome of the research findings, research summary, discussion. Chapter five is on the, conclusion and recommendations of the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

This chapter reviews literature on the effect of performance management system on employee performance and it provides theoretical foundation, empirical evidences and conceptual framework of the study.

2.1 Theoretical Foundations

2.1.1 Theories on Performance Management

The essence of performance management is establishing a framework in which performance by human resources can be directed, monitored, motivated and refined; and that the links in the cycle can be audited. Unsurprisingly, given this, the principal theoretical foundation of performance management is social psychology, with its detailed consideration of the ways in which people are motivated to perform (Nini,2012).Dyer and Reeves (1995) note that: ‘The logic in favor of bundling is straightforward. Since employee performance is a function of both ability and motivation, it makes sense to have practices aimed at enhancing both.’ Thus, there are several ways in which employees can acquire needed skills (such as careful selection and training) and multiple incentives to enhance motivation (different forms of financial and non-financial rewards).

2.1.1.1 Goal Setting Theory

According to Mabey, Salaman, Storey, (1999), Goal-setting theory was established by Edwin Locke in a paper published in 1968, in which he argued that goals pursued by employees can play an important role in motivating superior performance. In following these goals people examine the consequences of their behavior. If they surmise that their goals will not be achieved by their current behavior, they will either modify their behavior, or choose more realizable goals.

If managers can intervene to establish the organization's goals (or translations of them for the group or individual) as being worthwhile for employees to accept, they can harness a source of motivation to perform, and direct it to securing strategic outcomes.

Subsequent empirical research into goal-setting has specified more precisely the conditions necessary for organizational goals to be motivating to employees; these are that;

- Goals should be specific, rather than vague or excessively general;
- Goals should be demanding, but also attainable;
- Feedback of performance information should be made; and
- Goals need to be accepted by employees as desirable.

Goal-setting theory has been subject to a great deal of theoretical and empirical scrutiny since it was first advanced. The resulting body of evidence now provides a set of rigorously tested principles which offer clear guidance to designers of performance management systems. (Mabey, et. al., 1999)

2.1.1.2 Expectancy Theory

As stated on the book of Human Resource Management, A strategic introduction: Expectancy theory hypothesizes that it is the anticipated satisfaction of valued goals which causes an individual to adjust his behavior in a way which is most likely to lead to his attaining them.

In fact, while the popularity of expectancy theory is relatively recent, it draws on a tradition which can be traced back to early Utilitarians. Mill and Bentham described an ethical system in which people determined their actions by conscious calculation of the consequences which they expected the actions to bring about.

The most immediate precursors of expectancy theory were Georgopoulos et. Al. (1957) with their 'path-goal' approach to productive performance at work. The path-goal hypothesis stated that 'if a worker sees high productivity as a path leading to the attainment of one or more of his personal goals, he will tend to be a high producer.

Expectancy theory has been developed from Vroom's early specifications to be expressed very clearly as a combination of three factors:

- ✓ The person's own assessment of whether performing in a certain way will result in a measurable result. This factor is labeled the expectancy.
- ✓ The perceived likelihood that such a result will lead to attaining a given reward. This factor is known as instrumentality.
- ✓ The person's assessment of the likely satisfaction, or valence, associated with the reward.

In practice, if a person sees it as being clear that performing in a certain way will bring about a reward which he or she values, then this individual is more likely to attempt to perform in that way than if the relationship between effort and measured performance, or measured performance and rewards, is slight or uncertain. (Mabey, C. et. al., 1999 p. 130)

2.1.2 Performance Management System

Performance management shows a direct link between employee performance and organizational goals and makes the employees' contribution to the organization explicit (Aguinis, 2007). It is strategic tool that organization can adopt in attracting and retaining dynamic, creative employees that today cannot be fitted in to mere theoretical model. Performance management is used to mean a system that "aims to react to the, outcome□ measure using it in order to manage the performance" (Radnor & McGuire, 2004 P;86)

Performance management process and tools are essential for employee motivation for high performance. The most important issue with any performance management system is how seriously it is taken and used by managers and employees (Pulakos 2009).

As Mahapatro, (2010, P.107) discussed in detail, "performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behavior and contributions. It is about sharing expectations. Managers can clarify what they expect individual and teams to do; likewise, individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about interrelationships and about improving the quality of relationships between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process.

It is also about planning defining expectations expressed as objectives and in business plans and about measurement. The old dictum is 'If you can't measure it, you can't manage it'. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a one-off event. And, it is holistic and should pervade every aspect of running an organization.

Performance planning, coaching, and review are the foundation of any well designed performance management system as outlined by Maina, (2015) & Reynolds,(2009). An effective Performance Management process establishes the groundwork for excellence by linking individual employee objectives with the organization's mission and strategic plans or outcomes (Maina, 2015, Drewitt, 2013). The employee has a clear concept on how they contribute to the achievement the overall business objective. Supervisors need to conduct regular discussions throughout the performance cycle which include coaching, mentoring, feedback and assessment (Maina, 2015& Lee, 2006)

2.1.3 The Objectives of Performance Management

The overall objective of performance management is to develop and improve the performance of individuals and teams and therefore organizations. It is an instrument that can be used to achieve culture change in the shape of the creation of a high-performance culture. It aims to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly it is also about ensuring that the support and guidance people need to develop and improve is readily available. (Armstrong, 2009)

The real goals of any performance management system are threefold to correct poor performance, to sustain good performance and to improve performance. All performance management systems should be designed to generate information and data exchange so that the individuals involved can properly dissect performance, discuss it, understand it, and agree on its character and quality. According to the study carried out by Holloway, 2009 and as stated on the book of (Armstrong, 2009) the objectives of performance management system are to align individual and organizational objectives, improve organizational performance, improve individual performance, provide the basis for personal development, develop a performance culture and inform contribution/performance pay decisions.

The objective or role of an effective performance management according to Armstrong, (2006) is to have high performance culture, align personal objectives with team, department and organizational goal, encourage and reward employee's effort to the organization, clear and concise objective or expectation form employee's that is in line with set standards and how its attainment will effect on the organization generally, provide a consistent employee's attitude that is based on fair, objective and timely feedback on employee's performance.

2.1.4 Performance management cycle or process

Performance management as a cycle consisting of these elements can be both a descriptive and prescriptive device. Some writers use performance management as a convenient framework in which to analyze different aspects of strategic HR. Others argue that by distilling out the essential elements of the performance management process the cycle represents a model of how the process should be conducted by organizations wishing to take a rational and strategic approach to managing human resources, (Mabey, et. al., 1999).

Performance management consists of five elements. Which are setting performance objectives, measuring outcomes, feedback of results, rewards linked to outcomes and amendments to objectives and activities.

As a framework, the performance Management Cycle refers to types of policies and systems objective setting, measurement, rewards etc. which must be linked if they are to constitute a practicing system of performance management.

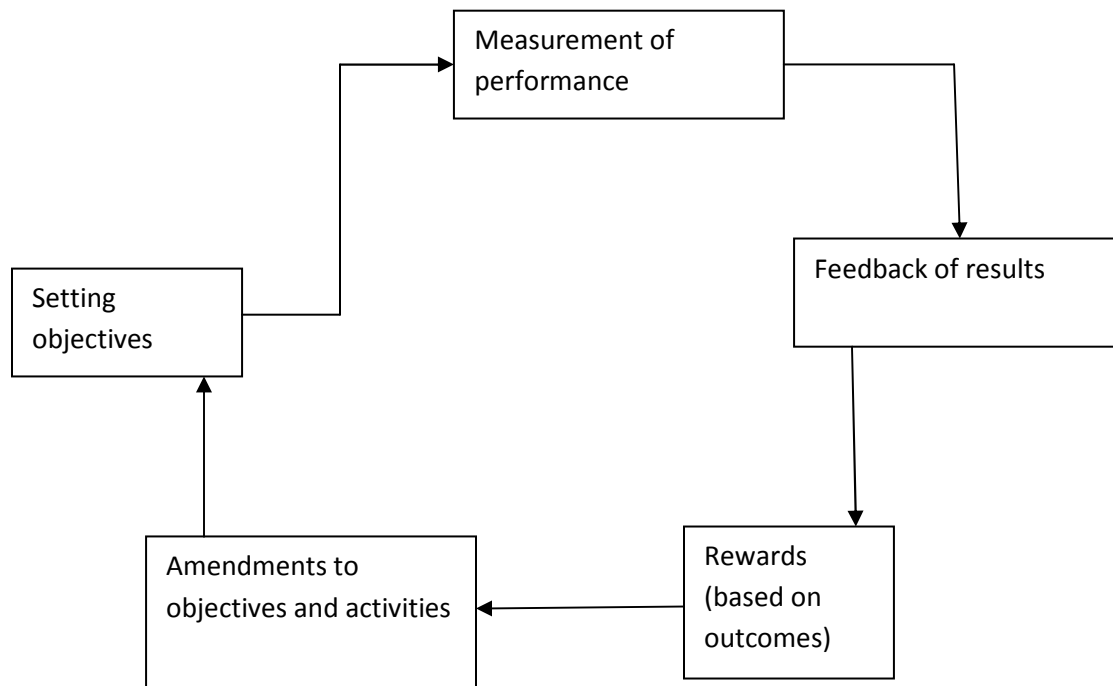


Figure 2.1 The performance management cycle

Source: From the book of Christopher Mabey, Graeme Salaman and John Storey, Human Resource Management, A strategic Introduction (1999) page 127)

As the figure indicates the performance management cycle has different steps and passing through that in a proper and planned way will definitely contribute towards achieving the strategic objectives of organizations.

2.1.5 Performance Planning

The performance planning part of the performance management sequence involves the agreement between the manager and the individual of how the latter is expected to perform in terms of results and behaviors. These objectives may have been cascaded down from the strategic objectives of the organization to achieve alignment, but in practice this may be difficult to achieve. In addition, success criteria for each area of performance and methods of measuring performance against these objectives will be agreed. (Armstrong, 2009. P.624)

2.1.6 Performance appraisal

Performance appraisal is a formal, structured system that compares employee performance to established standards. Assessment of job performance is shared with employees being appraised through one of several primary methods of performance appraisals. Elements in performance appraisal methods are tailored to the organization's employees, jobs, and structure. They include objective criteria for measuring employee performance and ratings that summarize how well the employee is doing. Successful appraisal methods have clearly defined and explicitly communicated standards or expectations of employee performance on the job. (Mahapatro, 2010)

Mahapatro also discussed in his book that performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes. This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees' performance are also taken into account.

2.1.7 Performance Feedback

Feedback may be qualitative or quantitative. Qualitative comments are descriptive and in contrast, quantitative feedback is based on numerical figures. Performance improved substantially in a number of settings when workers were given specific goals to achieve and received performance feedback. (Mahapatro, 2010)

2.1.8 Rewarding performance

A system of performance management will not succeed in bringing about high performance against objectives unless employees consciously act in ways seen as being most likely to achieve the objectives. Expectancy theory and goal-setting theory both emphasize the importance of ensuring that employees make this decision, but each takes a different route in describing what causes this to be made. Expectancy theory specifies the need to tie performance outcomes to *rewards* which are valued by employees of the goals *per se*, so that motivation is more intrinsically based. (Mabey, et. al.,1999, P. 137)

2.1.9 Possible Outcomes from Effective Performance Management

Pulakos(2004) in her book “Performance Management” indicates the following possible outcome from effective performance management

- Clarifying job responsibilities and expectations.
- Enhancing individual and group productivity.
- Developing employee capabilities to their fullest extent through effective feedback and coaching.
- Driving behavior to align with the organization’s core values, goals and strategy.
- Providing a basis for making operational human capital decisions (e.g., pay).
- Improving communication between employees and managers.

2.2 Empirical Evidences

Many researchers did a research on the effect of performance management system on employees' performance/productivity. Among the researchers, Odhiambo (2015), Gupta and Upadhyay (2012), Chioma (2015), Ayanyinka and Emmanuel (2008), Ying (2012) and Maina (2015) are found.

A study carried out by Odhiambo, (2015), examined the effect of performance management practices on employee productivity with a focus on Schindler Limited company in Nairobi, Kisumu and Mombasa branches in Kenya.

In the study, the researcher considered dependent variables including performance appraisals, reward systems and performance feedback, and the implications on employee productivity as the independent variable. This study used the descriptive research design. The study adopted a quantitative approach on the effects of performance management practices on employee productivity. Descriptive statistics was used as a data analysis tool. Inferential statistics such as correlation and regression analysis was used to establish the relationship between dependent and independent variables.

The study concluded that effective performance management practices gives employees opportunity to express their ideas and expectations for meeting the strategic goals of the company. Performance management practices could be an effective source of management information and renewal. The use of reward system has been an essential factor in any company's ability to meet its goals. Effective feedback on performance measurement may translate to improved employee productivity. Feedback enables the employees to be made aware of what exactly is expected from them.

The researcher concluded the study by recommending the following: *“the performance management practices should be optimized to improve employee performance. Performance reviews should be focused on the contributions of the individual employees to meet the organizational objectives. For every opportunity possible, the manager should formally recognize good employee efforts for enhanced work performance. Effective performance*

management practices that edify appraisal reward and feedback should be used to achieve organization goals and enhance employee productivity.”

As Gupta & Upadhyay, (2012), conducted research on Effect of effectiveness of performance management system on employee satisfaction and commitment. In their findings, they indicated that there is significant correlation between performance management system and satisfaction and moderate correlation between employee job satisfaction and commitment. The researchers concluded that “effective performance management system is only mantra to build the loyalty index of the employee to keep them happy as happy mind work best.”

Chioma, O. (2015), studied to investigate the effect of appraisal system in Niger Delta University on employee productivity. The methodology employed was a survey study design. The findings revealed that there was a significant relationship between performance appraisal and employee productivity and that effective appraisal system could boost the morale of workers especially when they are rated adequately. The findings also revealed that performance criteria also affect the relationship between performance appraisal and employee productivity.

Ayandele, (2013) studied on the effect performance management system on employee’s job commitment, an empirical study of selected companies in Nigeria. Primary data was gathered using a Likert scale questionnaire format. Data analysis was carried out using simple linear Regression. Findings revealed that performance management system effects on employee’s commitment to the organizational set goals. The study concluded there is a positive relationship between employee’s participation in the designing of an organization’s performance management system and employee’s commitment to the organizational set goals. The study recommended among others that employees should be carried along in designing the performance management system and the organizations. Performance management system should be clear, objective and easy to understand.

There is a view that the inappropriate job performance and behavior such as lack of service delivery, fraud and corruption at the BCMM could be attributed to lack of capacity (Mawonga, 2012; Benya 2011). It suggests that the number of available personnel is insufficient and lack capacity and thus need to be appropriately trained and provided with relevant tools and infrastructure (Mntengwana, 2013; Bengeza, 2013; Gourrah, 2011; Buffalo City Metropolitan Municipality, 2010). Lack of capacity could indeed be the cause of inappropriate job behavior and performance due to ignorance and misunderstanding of organizational policies. Erroneous

discharge of duties by workers is understandable in an environment such as the BCMM where some workers are “overworked due to staff shortages” (Gourrah 2011, p. 3).

On the other hand, purposeful inappropriate job behavior and performance is often committed with some level of understanding of the wrongfulness of the act and with the capacity to prevent or avoid it. That is why it is ironical when workers’ job behavior and performance is inappropriate although they are capacitated, through formal education, to perform well and be productive in their respective occupations. The qualification-occupation link is, however, highly debatable because the issue of matching qualifications with jobs is complex. For instance, occupations like being the country’s president involve significant levels of administration and management, but such appointments are generally made on political rather than academic merit as no one goes to school to enroll for a course on becoming a president. The importance of using formal education credentials as the basis for appointment is often diminished by the fact that inappropriate job behavior and performance has been manifested by those appointed both on political and academic grounds. On the basis of disappointed expectations from formal education, some scholars have concluded that “education is useless” (Cottom, 2003, p. 1). Widespread inappropriate behavior of fraud and corruption by even those with formal education calls into question the effect of education on job behavior and performance. The BCMM workers’ inappropriate job behavior and performance is a serious setback for functionalist claims about education as even some of those appointed on academic merit do not reflect appropriate ethics, attitudes and values.

Ying, (2012), examined the relationship between performance management systems with employee performance. The research strategy is based on quantitative research. Data was analyzed using a package STATA for windows. The results show that the performance management system has a positive but no significant relationship with employee performance.

Maina, (2015) analyzed the effect of Performance Management system on employee performance in FAO. The research questions were: How do employees interpret their experiences with the Performance Management System? What are the challenges of performance management system? What are the performance review processes? The research design was descriptive. Data was collected using structured questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) into frequency distribution and percentages.

The major findings of this study are: that employee feel there is a great need for a performance management system in FAO. The system should have inputs from the staff members through staff involvement, it should have fair monitoring structures and reward staff who are high performers. It should also have stronger emphasis on proper communication and reporting. Employees also felt that there was limited transparency and minimal communication. The revised performance management should close the missing gaps. It should also reward high performers and correct the low performers. The study recommends that 360-degree feedback was deemed to be the best performance management system for FAO. It involves employees receiving feedback from people whose views are considered helpful and relevant.

The study concludes that the perception of employees towards performance management practices is very critical in all organizations as this motivates them to achieve the goals set by the organization and the respondents pointed out to the various aspects of performance management practices in line with the planning and employee expectation, observing performance management practices, developing the capacity of performance management practices to perform and evaluate performance management practices which are crucial to managing the output given by the employees.

In addition, the study concludes transparency should be encouraged, performance management to be carried out regularly, perform job design in order to match staff qualifications to the right job, boost staff morale by giving them longer contracts, create job growth path for staff and orient new staff on performance management and engrave it to the organization policy.

2.3 Conceptual Framework

Based on the reviewed literatures, Performance appraisal, Feedback and reward system were considered as factors affecting employee performance which form the framework for this project. The selected framework was adapted from the study conducted by Odhiambo, (2015), and I included performance planning as an additional factor. Most of the findings of the reviewed literatures show consistency that PMS has a great effect on employee performance/productivity.

In this project, Employee performance is the dependent variable and the independent variables are performance planning, performance appraisal, reward system and performance feedback.

This project intended to examine the effect of PMS on employee performance. The four factors considered to have effect on employee performance are performance planning, performance appraisals, reward systems and performance feedback.

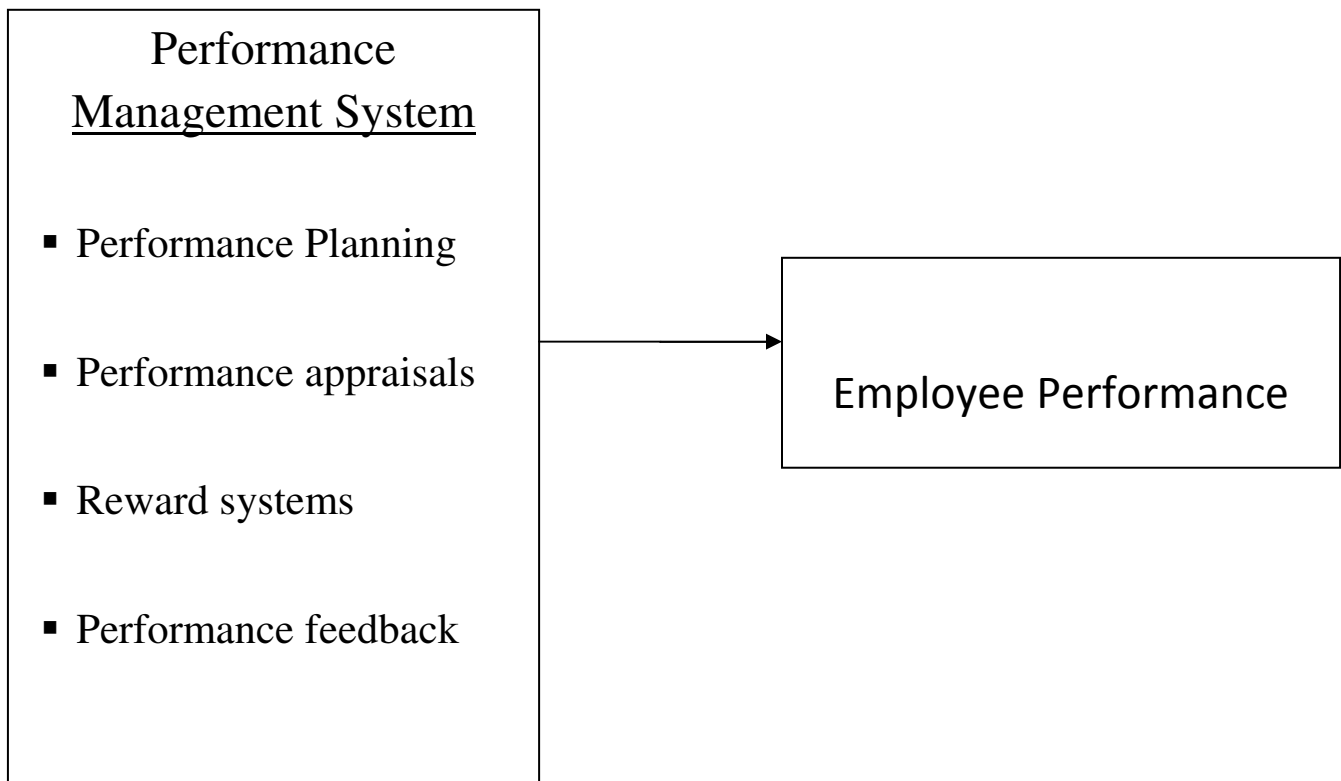


Figure 2.2 Performance Management system and employee performance.

CHAPTER THREE

RESEARCH METHODOLOGY

In this section of the study, the research approach utilized in the course of the study, the research design, the population and sample size covered by the study, the types and sources of data used, the procedures followed during data collection, data analysis techniques and ethical considerations of the study are presented.

3.1 Research Design and Approach

This study is a quantitative research and the collected data were analyzed using quantitative measure. Research design is the conceptual structure with in which research is conducted; it constitutes the blue print of what the researcher will do from writing questions, hypothesis and its operational implications to the final analysis of data (Tabachnick&Fidell, 2007).

There are three basic research design frameworks: Exploratory, Descriptive and Causal. Exploratory Research focus on gaining ideas and insight, breaking broad, vague problems into smaller, more precise sub problems. Descriptive research emphasis on determining the frequency with which something occurs or the extent to which two variables correlate and the third research design: Causal research focuses on determining cause-and-effect relationships.

As result, this study represented by descriptive and causal research as the correlation as well as the effect of performance management system on employee's performance using correlation and multivariate regression.

3.2 Population, Sample Size and Sampling Techniques

Justice for All Prisoners Fellowship Ethiopia (JFA-PFE) is a local charity organization led from top by Board of Directors having 7(seven) members. Its recurrent and strategic operations are directed by the General Directors that is accountable to the Board. The organization is undertaking its operations through the 3(three) functional units that have their own operational staff. The three functional units include the Program Coordination, Finance, Administration departments. A total of 140staff (including the President) are reported to be working for the organization on a permanent basis.

The target population of this study is the 140 employees of JFA-PFE who are working at the Head Office in Addis Ababa. The sampling technique is convenience sampling and accordingly the target group excludes the President and Vice president. Therefore, the primary data required for the study is to be gathered from the 138 management and non-management staff members of the organization through a questionnaire.

3.3 Data Source and Types

The data source used in this study was both primary and secondary data source. Structured questionnaire was distributed to employees of Justice for All Prison Fellowship Ethiopia (JFA-PFE). The questionnaire was adapted from the study conducted by Odhiambo, (2015) and amendments have been made to some of the questions and performance planning was added as an additional factor that has an effect on employee performance. On the other hand, previous studies, literatures, journals and publication are used as secondary data reference. In addition, organizational plans and reports issued by the organization, organizational documents of the organization on human resource management and development aspects, and relevant study reports, website documents on the basics and practices of PMSs were utilized for capturing the secondary data needed for the study.

3.4 Data Collection Tool

The current performance management system and its effect on employee's performance was investigated using structured questionnaire based on 5 point Likert Scale rating from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was designed to gather quantitative data pertaining to performance planning, performance appraisal, performance reward system, performance feedback and employee performance. The questionnaire is annexed. Data collected using questionnaire was checked for its consistency and completeness before analysis was made.

3.5 Measuring Reliability and Validity

The reliability of this study was estimated using internal consistency by applying Cronbach's Alpha method.

Table 3.1 Reliability Summary

Variables	Cronbach's Alpha
Employee performance	.801
Performance Planning	.794
Reward	.768
Performance feedback	.800
Performance appraisal	.731

(Source; own survey, May, 2017)

The total number of complete feedback received was 132 sample populations. As the above table indicate, all variables Cronbach's alpha test result shows to be larger than 0.7 which is known to be satisfactory.

3.6 Data Analysis and Statistical Test

This study used IBM SPSS (20 version) software to conduct a bivariate correlation and standard multiple regression procedures to answer the basic research questions. Preliminary analyses were conducted to indicate if there were any violations of the assumptions of multicollinearity, normality, tolerance and extreme outlier. To indicate if multicollinearity was violated, a collinearity diagnostic tests using SPSS was used to determine the tolerance, Variance Inflation Factor (VIF) and condition indexes. The tolerance values should not be less than 0.20, VIF values under 10 and condition indexes under 30 to determine that there were no violations of multicollinearity.

To test the assumption of normality, a Normal P-Plot of Regression Standardized Residuals were conducted for each of variables. After determining if there were any violations of assumptions, a standard multiple regressions analysis was then conducted to determine the extent of which the variables can predict employee performance. Regression analysis was the appropriate technique because of its ability to determine the “effects of more than one independent variable on one dependent variable using principles of correlation and regression” (Kerlinger& Lee, 2000).

Test/Retest is more conservative method to estimate reliability. One should get the same score on test one when test two is done. On the other hand, Internal Consistency estimates reliability by grouping questions in a questionnaire that measure the same concept. It is computing correlation values among the questions by using Cronbach’s Alpha. The reliability of this case study was estimated using internal consistency by applying Cronach’s Alpha method.

3.7 Ethical Considerations

As researchers, we will be unable to conduct our research successfully if we do not receive the help of other people. If we expect them to give up their valuable time to help us, it follows that we should offer them something in return. Many people are willing to disclose a lot of personal information during our research so we need to make sure that we treat both the participants and the information they provide with honesty and respect (Dawson, 2002).

Accordingly, all the research participants included in this study was appropriately informed about their right to participate in this study or not and the purpose of the research. Additionally, their willingness as well as consent is secured before the commencement of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names will be kept confidential thus collective names like "respondents" used.

CHAPTERFOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

This section presents and discusses descriptive results of the survey data. As already noted, in the course of presenting and discussing the descriptive statistics, it was found the effect of performance management system on employee's performance a case of Justice for All Prison Fellowship Ethiopia (JFA-PFE).

4.1 Data Presentation

Preliminary analyses were conducted to indicate if there were any violations of the assumptions of multicollinearity, normality, and reliability test was conducted. To indicate if multicollinearity was violated, the tolerance, VIF and condition indexes were evaluated from a Collinearity Diagnostics table in SPSS (See Appendix B). The tolerance values for each of the variables scales ranged from .540 to .615 which are not less than .20; thus, further verifying that the assumption is not violated. This was verified by the VIF values which ranged from 1.627 to 1.850 which are under 10 suggesting that the assumption of no multicollinearity is tenable (Tabachnick&Fidell, 2007). The condition index indicated values ranging from 1.000 to 22.701. All variables values are below 30 so none of which suggest serious multicollinearity problems. Based on the results of the tests, the assumption of no multicollinearity is tenable.

To test the assumption of normality, a Normal P-Plot of Regression Standardized Residuals was conducted for each of the fix variables. For all five variables, Normal P-Plots of Regression Standardized Residuals were examined (see Appendix C). The points lied in reasonably straight lines, therefore, the assumption of normality was found tenable.

4.2 Response Rate

A total of 138 questionnaires were administered for the total employees of Justice for All Prison Fellowship Ethiopia (JFA-PFE) and 132 were collected and analyzed. Some of the questionnaires were left with the respondents to fill but were never returned in another case the respondents were unavailable during collection of the questionnaires. As result, response rate was 95.65%.andit is acceptable.

4.3 Results and Discussions of Employees Demographic Profile

This section contains two basic parts such as the general characteristics of respondents and analysis and interpretation of data collected through questionnaires. All are discussed in line with the basic questions posed under the basic question or research question in chapter one. 138 questionnaires were distributed for the employees of Justice for All Prison Fellowship Ethiopia (JFA-PFE) NGO and 132 questionnaires were properly filled and returned. The discussion of the data analysis begins with by the profiles of the respondents.

4.3.1 Gender

Table 4.1 Gender

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Male	91	68.9	68.9	68.9
Female	41	31.1	31.1	100.0
Total	132	100.0	100.0	

(Source; own survey,May 2017)

In order to generally describe the characteristics of the respondent; gender, age, educational background and job experience were part of demographic questions. Majority of the respondent were males which is 91 (68.9%) and female total respondents were 41 (31.1%).

4.3.2 Age

Table 4.2 Age

Year	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	22	16.7	16.7	16.7
31-45	77	58.3	58.3	75.0
46-60	30	22.7	22.7	97.7
Above 60	3	2.3	2.3	100.0
Total	132	100.0	100.0	

(Source; own survey,May 2017)

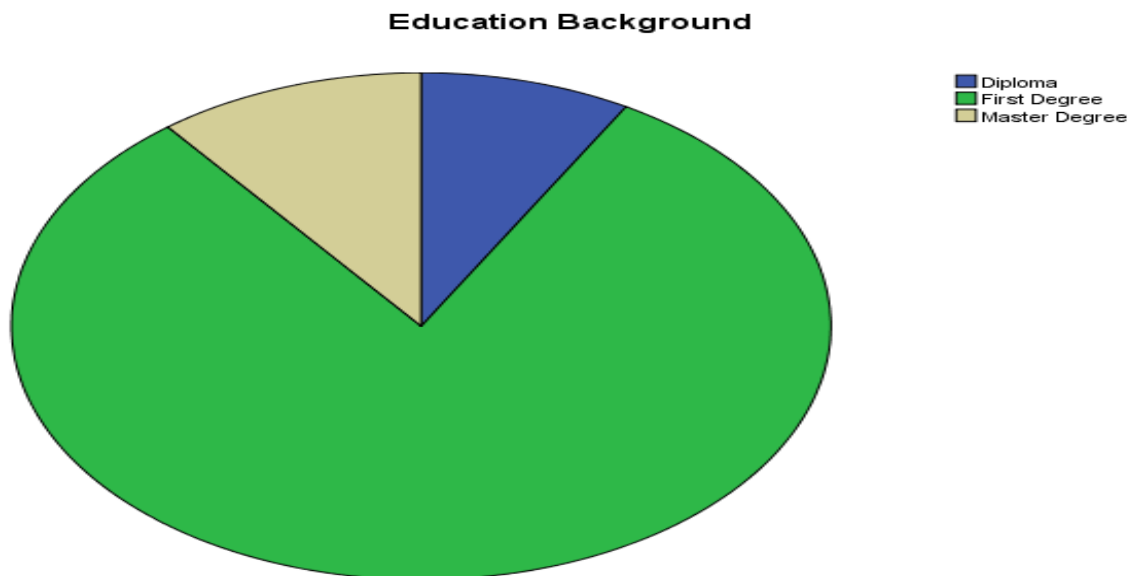
Table 2 revealed that out of 132 total respondents 22 (16.7%) were aged between 20 and 30 years, 77 (58.3 %) respondents were aged between 31 and 45 years, 30 (22.7%) of total respondents were aged between 46 and 60 years, while the remaining 2.3% of employees were aged above 50 years. The highest proportion of Prison Fellowship Ethiopia (JFA-PFE) NGO employees found within the age group of 31-45 years and secondly followed by age groups between 46-22 years.

4.3.3 Education Level

Table 4.3 Education background and sex cross tabulation

Count		Sex		Total
		Male	Female	
Education background	Diploma	6	5	11
	First Degree	74	33	107
	Master Degree	11	3	14
Total		91	41	132

(Source; own survey, May 2017)



As indicated in the cross tabulation (table 4.3 above and figure 2), educational background was also enquired where most of the respondents of educational background of both sex lie on first degree which is 81.1% of total respondent. The remaining 14 (10.6%) at master level and 8.3% diploma graduate.

4.3.4 Work Experience

Table 4.4 Work experience

Year between	Frequency	Percent	Valid Percent	Cumulative Percent
Below 5 years	98	74.2	74.2	74.2
6-10	28	21.2	21.2	95.5
11-15	3	2.3	2.3	97.7
Above 15	3	2.3	2.3	100.0
Total	132	100.0	100.0	

(Source; own survey, May, 2017)

Respondents' job experiences revealed that 98 (74.2%) of the total respondents have job experience less than five years, 21.2% between six to ten years, 3 (2.3%) of total respondents having an experience between eleven to fifteen years and only two point three percent of total employees have more than 15 years of experience (see table 4.4 above).

4.4 Influence of Performance Planning on Employee Performance

This study has aimed to identify the effects of performance management system on employee's performance for Prison Fellowship Ethiopia (JFA-PFE) organization. Therefore, total and average scores for the major four factors to this NGO.

These variables were subjected to a Likert's scale of 1 to 5 so as to determine the performance management system were regarded by its effects to employee's to this organization. Where 1= strongly disagree and 5 = strongly agree, points awarded.

Table 4.5 Performance planning influence

Which performance planning influence has highest effects on employ performance.....	N	Mean	Std. Devi
1. The Performance Planning	132	3.58	.989
2. Participating in the planning process motivates	132	3.48	.904
3. The performance planning process in my organization is participatory	132	3.40	1.003
4. Discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards	132	3.17	1.113
Valid N (listwise)	132		

(Source; own survey, May, 2017)

A Likert scale of 1-5 where 5 means strongly agree, 4 implies agree, 3 implies uncertain, disagree at 2 and 1 implies strongly disagree. For interpretation purposes a mean response of <1.5 implies strongly disagree, while a mean response of 1.5-2.4 implies disagree. A mean response of 2.5-3.5 implies neither agree nor disagree (uncertain), a mean response of 3.5-4.5 means agree and finally a mean response of >4.5 infers strong agreement. The mean responses and the standard deviations there on are tabulated in descending order in table 4.5 above.

4.5 Influence of Performance Appraisal on Employee Performance

Performance appraisals provide the opportunity for managers and employees to assess the degree to which performance goals have been achieved, engagement appraisals provide the additional opportunity to assess the extent to which employees have demonstrated behavioral engagement, and both parties have been conforming to the Employee Development Agreement (Schaufeli and Salanova, 2008). It is necessary to monitor the EDA periodically and potentially readjust goals and resources.

Table 4.6 Effect of performance appraisal on employee performance

Performance Appraisal		N = 132	100 %
Makes me work harder than expected	Strongly disagree	9	6.8
	Disagree	19	14.4
	Uncertain	44	33.3
	Agree	51	38.6
	Strongly agree	9	6.8
Makes me work at my normal pace	Strongly disagree	4	3.0
	Disagree	11	8.3
	Uncertain	46	34.8
	Agree	57	43.2
	Strongly agree	14	10.6
Makes me work below expectation due to how it is conducted	Strongly disagree	15	11.4
	Disagree	28	21.2
	Uncertain	36	27.3
	Agree	47	35.6
	Strongly agree	6	4.5
Makes me better understand what should be doing	Strongly disagree	4	3.0
	Disagree	20	15.2
	Uncertain	32	24.2
	Agree	68	51.5
	Strongly agree	8	6.1
Influences individual performance positively	Strongly disagree	14	10.6
	Disagree	23	17.4
	Uncertain	43	32.6
	Agree	43	32.6
	Strongly agree	9	6.8

(Source; own survey, May, 2017)

From table no. 4.6 we conclude that 43 (32.6%) and 9 (6.8%) agreed and strongly agreed respectively to the fact that performance appraisal enhancing influences on individual performance positively. According to Mahapatro (2015), appraisal results provides vital information about a worker's strength and weaknesses, training needs and reward plans such as advancement, promotion, pay increase, demotion and work or performance improvement plans.

Based on question three, 89 (67.4%) percent of total employee's replied to either uncertain or agree and strongly agree from the fact regarding to low work performance due to low understanding of appraisal performance. This outcome is supported by Kawavanagh and Brown, M. (2007) who observed that there is a positive relationship of job satisfaction with employee productivity. Mackey and Johnson (2000) also reveal that Performance Evaluation results are normally used to identify the strength and weaknesses of employees. The reaming indicator of performance appraisal variables described in Appendix D.

4.6 Influence of Reward Systems on Employee Performance

These variables were subjected to a Likert's scale of 1 to 5 so as to determine the reward system was regarded by its effects on employee performance to this organization. Where 1= strongly disagree and 5 = strongly agree, points awarded.

A Likert's scale of 1-5 where 5 means strongly agree, 4 implies agree, 3 implies uncertain, disagree at 2 and 1 implies strongly disagree. For interpretation purposes a mean response of <1.5 implies strongly disagree, while a mean response of 1.5-2.4 implies disagree. A mean response of 2.5-3.5 implies neither agree nor disagree (uncertain), a mean response of 3.5-4.5 means agree and finally a mean response of >4.5 infers strong agreement. The mean responses and the standard deviations thereon are tabulated in descending order in table no 4.7 below.

From the analysis, the respondents (employee's) agree that the reward system influence to the performance of employee's by recognizing of reward on job promotion, fairness of wage and variations of reward type. While, the reaming variables described through uncertainty of reward system to develop employee's performance.

Table 4.7 Influence of reward system on employee performance

Questions	N	Mean	Std. Devi
1. My organization influences my productivity by linking the reward on job promotion	132	3.95	.846
2. My level of wage is fair and satisfactory to the degree of my performance	132	3.69	.892
3. The rewards are varied and satisfactory	132	3.55	.975
4. Reward opportunities encourage staff to be creative	132	3.48	.937
5. Bonuses increase my performance	132	3.41	1.055
6. The rewards motivate me to be timely in completing my duties	132	3.40	.898
7. The rewards provided by my organization motivate us to give our best	132	3.39	.923
8. The performance management system in my organization reward good performance and discourage poor performance	132	3.34	1.010
9. The rewards provided by my organization sometimes serve to improve on my productivity	132	3.33	1.052
10. Appreciation by managers increase my success at work.	132	3.14	1.127
11. When rewarded I seek for ways of improving the performance of the organization.	132	3.06	1.203
Valid N (listwise)	132		

(Source; own survey, May, 2017)

4.7 Influence of Performance Feedback on Employee Performance

Positive feedback is also likely to promote engagement and performance. Schaufeli and Salanova (2007) suggest that positive feedback promotes engagement by affecting the socio-emotional climate in organizations. And table no. 4.8 ensure such issues, 78 (59.1%) and 26 (19.7%) of employees agreed and strongly agreed respectively to accept and tolerate others feedback to develop themselves.

However, feedback has an inconsistent relationship with performance, sometimes producing a debilitating effect (Baron, 1988; Kluger&DeNisi, 1996; London, 1995). This can occur when feedback occurs in the form of destructive criticism (Baron, 1988) or focuses on meta-task processes and damages the recipient's self-esteem (Kluger&DeNisi, 1996). While, from total employee's perception, more than 66% is satisfied by the organization feedback and an input to do more.

The fourth objective of this study was to determine the effect of performance feedback on employee's performance in Prison Fellowship Ethiopia (JFA-PFE). The results are recorded in Table 4.8 and results show that there is a significant contribution on overall.

Table 4.8 Effects of performance feedback on employee's performance

Variables	SD	D	Ns	A	SA
1. My manager gives me fair feedback	1.5%	13.6%	28.8%	44.7%	11.4%
2. I enjoy discussing about my performance with people outside it	0.00%	3.0%	18.2%	59.1%	19.7%
3. My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones.	2.3%	3.0%	32.6%	46.2%	15.9%
4. The feedback I receive agrees with what I have actually achieved	0.8%	3.8%	17.4%	55.3%	22.7%
5. My manager communicates with me frequently about my performance.	0.0%	3.0%	12.9%	63.6%	20.5%
6. The feedback I receive on how I do my job is highly relevant.	0.8%	9.8%	16.7%	56.8%	15.9%
7. I am satisfied with the way my organization provides me with feedback.	2.3%	3.8%	27.3%	48.5%	18.2%

(Source; own survey, May, 2017)

4.8 Correlation Analysis

The correlation between all variables of the study was analyzed using Statistical Package for Social Science (SPSS). The below correlation matrix shows correlation between variables in the questionnaire with a Pearson Correlation coefficient to show the strength of relationship among the variables considered in the questionnaire.

Table 4.9 Correlation

		Performance Planning	Performance Appraisal	Reward/Bonus	Performance Feedback	Employee Performance
Performance Planning	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	132				
Performance Appraisal	Pearson Correlation	.469**	1			
	Sig. (2-tailed)	.000				
	N	132	132			
Reward	Pearson Correlation	.242**	.248**	1		
	Sig. (2-tailed)	.000	.000			
	N	132	132	132		
Performance Feedback	Pearson Correlation	.313**	.395**	.323**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	132	132	132	132	
Employee Performance	Pearson Correlation	.205**	.064	.275**	.333**	1
	Sig. (2-tailed)	.000	.208	.000	.000	
	N	132	132	132	132	132
** Correlation is significant at the 0.01 level (2- tailed).						

(Source; own survey, May, 2017)

The above the correlation matrix indicates that employee's performance management system practices were positively and moderately correlated with Performance Planning, performance feedback, reward payment and performance appraisal. The highest coefficient of correlation in this research lie between Performance Planning and performance appraisal is 0.469. There is a significant positive relationship between Performance Planning and performance appraisal ($r = 0.469, n = 132, p \leq 0.01$).

The second highest coefficient of correlation in employee's performance is performance feedback and performance appraisal is 0.395. Hence, there is a significant positive relationship between performance feedback and performance appraisal ($r = 0.395, n = 132, p \leq 0.01$). There is a weak positive correlation between Performance Planning and employment performance ($r = 0.205, n = 132, p \leq 0.01$). On the other hand, performance feedback and employee's performance are positivity and moderately correlated ($r = 0.333, n = 132, p \leq 0.01$). The above correlation matrix except employee's performance and performance appraisal shows that all variables are positively and significantly correlate with the dependent variable employment performance management system which implies that the increase of the independent variables will also enhance effects of employee's performance.

4.9 Regression Analysis

Multiple regression analysis was conducted to examine effect of employment performance management system. In this survey, four hypotheses were developed to study the indirect effect of performance management system on employee's performance through performance appraisal, Performance Planning, reward/bonus and performance feedback.

Different scholars have stated various variables as dimension of employee's performance, among those variables, for the purpose of this study; only four variables were selected as dimension of employment performance. The effect of these four independent variables; Performance Appraisal (PA), Performance Planning (PP), Reward/Bonus (R) and Performance Feedback (PF) were examined on the first dependent variable i.e. Performance Management System using multiple regression.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 ^a	.793	.802	.91732

Predictors: (constant), performance appraisal, Performance Planning, reward and performance feedback.

(Source; own survey, May, 2017)

The above regression model presents how much of the variance in the measure of employee's performance is explained by the underlying variables. The predictor variables i.e. Performance Planning, performance feedback, reward and performance appraisal have accounted 80.2 % of adjusted R square which indicates 80% of the variance is explained by the predictors whereas the remaining 20% are other variables that not included under this model estimation.

Table 4.11: ANOVA of Employee's Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	83.763	4	20.940	66.805	.000 ^a
	Residual	25.138	127	.197		
	Total	108.901	131			

Predictors: (constant), Performance Planning, performance feedback, reward and performance appraisal

Dependent variable: employee's performance

(Source; own survey, May, 2017)

The above ANOVA table shows the acceptability of the model. The p-value is less < 0.05 i.e. 0.000 which indicates the variation is explained by the model is not due to chance.

Table 4.12. Summary of Coefficient on Employee's Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Beta	Lower Bound
(Constant)	1.731	.193		8.956	.000	1.351	2.111
Feedback	.181	.045	.203	3.980	.000	.091	.270
Performance Appraisal	-.078	.040	-.101	-1.920	.056	-.157	.002
Performance Planning	.130	.041	.151	3.175	.002	.050	.211
Reward	.352	.047	.376	7.480	.000	.259	.444

(Source; own survey, May, 2017)

The above coefficient table shows the constant, beta value and p-value of the variables to examine the significance of set hypothesis. The significance level of each variable is P-value.000, .056, .002, .000 and their standardized coefficients are 0.203, -0.101, 0.151 & 0.376. The p-value of performance appraisal is above 0.05 which implies that it has no significant relationship with employee performance.

There is a positive relationship between performance feedback and employee's performance. And its p- value is no different than zero. Henceforth, we conclude that performance feedback has significant relation with employee's performance. Performance Planning also has significant and positive relationship with employee performance.

4.10 Discussions on the Result

There are positive relationships between performance planning and employee performance during the investigations. Especially, Performance Planning and participating in the planning process motivates are the major determinants for the employment performance planning within performance planning variables. These outcomes are supported by Schneier (1987) who observed that performance planning helps to encourage commitment and understanding by linking the employee's work with the organization's goal and objectives.

An effective personal performance feedback is a crucial cornerstone in this process, as it provides the data needed for most of the required administrative decisions. This system plays a key role in motivating people to utilize their abilities in pursuing the organization's goals (Musgrove & Creighton, 2008). According to this investigation, there is positive relationship between performance feedback and employee performance. Performance improved substantially in a number of settings when workers were given specific goals to achieve and received performance feedback. (Mahapatro, 2010).

According to Mahapatro (2015), appraisal results provides vital information about a worker strength and weaknesses, training needs and reward plans such as advancement, promotion, pay increase, demotion and work or performance improvement plans. Performance appraisals have the equal probability of having a bad effect on the organization as well as employee performance. And our result on coefficient table indicated that performance appraisal didn't have significant effect on employee's performance in Prison Fellowship Ethiopia (JFA-PFE) organization. The p-value of performance appraisal is above 0.05 which implies that it has no significant relationship with employee performance. While, if a supervisory gives employee a poor score on his/her appraisal, the employee may feel a loss of motivation in the workplace. This has an effect on the employee performance (Cook & Crossman, 2004).

Reward system has significant and positive relationship with employee's performance. This outcome is supported by Kleiman, (2000), reward (pay-for-performance) system links one's pay increase to one's performance, could be used to direct, sustain and motivates desirable behavior of employee's such as knowledge sharing, creativity and quality increment for the employees.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Referring to the analysis and interpretation done in the previous chapter, summary, conclusions and recommendations for the study are presented as follows.

5.1 Summary

This study represented by descriptive and causal research as the correlation as well as the effect of performance management system on employee performance using correlation and multivariate regression. The data source used in this study was both primary and secondary data source. Structured questionnaire was distributed to employees of Justice for All Prison Fellowship Ethiopia (JFA-PFE). The sampling technique is convenience sampling and accordingly the target group excludes the President and Vice president. Therefore, the primary data required for the study was gathered from the 132 management and non-management staff members of the organization through a questioner. And investigated using structured questionnaire prepared based on 5 point Likert Scale rating from 1 (strongly disagree) to 5 (strongly agree).

Regarding to demographic figures Majority of the respondent were males which is 91 (68.9%) and female total respondents were 41 (31.1%). And educational background was also enquired where most of the respondents of educational background of both sex lye on first degree which is 81.1% of total respondent. Respondents' job experiences revealed that 98 (74.2%) of the total respondents have job experience less than five years.

The Performance Planning and participating in the planning process motivates are the only major determinants for the performance planning. From table no. 4.6 we conclude that 43 (32.6%) and 9 (6.8%) agreed and strongly agreed respectively to the fact that performance appraisal enhancing influences on individual performance positively. 89 (67.4%) percent of total employee's replied to either uncertain or agree and strongly agree from the fact regarding to low work performance due to low understanding of performance appraisal.

This outcome is supported by Kawavanagh and Brown, M. (2007) who observed that there is a positive relationship of job satisfaction with employee productivity.

The respondents (employees) agree that the reward system influence to the performance of employee by recognizing of reward on job promotion, fairness of wage and variations of reward type. While, the remaining variables described through uncertainty of reward system to develop employee's performance. Positive feedback is also likely to promote engagement and performance. Schaufeli and Salanova (2007) suggest that positive feedback promotes engagement by affecting the socio-emotional climate in organizations. And table no.4.7 ensure such issues, 78 (59.1%) and 26 (19.7%) of employees agreed and strongly agreed respectively.

The correlation matrix indicates that employee performance was positively and moderately correlated with Performance Planning, performance feedback, reward system and performance appraisal. The highest coefficient of correlation in this research lie between Performance Planning and performance appraisal is 0.469. In addition, the predictor variables i.e. Performance Planning, performance feedback, reward and performance appraisal have accounted 80.2 % of adjusted R square which indicates 80% of the variance is explained by the predictors whereas the remaining 20% are other variables that are not included under our model estimation.

There is a positive relationship between performance feedback and employee performance. And its p- value is no different than zero. Henceforth, we conclude that performance feedback has significant relation with employee's performance. Performance Planning also has significant and positive relationship with employee performance. And also, reward system has a significant and positive relationship.

5.2 Conclusions

The following are the major conclusions of the study.

As it is mentioned in the empirical part of this project, Odhiambo (2015, Gupta & Upadhyay (2012),found in their research that Performance Appraisal, Feedback and reward system have a significant and positive influence on employee productivity. And also Ayandele (2012), concluded in his research that there is a positive relationship between employee's participation in the designing of an organization's performance management system and employee's commitment to the organizational set goals. Others like Ying (2012), in the research concluded that Performance Management System has a positive but in significant relationship with Employee Performance. The finding of some of this mentioned authors partly relate with goal

setting and expectancy theory. In this project, in general, it is proved that Performance Planning, Feedback and Reward System have significant and positive relationship with Employee Performance which is in line with Ayandele (2012), Odhiambo (2015, Gupta & Upadhyay (2012) findings. Performance Appraisal has insignificant relationship with employee performance.

In general, majority of employees have expressed that participating in the planning process of the PMS and receiving Feedback on their performance from their supervisors and getting a Reward according to their performance motivates them and which helped them towards correcting ineffective behaviors and which is believed to increase their performance. On the other hand Performance Appraisal doesn't make them work differently.

5.3 Recommendations

In line with the conclusion, the study recommends the following:

The study recommends that the organization should make the employees to participate on the starting point of the PMS which is the Planning stage. This gives the employees a clear image of what the later holds and on how to drive to achieving organizational goal. As it is mentioned in the theoretical part of this project, Goal Setting theory stated that goals need to be accepted by employees as desirable.

The organization should reward the employees for greater performance levels. For every opportunity possible, the manager should formally recognize good employee efforts for enhanced work performance. The reward system should be varied to encourage the staff to be creative to meet the organization goals. This will increase the chances of the performance to be repeated and increased, while pointing out that poor performance will be discouraged.

The study recommends that effective feedback should be used by an organization to meet the organization target. There should be an effective performance feedback that would translate into improved employee productivity. Feedback enables the employees be aware of what exactly is expected from them. Therefore, managers of the organization should frequently give feedback to the subordinates.

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APPENDICES

APPENDIX A:

Letter of Introduction

Dear Sir/Madam,

I am a Post Graduate student in Addis Ababa University School of Commerce, Department of Human Resources Management. This is a questionnaire designed to collect data on the “The effect of performance management system on employee performance” which will be used as an input for a thesis in partial fulfillment of Master of Arts in Human Resource Management. Your genuine response is solely used for academic purpose. Therefore, your kind cooperation is appreciated in advance. Should you have any questions about this survey, please feel free to contact me at +251-91 148 9095 or via my email address: meklitsefani@gmail.com.

With best regards,

MeklitSefani
MA Student, Addis Ababa University School of Commerce

Section III: The Influence of Performance Appraisal on Employee Performance

Please indicate the extent to which you agree with the following statements by using a scale of 1 to 5 Where 1 =Strongly disagree, 2 = Disagree, 3 = Neutral, 4 =Agree 5 =Strongly agree,

Statement	1	2	3	4	5
11. Performance appraisal makes me work harder than expected					
12. Performance appraisal makes me work at my normal pace					
13. Performance appraisal makes me work below expectation due to how it is conducted					
14. Performance appraisal makes me work below expectation due to how it is conducted					
15. If don't agree with performance appraisal score, there is appeal process					
16. Performance appraisal makes me better understand what should be doing					
17. Performance appraisal is used as a decision making tool for the increasing my performance.					
18. Performance appraisal influences positively individual performance					
19. I often perform better than what can be expected without appraisal.					
20. Performance appraisal is valuable to my performance in my organization					
21. Am satisfied with the current performance appraisal system in the organization					

Section IV: The Influence of Reward Systems on Employee Performance

Please indicate the extent to which you agree with the following statements by using a scale of 1 to 5 Where 1 =Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree 5 =Strongly agree,

Statement	1	2	3	4	5
23. The performance management system in my organization reward good performance and discourage poor performance					
24. The rewards provided by my organization motivate us to give our best					
25. The rewards provided by my organization sometimes serve to improve on my productivity					
26. My organization influences my productivity by linking the reward on job promotion					
27. The rewards motivate me to be timely in completing my duties					
28. The rewards are varied and satisfactory					
29. My level of wage is fair and satisfactory to the degree of my performance					
30. Reward opportunities encourage staff to be creative					
31. Bonuses increase my performance					
32. Appreciation by managers increase my success at work.					
33. When rewarded I seek for ways of improving the performance of the organization.					

Section V: The Influence of Performance Feedback on Employee Performance

Please indicate the extent to which you agree with the following statements by using a scale of 1 to 5 Where 1 =Strongly disagree, 2 = Disagree, 3 = Neutral, 4 =Agree 5 =Strongly agree,

Statement	1	2	3	4	5
35. My manager gives me fair feedback					
36. My manager discusses regularly my job performance with me					
37. I enjoy discussing about my performance with people outside it					
38. My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones.					
39. The feedback I receive agrees with what I have actually achieved					
40. My manager communicates with me frequently about my performance.					
41. The feedback I receive on how I do my job is highly relevant.					
42. I am satisfied with the way my organization provides me with feedback.					
43. I always get adequate feedback on my performance.					
44. Current performance feedback in my organization is fair and unbiased.					

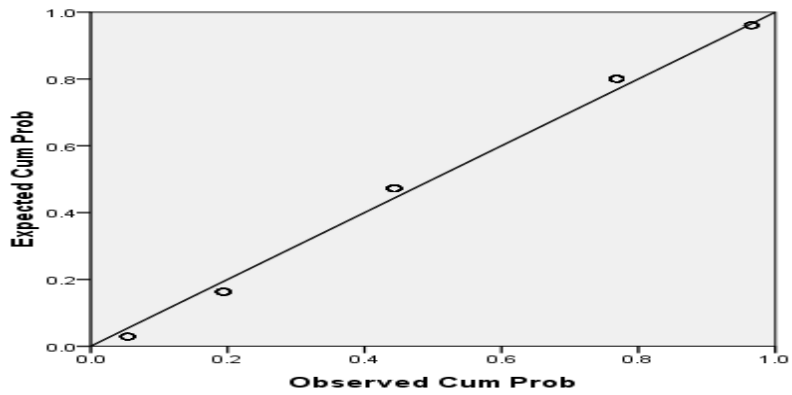
Section VI: Employee performance

Please indicate the extent to which you agree with the following statements by using a scale of 1 to 5 Where 1 =Strongly disagree, 2 = Disagree, 3 = Neutral, 4 =Agree 5 =Strongly agree,

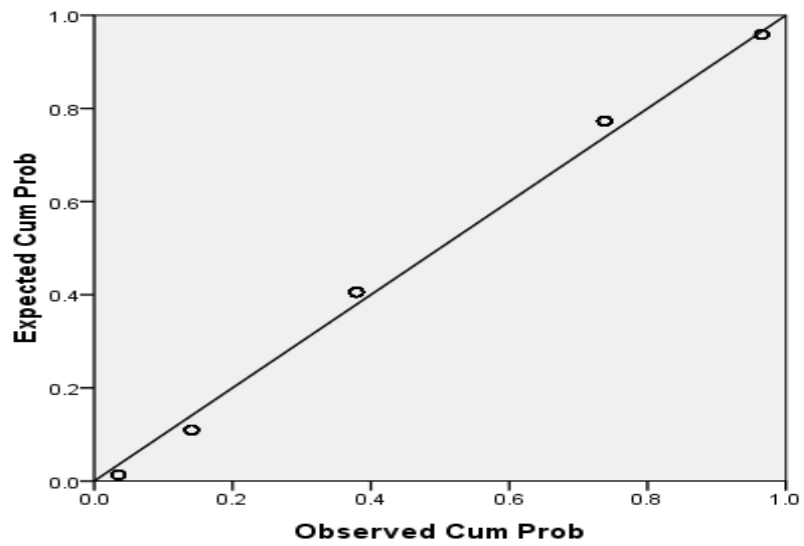
	Statement	1	2	3	4	5
45	The level of employee performance is high as compared to the beginning					
46	The current level of employee performance is high.					
47	The current level of the decision making process in the company is highly formal.					
48	The quality of the services in the company is high.					
49	The ability of the employees to be innovative is high.					

Appendix C

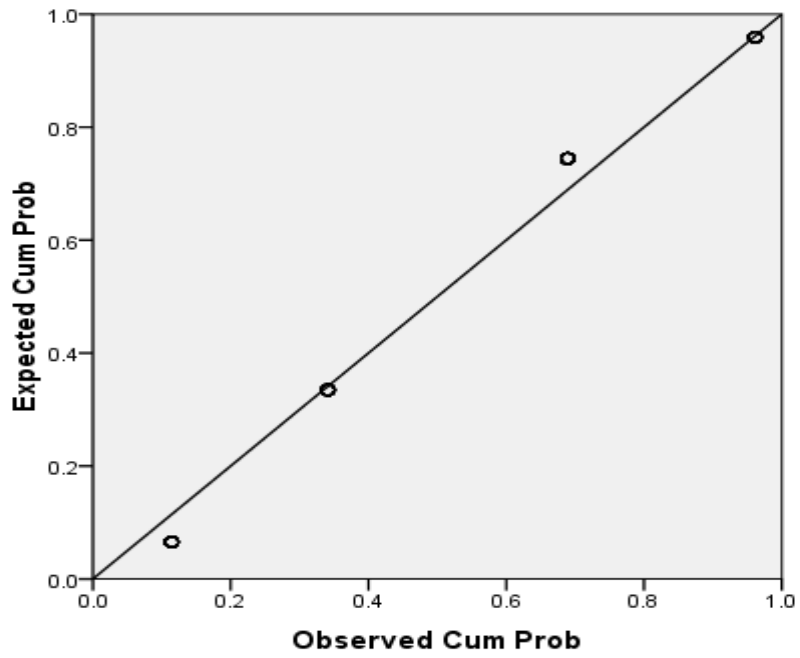
Normal P-P Plot of Performance appraisal influences positively individual performance



Normal P-P Plot of Performance appraisal makes me work harder than expected



Normal P-P Plot of The rewards provided by my organization motivate us to give our best



Appendix D

Descriptive Statistical Result

Influence of performance appraisal on employee's performance

Questions	N	Mean	Std. Devi
1. Performance appraisal is valuable to my performance in my organization	132	3.86	.863
2. Am satisfied with the current performance appraisal system in the organization	132	3.75	.823
3. Performance appraisal makes me work at my normal pace	132	3.50	.904
4. Performance appraisal makes me better understand what should be doing	132	3.42	.926
5. Performance appraisal makes me work harder than expected	132	3.24	1.012
6. If don't agree with performance appraisal score, there is appeal process	132	3.20	1.054
7. Performance appraisal is used as a decision making tool for the increasing my performance.	132	3.11	1.093
8. Performance appraisal influences positively individual performance	132	3.08	1.096
9. Performance appraisal makes me work below expectation due to how it is conducted	132	3.01	1.102
10. I often perform better than what can be expected without appraisal.	132	2.81	1.071
Valid N (listwise)	132		