



Addis Ababa University
School of Commerce

**Employees' Performance Management Practices, the Case of
Ries Engineering S.C, Addis Ababa**

By: FekaduAsmamaw

(ID NO. GSE/0556/10)

**A Project Work Submitted to Addis Ababa University
School of Graduate Studies in Partial Fulfillment of
requirements for Award of Master of Business Leadership.**

Advisor: Solomon Markos(PhD)

June, 2020

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Statement of Declaration

I, Fekadu Asmamaw Tiruneh, hereby declare that “Employees’ Performance Management Practices, the Case of Ries Engineering S.C,” is my own original work which is prepared under the guidance of the research advisor and it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has made in the text. It is submitted for the degree of Master in Business Leadership (MBL) at Addis Ababa University Commercial College.

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Statement of Certification

This is to certify that the project work prepared by Fekadu Asmamaw Tiruneh, entitled: “Employees’ Performance Management Practice, the case of Ries Engineering S.C.” submitted in partial fulfillment of the requirements for the Degree of Master of Business Leadership complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Advisor; Solomon Markos (PhD)

Addis Ababa University
School of Commerce
Approval Sheet

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Acronyms:

PM – Performance Management

PMS – Performance Management System

PA – Performance Appraisal

HRM – Human Resources Management

HRD – Human Resources Department

HR – Human Resources

PDP – Personal Development Plan

SPSS- Statistical Package for Social Science

Abstract

This research project is conducted with the aim of assessing the performance management practices from preplanning to the post review activities at Ries Engineering S.C., identifying the main challenges in implementing the process and forwarding the necessary recommendations as per the findings. The researcher applied a descriptive type of research design and used both quantitative and qualitative research methodology in order to collect and analyze data. A questionnaire and interview is used to collect the required data and stratified random sampling method is used to select respondents of the questionnaires. The analysis of the data collected from the questionnaires is made by using SPSS version 23 and the researcher found out that employees are aware of the purpose of the performance management system and the goals and objectives of the company, the organization provides the necessary reinforcement including incentives. In other hand alignment of organizational goals and objectives to the goals and objectives of individuals is not made; while making the planning process it is found out that employees' participation is minimal and the system is not helping employees in setting challenging, achievable but meaningful objectives; self-appraisal practices are not implemented in the process of performance management, No formal discussion meeting is available; communication about the process of performance management is limited and skill of supervisors is not satisfactory in handling the performance management process. Accordingly the researcher recommended the organization to clearly communicate the whole process of the performance management to its employees on an ongoing basis, make the necessary alignment between the organization and the individual's goals and objectives. Maximize employees' participation in goal setting process and make the goals and objectives of individual employees SMARTER. In addition, creation of a formal discussion platform for employees and supervisors, letting employees assess or evaluate their own performance, attaching the information from the PM more to employees' developmental aspect, commitment from top management and HRD in following up its proper implementation, and enhancing the skills and attitudes of supervisors as well as employees through different trainings and learning platforms are major recommendations from the researcher.

Key Words: *Performance Management, Performance planning, Goal Alignment, Performance Execution, Performance Assessment and Performance Review.*

CHAPTER 1

INTRODUCTION

1.1. Background of the Study

Since technological advancement and product differentiation these days are becoming less important to be considered as a source of competitive advantage for a specific firm due to their easy adaptability by other competitors, it is through the effective and efficient HRM that firms can ensure a sustainable competitive advantage, Aguinis (2013).

Performance Management (PM) is one of managers' major activities in which an organization ensures its high performance and competitive advantage, Pulakos (2009). Armstrong (2009) explained PM as a forward-looking process mainly concerned with employees' development and the creation of a system in which employees work to deliver sustained high performance.

If PM is implemented properly increment in motivation to perform and increment in self-esteem, gaining better insight about subordinates by managers, more fair and appropriate administrative actions, making clear of organizational goals, creating more competent employees, minimizing misconduct of employees, facilitating organizational change and enhancing employees engagement are some of the advantages listed by, Aguinis (2013).

Practically even if different groups including high officials used Performance Appraisal (PA) and merit rating systems in ancient times starting from 221 AD and later officially in late 19th and early 20th centuries mainly by the American Civil Service Commission and US military to rate army officers, (DeNisi and Pritchard (2006), Grote (2002), the term PM is mentioned in 1970s but it is recognized well after half of 1980s, Armstrong (2009).

PM is more of a holistic approach and an ongoing process throughout the year than PA and merit rating which focuses on a yearly evaluation of past performance.

Pulakos(2009) put the process in a more specific terms starting from setting organizational and departmental goals and continuing on individual goal setting, ongoing feedback and coaching, self appraisal, 360 degree rating, managers rating, review session between supervisor and manager and finally HR decision based on the results from the process.

PM process for Aguinis (2013) contains performance planning, performance execution, performance assessment, performance review and performance renewal and re-contracting.

In other hand plan→Act→Monitor→Review is the PM cycle for Armstrong (2010). Among other activities in the PM process goal setting, alignment of goals and ongoing feedback are the crucial issues raised by many of the scholars.

Though it seems easy theoretically, it is subject to different types of challenges when we see its practicability. Aguinis (2013) also argued that those firms who are using the existing PM system in a productive ways are few and the poor implementation of the system among other negative consequences results in high turnover, lowered self-esteem, wasted time and money, damaged relationship, low motivation to perform and job dissatisfaction.

Schiemann (2009) put major challenges of the system as lack of disciplined execution and accountability, lack of skills of managers (in setting proper goals with their subordinates, in providing timely and meaningful feedback in a constructive fashion and in coaching their employees to bring out the best in them) and inefficiency of handling appraisal or reviewing process. Not fully understanding or appreciating the purpose of the PM and not being cooperative in properly implementing the system by both the management and the employees are also some of the major challenges identified by MacMahon (2013).

Ries Engineering S.C. /RESCO/ is established in 1961 G.C. and stayed in business for over 50 years. It is a well known Caterpillar Construction Machineries, Power Systems and Ford Vehicles dealer. The organization is also involved in sales of used machineries, sales of spare parts, rental of machineries, provision of maintenance services, equipment management and provision of trainings for its customers.

The organization is operating with a key objectives of being an active participant in the infrastructure development of Ethiopia by providing a comprehensive and a total solution for its customers in the Construction, Mining, Power and Agriculture sectors and by making sure that it is the preferred partner of choice in the customers' journey to success through the application of its business values of Integrity, Excellence, Teamwork, Commitment and Sustainability in its daily operations.

As per the observation made by the researcher, the focus of many of the prior empirical studies made in Ethiopia were on PA than PM and those made on PM showed that irrespective of its advantage as mentioned above, its process in different companies is subject to different kinds of challenges.

Even if Ries Engineering S.C. implemented the PM system, from the preliminary interview made, the researcher identified that the system lacks some of the important components of the process mainly due to lack of commitment from the top management and implementation problem at the middle management level.

In addition, lack of any published empirical study by the researcher on related topic for the organization are among the main reasons for the organization to be feasible for this research project.

Therefore, this research project is undertaken at Ries Engineering S.C. mainly based on the major PM processes of planning, executing, assessing and reviewing and the required recommendation will be given based on the findings.

1.2. Statement of the Problem

A study carried out by McDonald and Shield of Hewitt Associates showed that organizations that worked hard in managing performance prudently had better cash flows, high rate of return, high stock value and better stock market performance than organizations not working much on it, cited by Yaseen & Afghan (2016).

Pulakos (2004) also put the importance of PM as an essential tool for high performing organizations and as one of managers' most important responsibilities. She argued that effective PM leads to clarification of job responsibilities and expectations, enhancement of productivity, development of employees' capabilities to the maximum through effective feedback and coaching, creation of organization's core values, goals and strategy alignment with individual behaviors, provision of information for admin related decision, and improvement of communication between employees and managers.

Many organizations are struggling to develop and implement a well designed employee PM practice in order to accurately measure the performance of their employees and take associated measures to positively impact the performance of their business as a whole and to maintain a motivated workforce.

PM systems are not satisfactory in most businesses, Markus (2004). Panda (2011) also mentioned that designing suitable performance policy and proper implementation which can results in an excellent employees' performance is really a challenging function for the managers,

It means that many organizations are not yet on the right track and employees as well as management members at all levels are dissatisfied with the process. When surveyed, majority of executives are found unhappy with their performance measurement system, Wade and Recardo (2001).

As per the preliminary interview made, even if PM is implemented at Ries Engineering S.C. and the company undertakes the process in four rounds during the year, not having clear purpose of the process, lack of participatory goal setting activities and alignment of goals, lack of formal feedback and coaching process are the major problems the company is facing in the process. Though the collective agreement made between the union and the management put that employees' development and training will be undertaken based on the results of the PM, the result from the process is only used for incentive related purposes. Due to this, rating is subject to positive skew rating error i.e. which is giving higher rating for all (good and bad performers) than their actual performance in order to avoid any difficulty or confrontation from employees

which in turn is becoming a source of dissatisfaction among employees mainly for good performers.

Even if different researches are undertaken on PM based on different companies in different sectors in Ethiopia, as per the observation made, the researcher believes that many of the researches are made on the PA process and those made on PM are not enough when compared to the severity of the implementation problems as observed on many of the literatures. In addition to that no empirical research is undertaken at Ries Engineering S.C. regarding its PM system which is published for the public.

Therefore, this research project will try to assess the practice of employees' PM practice based on major PM processes from planning to post evaluation activities at Ries Engineering S.C. against the contemporary theory of employees' PM.

Research Questions

- ☛ What is the purpose of the PM process of Ries Engineering S.C.?
- ☛ How much is individual goals are aligned with the goals of the company?
- ☛ Do employees participate in the goal setting process?
- ☛ Do employees get the necessary feedback on an ongoing basis?
- ☛ What are the major challenges of the PM system of the Company?

1.3. Objectives of the Study

1.3.1. General Objectives

The main objective of this study is to assess and describe the employees' PM practice at Ries Engineering S.C starting from the planning to the post evaluation stage.

1.3.2. Specific Objectives

- ✓ Identify the purpose of the PM process and assess the degree to which the results of the process are used for its intended purposes (administrative, developmental or both)
- ✓ Assess individual employee goal setting process and its alignment with the goals and objectives of the organization.

- ✓ Assess the ongoing feedback and coaching process of the organization
- ✓ Assess the performance reviewing process of the organization
- ✓ Identify strengths and weaknesses in relation to the process and give the required suggestion.

1.4. Significance of the Study

The researcher believes that this project work will have significance importance for Ries Engineering S.C. in identifying its weaknesses and strengths in relation to its PM system and letting the company to work on its strengths in order to maintain them and work on its weaknesses by taking them as an opportunity for improvement in order to get a competitive advantage from managing the performance of its Human Resources.

In addition, the researcher also believes that there will be a takeaway for others from the available current practice of the company and the research will also serve as a reference for other researchers in the area.

1.5. Scope and Limitations of the Study

1.5.1. Conceptual Scope

The scope of the study is limited in showing the current PM practice of Ries Engineering S.C. mainly focusing on the performance planning, executing, assessment, reviewing and related decision making processes with encountered major PM problems. Assessing the impact of the PM practice on the company's total performance and customer satisfaction as well as studying of other similar industries in Ethiopia will be areas of future researches.

1.5.2. Methodological Scope

Even if the total numbers of employees in the company are 361 and out of these around 24% or 86 employees are working at Bahir Dar, Dire Dawa, Hawassa and Mekelle branches, due to time and other resources constraints those employees are not included and the target population for this study are only those 275 employees found at the head office of the organization.

1.5.3. Empirical Scope

Basing the empirical review mainly on sources from the internet due to access restriction of the physical library of the university as well as other public libraries because of the current covid-19 pandemic are the major scopes and limitations faced by the researcher.

1.6. Organization of the Study

This project work is organized into five chapters with contents described below;

Chapter 1: Includes general background, statement of the problem, study objectives, scope and significance of the study

Chapter 2: Deals with theoretical and empirical review of related literatures of different scholars

Chapter 3: Describes the research design and methodology of the project

Chapter 4: Used for data presentation, analysis and interpretation

Chapter 5: Contains summary of findings, conclusion and recommendations

1.7. Definition of Key Terms

In this section conceptual definition of the key terms are listed by the researcher for the sake of clarity of those terms.

Performance Management - is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization, Aguinis (2013).

Alignment – is the extent to which employees are similarly connected to or have a consistent line of sight to the vision and direction of the organization and its customers, often encapsulated within its current strategy, Schiemann (2009)

Feedback - is the provision of information to people on how they have performed in terms of results, events, critical incidents and significant behaviors, Armstrong (2009).

360-degree feedback - is 'the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance, Ward (1997)

Coaching - is a personal (usually one-to-one) on-the-job approach to helping people to develop their skills and levels of competence, Armstrong (2009).

CHAPTER 2

REVIEW OF RELATED LITERATURE

2.1. Introduction

In this chapter the necessary theoretical and empirical literature reviews are made. In the theoretical review part the PM definition, its history or background, its difference mainly from that of the PA, its purpose, its processes based on different models and the associated challenges of the process are discussed. In the empirical review part, researches made by different scholars in different companies in the Ethiopian context are also reviewed and their findings are discussed.

2.1.1. Theoretical Review

Different authors and scholars defined PM from different perspectives; Aguinis (2013) defines it as a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. His definition emphasizes on the two main components of PM which are continuous process and alignment. He stressed the ongoing process of the goal setting, coaching and feedback activities throughout the year and the necessity of creating the link between employees' activities and outputs and organizational goals and objectives.

Armstrong (2010) defined PM as a process for establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organizational performance, which in other hand lack some other important components of the PM process and emphasizes only on setting agreed objectives and management and development of employees in general.

PM system is also described as a process of setting objectives which are aligned to the goals of the organization and as a process of making plans to achieve the objectives, Yasin & Afghan (2016)

PM as many social science fields passed through different stages of development for the past many years and we can say that it is the new version of PA which contains additional features that facilitate the performance improvement of individuals, teams and organizations.

PA research dated back to the early 1920s DeNisi and Pritchard (2006), when describing the start of PA Grote (2002) take us to the 1887 and mentioned that the merit rating was in place by the American Civil Service Commission and later in 1914 Lord & Taylor introduced the PA system which was mainly used by the military in 1920s.

Koontz (1971) as cited by Jain and Gautam (2014) in other hand argued that the emperors of the Wei Dynasty (AD 221-265) in China had an Imperial Rater whose main responsibility was evaluating the royal family performance and a catholic priest and theologian called Ignatius Loyola (1491-1556) had a formal rating system for the members of the Jesuits Society.

Works of Peter Drucker especially management by objectives (MBO) and Harvard Business Review Article in 1950s as well as Douglas McGregor's Theory X and Theory Y in 1960s were the main contributors in shaping the current PM System, Armstrong (2009).

PM is more of a holistic and a continuous process when compared with the PA. The latter is part of the whole process. PA is described by DeNisi and Pritchard (2006) as a discrete, formal, organizationally imposed event which happens on a yearly or half year basis. Lovely Professional University (2011) put the difference saying that PM emphasizes on front end planning instead of looking backward unlike PA and the focus is on an ongoing dialogue instead of appraisal documents and ratings. Armstrong (2009) differentiate PM from that of appraisal by mentioning its inclusion as the day to day and important responsibility of management as whole instead of only HR procedure which in turn let PM to be owned and undertaken by line managers instead of HRD. He also confirmed that the process is a forward-looking process mainly concerned with employees' development and the systems in which employees perform in order to deliver high performance continuously. PM process is not just about looking backwards and improving only registered poor performance.

2.1.2. Purposes of PM

Even if the main purposes for many writers fall into administrative and developmental, others also described it in detail and in a bit different ways. Some of them put the purpose by associating with one major component of the process (e.g. alignment) and others stresses on its final result (better performance).

The importance of putting the purpose of the PM system is therefore accepted by different authors and Collings and McMackin (2017) also ensured saying that organizations that report the highest levels of effectiveness of their PM process, and satisfaction with it, have a clear sense of the purpose of the PM process and this clarity is shared by middle level management, the HR function and the employees

Armstrong (2010) put the purpose of the PM system as a way in which improved performance is obtained from the organization, work groups and individuals by creating a common understanding and by managing the performance of these parties within an agreed framework of the planned goals, performance standards and the requirements of the competencies.

On top of its administrative and developmental purposes, Aguinis (2013) described that the PM has strategic, informational, documentation and organizational maintenance purposes. He argued that it has strategic purpose because it links organizational and individual objectives and it has the purpose of organizational maintenance because the information from the PM process helps to make workforce planning through talent inventory, assess future training needs and evaluate performance achievement at the organizational level.

Most of the organization who applied the PM system use the information from the system for administrative decision making including salary, incentives, promotions, assignments, workforce reduction and only few organizations are using the information from their PM system for developmental purposes to their employees Pulakos (2009), But in other hand she also argued the difficulty of using similar PM system for both administrative and developmental purposes simultaneously. She believes that only one of the purposes is most of the time better fit for the goals and circumstances for a specific organization.

2.1.3. PM Process

2.1.3.1. Prerequisites

Pulakos (2009) stressed the importance of identifying the purpose of the PM system as a prerequisite before designing its processes. She argued that an organization should first identify its purpose saying whether administrative or developmental.

In other hand Aguinis (2013) agreed about the necessity of the prerequisites before starting the PM process. He argues that unless the following two prerequisites are fulfilled

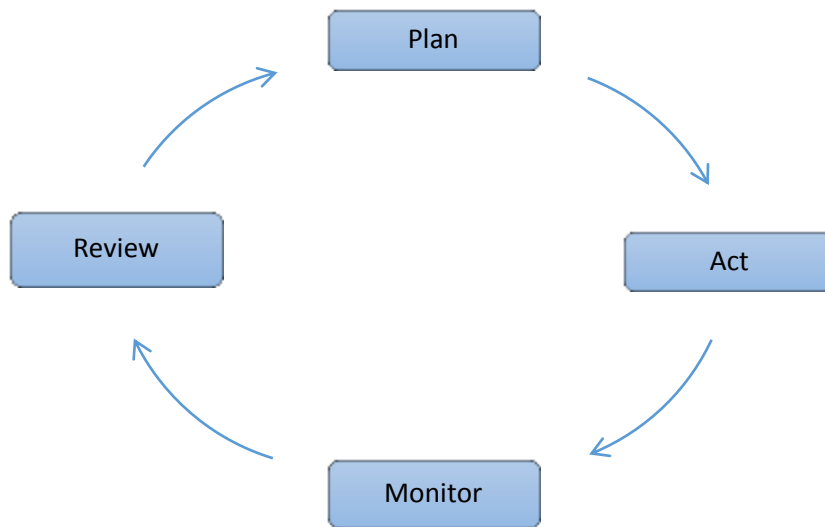
- i. Knowledge of the organization's mission and strategic goals and
- ii. Knowledge of the job in question which should be identified and depicted through the proper job analysis and job description it will be too difficult to achieve the intended purpose from the system.

Markus(2004) also emphasized that it is not only having clear purpose but also having business PM culture where senior managers plays a valuable role, creating the necessary alignment, fairness, meaningfulness, commitment and system integrity are also prerequisites for effective PM system.

2.1.3.2. PM Process Models

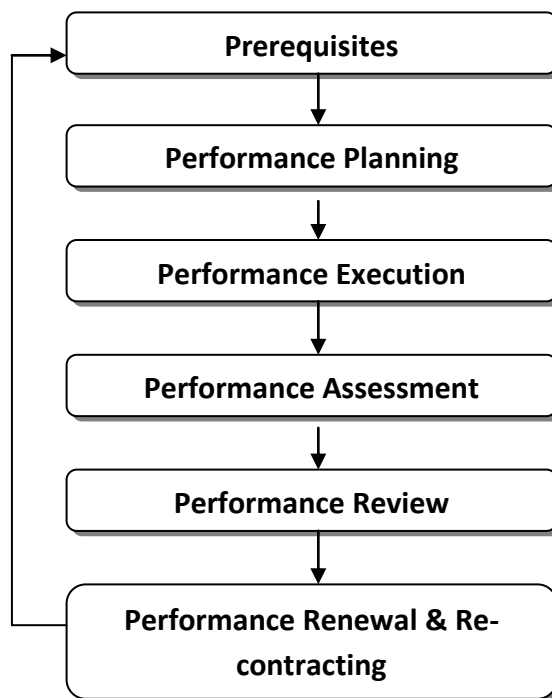
The major performance management process or cycle by Armstrong (2009), Aguinis (2013) and Pulakos (2009) are shown in the below two figures and a table.

Fig. 2.1. Performance Management Cycle



Source: Armstrong, 2009

Fig.2.2. Performance Management Process



Source: Aguinis (2013)

Pulakos (2009) put the PM process model with the following eight steps mainly concentrating on individual PM process

Table 2.1. Performance Management Process

STEPS	PERFORMANCE MANAGEMENT PROCESS
Step 1	Leaders set organization, division, and department goals
Step 2	Managers and employees set objectives and discuss behavioral expectations
Step 3	Managers and employees hold ongoing performance discussions
Step 4	Employees provide input on own perceptions of performance
Step 5	Knowledgeable rating sources provide input on employee performance
Step 6	Managers rate performance
Step 7	Managers and employees hold formal review sessions
Step 8	HR decisions are made—pay, promotions, training, etc.

Source: Pulakos (2009)

Step 3, 4 and 5 are concerned about giving and receiving of regular and constructive feedback between employees and supervisors, employee self assessment practice and the process of obtaining performance feedback from different sources including managers, colleagues, direct reports, and customers which is often referred to as 360-degree feedback.

i. Performance Planning

Source of performance planning is the organizational strategic planning and it is prepared in order to achieve the desired or maximum performance for the organization. The planning process needs an identification and elimination of gaps and constraints, setting goals, making cost benefit analysis, deciding on improvement strategy and publishing of the plan, F. Khourshed (2012).

At an individual level Grote (2002) explained performance planning as the primary function of PM practice and as a meeting between a supervisor and a subordinate to discuss and agree on the individual's major job responsibilities, on the goals and objectives that need to be achieved, on

identification of the required competencies that the individual must have in performing the planned job and on the personal development plan of the employee.

Aguinis (2013) also describes the planning process as a meeting between the supervisor and the subordinate in order to discuss and agree upon what needs to be accomplished (results), how it is to be done (behavior) and required personal development plan. A development planning activity is concerned with identification of areas that need improvement and setting of goals that needs to be achieved in each area in terms of results and behavior.

The planning process on this cycle mainly concerned with agreeing on objectives and on competency requirements, identifying the required behaviors and preparing personal development plans, Armstrong (2010)

ii. Performance Execution

Even if performance execution is mainly the responsibility of the employee which is commitment to goal achievement, the supervisor also has its own role in giving ongoing feedback and coaching and in facilitating and providing the necessary resources and in reinforcing the required behavior and results as well as updating on organizational changes, Aguinis (2013).

Pulakos (2009) described it shortly as an ongoing performance discussion between the managers and employees. During this stage managers are expected to give regular and timely feedback and work together on encountered problems which are not under the control of the employees.

For Armstrong (2010) it seems that the execution process includes both of his steps of acting and monitoring; which are concerned with carrying out the required job to achieve the objectives set from the employee side and monitoring/checking on progress in achieving objectives and responding to new demands on a continuous basis from the supervisor's side.

iii. Performance Assessment

Here it is recommended both parties i.e. the supervisor and the subordinate to fill the assessment form, Aguinis (2013). Pulakos (2009) divided the assessment process into three separate steps which are self rating, rating from knowledgeable sources which is called 360 degree feedback and manager's rating which helps to minimize rater biasness and increase employee's satisfaction by enhancing their perception of accuracy and fairness.

iv. Performance Review

Performance review meeting is an assessment of an employee's work and/or development, undertaken at a fixed point in time, often used to determine the degree to which stated objectives and expectations have been reached, to set down objectives for the future and frequently bearing some relationship to promotion and/or pay rise/bonus prospects, McMahan (2013).

For Grote (2002), it is the final phase where the supervisor and the subordinate discusses and review the past year's performance and it is a meeting where they set the next year's goals, objectives and developments.

Aguinis (2013) described the reviewing process as a meeting between the employee and the manager which helps to give formal positive and constructive feedback about the performance of an employee. He also argues that addressing negative feedback is also crucial in order to keep the moral of top performers and deliver a message for poor performers that mediocrity is not acceptable.

In other hand Collings and McMacking(2017) identified five fundamental activities that should be addressed in the PM process;

1. Creating clear shared understanding of the purpose of PM among the key stakeholders in the process,
2. Giving ownership of the PM process to line management but HR to have the facilitator role
3. Setting goals which are challenging but achievable

4. Giving feedback on a continuous basis and
5. Creating alignment between PM and other HR processes no single HR process can have a significant impact on behavior or results in isolation.

2.1.4. Employees' Participation in Setting their Goals and Objectives

Employees' participation in setting their goals and objectives with consultation to their supervisors plays a paramount role in achieving them at a later stage. Many authors emphasize the importance of a participatory and agreed goal setting process at the beginning of the PM cycle.

Objective or goal setting results is an agreement on what the role holder has to achieve. It is an important part of the PM processes of defining and managing expectations, and forms the point of reference for performance reviews, Armstrong (2010).

Pulakos (2009) stressed that the PM cycle begins with objective setting process usually through the discussion of what is expected of employees in terms of results and behaviors with their managers. This step is important because it helps employees understand what they need to do and requires articulating evaluation standards, which increases the transparency and fairness of the process.

Different scholars agree the objectives to be set based on the principle of SMART (Specific, Measurable, Achievable, Realistic & Time bounded).

2.1.5. Alignment of Individual and Company Goals and Objectives

Schiemann (2009) defined alignment as the extent to which employees are similarly connected to or have a consistent line of sight to the vision and direction of the organization and its customers, often encapsulated within its current strategy.

Organizational alignment, describes how well the organization's vision, mission, and values are aligned throughout the departments and employees in the organization, Silverman and Muller (2009).

Unless organizations linked their organizational goal to the goals of individuals, implementing a sophisticated PM system is going to be waste of time and resources.

An empirical study which included 350 individuals in eight sectors indicated that although there was a good strategic planning process in place in most firms, there was no clear relationship between firm-level and individual-level goals, Aguinis (2013) therefore, he recommended making a conscious effort in cascading down and creating the required linkage between the strategic plan of the organization, departments' and then employees' job descriptions.

Jain and Gautam (2014) also put that a well designed effective PM system can play a vital role in aligning the actions of the employees in an organization for recognizing the crucial corporate goals. PM is a useful tool for aligning all the major organizational functions and sub functions so that the focus is directed towards attainment of the organizational goal.

Armstrong (2009) put some preconditions for the goals to be accepted

- Employees should perceive the goals are fair and reasonable and trust their managers
- There should be arrangements for individuals to participate in goal setting process
- Support should be provided by the supervisor and
- Employees should be provided with the resources required to achieve their goals.

2.1.6.Challenges in PM

Not fully understanding or appreciating its purpose by management and lack of co-operation in its proper implementation from both the management and the employee side are some of the challenges facing organizations in PM, MacMahon (2013).

SHRM report (2017) put that trying to serve too many purposes with the PM system, laying the foundation on mistrust between managers and employees and faulty assumption, emphasizing only on rules and regulation without effective communication and constructive relationship and poorly implementation of the system without even getting buy-in from leaders and employees are some of the challenges in many organizations.

Renwick (2003) evidence suggests that managers often have differing interpretations of HR policies, as they are frequently ill-defined and the managers themselves are inadequately prepared for their implementation.

Role and goal clarity at an employee level, setting targets for employees, putting performance benchmark for employees found at different level, providing the required support for employees and performing other PM related functions are challenging areas of the process, Panda (2011).

One of the challenges in the process of PM is rating errors. Grote (2002) defined rating errors as mistakes in judgment that result from allowing extraneous factors to influence our decisions about the quality of someone's job performance. He put the ten common rating mistakes as follows.

Recency effect: encountered when recently happened events have major influence than important events happened throughout the performance period.

Similar-to-me effect: encountered when supervisors rate or give higher marks for those who resemble themselves when compared to other subordinates.

Stereotyping: Ignoring individual differences in a specific group of employees and treating or seeing all employees in that group similarly.

Halo/horns effect: Encountered when a specific characteristic of an individual used to generalize about all aspects of the individual

High potential error: Encountered when a rater confuses future potential of an employee to his current performance.

Negative and positive skew: To the contrary of the central tendency, this is an error encountered when a supervisor rates all employees on the extremes i.e. rating all employees higher or lower than what they actually deserve.

Past performance error: Encountered when good or bad past performance influence the rating of the current performance.

Attractiveness effect: A tendency of associating personality or physical attractiveness to performance

Attribution bias: is a tendency of association success with the internal factors of the employees and failure to the external factors which are not under their control.

Central tendency: a rating errors occurs when the rater inclines to rate all employees to the middle regardless of their performance result.

First impression error: When the first positive or negative impression that an employee created influence the current performance rating.

2.2. Empirical Review

An empirical survey held by Deloittee (2015) as cited by Rashid (2015) which included Ethiopian senior level managers up to the level of board members from different organizations found out that even if 90% of the respondents rated PM as an urgent or important process of their organization and 66 % of the respondents also rated PM as one of the five most important HR agendas in the short and long term, they in other hand indicated that it was also their number one challenge out of the five types of talent related challenges they have faced which are learning and development, leadership, culture and engagement and reinventing HR.

Alehegn 2017), Abdurezak and Tigist (2019) on their assessment on the PM Practices of Commercial Bank of Ethiopia(CBE), even if they came up with opposing findings regarding individual and organizational goal alignment and on employees understanding of the organization's mission and vision, their findings agree on the existing lack of communication, lack of integration of the system with other HR functions and lack of objective measures. In addition to their positive findings on alignment of goals, employees' awareness of company's vision and mission, agreed goal setting process, Abdurezak and Tigist (2019) in other hand identified additional drawbacks which include lack of regular feedback and coaching, lack of updated job descriptions and poor resource allocation for employees. A study named assessment of prospect and challenges of employee performance management system of CBE which is conducted by Mulu(2016) has also found out that the PM system of the Bank helped to create role clarity and it made employees to be goal oriented, the system enabled the Bank to identify good performers from that of poor performers and created motivation and positive and constructive competition among employees. But in addition to poor resource allocation mentioned above, setting unbalanced goals for similar positions, unfair job rotation, lack of sufficient resource allocation, lack of a system that address underperformance, lack of uniformity in rating are the major drawbacks of the system.

Kebre (2016) on his study regarding PM practices at save the children international Ethiopia country office identified that even if the organization designed a good PM system which incorporates most of the standards suggested by scholars and even if performance planning, agreed goals setting, required competency identification and development planning processes are part of the PM practice at the organization, not putting the right development plan that supports the planned performance, not regularly undertaking the feedback process as per the set standard, not clearly communicating the vision and mission of the organization and not creating the required linkage of goals were the major challenges identified in his research.

Not fully aligning of organizational goal with departmental and individual goals, limited participation of employees in the planning stage, lack of regular feedback, lack of uniformity among departments specially while applying 360 degree feedback gathering process(some strictly apply it and some of them are reluctant), rating biasness, not updating all employees on organizational changes that affect their work were the major findings for Melat (2014) on her assessment of the PM practice and challenges at Ethiopian Management Institute.

In order to identify the practices and challenges of employees' PM and evaluation, a study is undertaken on 40 permanent employees of Gamo Gofa Zone Finance and Economic Development Department by Hika, Feleke and Alemtshay (2017) and they have found out that even if goal setting process is implemented, in addition to unclear purposes of the process, subjectivity, biasness and lack of participation and lack of coordination between managers and employees were the major challenges.

On their study of results based PM practices and challenges in the Ethiopian public sector, Tesfaye and Atakilt (2012) found out that among other drawbacks lack of accountability and lack of competency of senior management were the main challenges identified in their research.

Problems in alignment of goals and objectives, lack of employees participation in the performance management process, lack of the required skills in setting objectives which are SMART, in delivering constructive feedback and in coaching employees, not having common

ground regarding the purpose of the PM, taking self assessment only as a formality from the management side and not associating the result of the PM with the reward system of the organization were also the main drawbacks found by Selamawit (2016) on her assessment of Employees' PM System of Hilton Hotel Addis Ababa.

On his assessment of the PM practice of management Science for Health (MSH) Ethiopia office, Ibrahim (2013) found out that even if employees are well aware of the organizational strategy including its mission, vision, values and strategic objectives and even if performance planning is conducted in a proper way, performance review and associated training and development as well as reward systems are the main drawbacks of his findings. The unnecessary intervention of top management specifically on review process, a training which doesn't help employees in improving their performance as well as the benefit package which is not valued by employees are the major reasons for the problems. The study also identified the absence of frequent and timely feedback and an assessment or evaluation that does not base the agreed goals at the planning stage or that does not match with the job of an employee.

2.3. Conceptual Framework

Basing the reviewed literatures, the below conceptual framework is developed on the processes of PM. The framework consists of the six major pillars in the PM processes which are known as prerequisites, performance planning, performance execution, performance assessment, performance review and post review decisions. The prerequisite stage is concerned about putting clear purpose of the process, clarifying and communicating the organization's strategic goals and mission, having the right knowledge about what is to be accomplished and it is also concerned with creating a culture that supports the PM system. Agreeing on expectations, aligning of individual and organizational goals, identifying required competencies and setting personal development plan are major issues in the stage of performance planning. In addition to the commitment from each employee towards goal achievement performance execution is concerned about an ongoing feedback & coaching, resource allocation, reinforcing and updating employees on organizational changes. Self assessment, 360 degree feedback, manager's rating, positive & constructive feedback, clarifying on consequences of the results and creating an appeal system

are major activities at the performance assessment and review stages. The administrative and or developmental decisions are the final stages in the process.

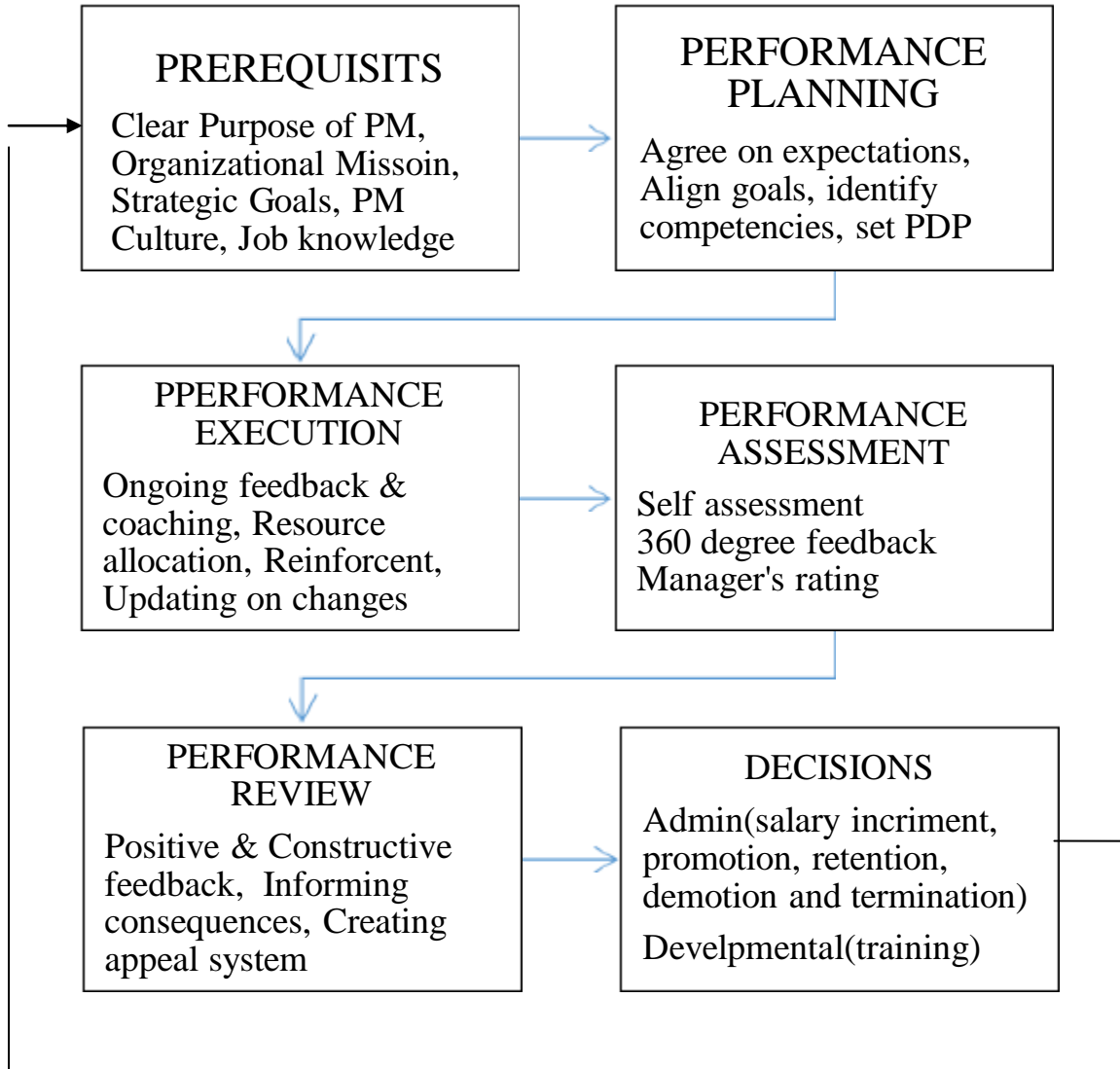


Fig. 2.3. Conceptual Framework

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

In this chapter the type of the research design, the methodological approach, and the data type used, the sources for those data with the method of collection are described. In addition, the target population and the sample design (to determine the sample size and the sampling technique) and the method of data analysis and presentation used, the types of the validity and reliability tests made are also discussed in detail.

3.1. Research Design and Approach

Since the purpose of the study is to show the employees' PM practice that exists or implemented at Ries Engineering S.C, the design of the research is descriptive in its type.

The purpose of this study is to show or assess the employees' PM practice that exists or implemented at Ries Engineering S.C. Therefore the ideal research design to be used in this study will be a descriptive type of research. A descriptive research has an aim of attempting to systematically describe a situation or phenomenon, a problem, any service or program or it used to provide information about, for example, the living condition of a community or it helps to describe attitudes towards an issue, Goundar (2012).

The methodological approach for this research is both quantitative and qualitative or mixed research type. Quantitative research bases the measurement of quantity or amount and it is expressed or described in terms of one or more quantities but qualitative research in other hand is concerned with qualitative phenomenon involving quality and it is a non-numerical, descriptive which applies reasoning to get the meaning, feeling and uses words in order to describe the situation, Goundar (2012). A study by Save the children and The Open University (n.d.) showed that using mixed research helps to give a broad understanding of the research subject and it allows to triangulate or compare the findings which in turn has an advantage of strengthening the validity of the research.

3.2. Data Types, Sources, and Method of Data Collection

Both quantitative and qualitative types of data are used. The researcher collected data both from primary and secondary sources. Questionnaires are filled by the selected employees at all level and semi-structured interview which mainly was undertaken concentrating on supervisory level staffs at HRD is also served as source of primary data. PM activity related documents are also used as a source of secondary data for this research project. The questionnaire used is adapted from a related former research made by Selamawit (2016) with the necessary amendment.

3.3. Target Population and Sample Design

3.3.1. Target Population

The target populations of this research project are permanent employees of Ries Engineering S.C. found at the Head office. As per the data from the HR department of the company, the numbers of permanent employees at the Head office are currently 275.

3.3.2. Sample Design

3.3.2.1. Sample Size

In order to determine the sample size from the target population, the researcher has used Yamane (1967) simplified sample size calculating formula (for a 95% confidence level, a 0.5 level of population variability and $\pm 10\%$ precision levels.) which is

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

Where **n** = represents the sample size,

N = represents the size of the population and

e = represents the level of precision.

Therefore, based on the above formula the number of sample size used in this research project are

$$n = \frac{275}{1+275(.1)^2} = 73$$

3.3.2.2. Sampling Techniques

In order to gain representative respondents the researcher used a probability sampling technique mainly stratified random sampling and divided the population in to two strata called supervisory and non-supervisory employees. Out of the total 275 employees 42 are with supervisory titles and the remaining 233 employees are with non-supervisory posts. Therefore, the number of respondents from each stratum is allocated proportionally i.e. as mentioned above the required number of sample size is 73 and the total population is 275 therefore out of this $11 \left(\frac{42}{275} * 73 \right)$ respondents are used from supervisory level employees and $62 \left(\frac{233}{275} * 73 \right)$ respondents are used from non-supervisory level employees. In addition systematic random sampling is applied to select the respondents from each stratum.

The researcher believes that since simple descriptive statistics mainly mean and standard deviation are used, he made the sample size with the 10% precision level which is also supported by Israel (1992) on the Florida University Fact Sheet saying that unless multiple regression, analysis of covariance, or log-linear analysis is made, for a descriptive statistics like mean, frequencies, standard deviation nearly any sample size as per the sample size formula will be sufficient.

3.4. Method of Data Analysis and Presentation

Both quantitative and qualitative data analysis method is used. Quantitative data analysis method is used mainly for the questionnaires which are filled by the selected employees. Mainly frequencies and simple descriptive statistical techniques including mean and standard deviation produced by SPSS (Statistical Packages for the Social Sciences) analysis software is used. Tabulation is used to depict the results clearly. In other hand qualitative type of data analysis method is applied for the data which are collected through semi-structured interview.

3.5. Ethical Considerations

While undertaking the research project, the required preparation is made in advance. Willingness of the respondents is put prior to the data collection process. Identities of participants is not

included and will not be by any means could be exposed and the information collected will be kept confidential and will only be used for its intended purpose.

3.6. Reliability and Validity of the Questionnaires

Validity is the extent to which the instrument measures what it purports to measure and reliability is the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials, Bhattacharyya et al.(2017).

In order to ensure the validity and reliability of the questionnaire the researcher consulted with knowledgeable professionals in the field including his advisor and let the questionnaire be tested by different groups including staff members of the company before the actual collection process is undertaken. In addition the researcher took the responsibility of distributing and collecting the questionnaires filled by his own.

In other hand, a reliability test is undertaken on SPSS software based on the Cronbach's Alpha as shown in the table below and has got a total of an alpha (α) value of 0.928.

Table 3.1. Reliability Score for total questions

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.928	.928	35

Table 3.2. Reliability Score for major variables

	Cronbach's Alpha Based on Standardized Items	N of Items
Purpose of PM	.678	3
Alignment of PM	.807	5
PM Planning	.807	6
PM Execution	.836	7
Assessment of Performance	.709	7
Performance Review	.849	7

Alpha values above 0.7 are generally considered acceptable and satisfactory; above 0.8 are usually considered quite good, and above 0.9 are considered to reflect exceptional internal consistency Cronbach, (1951) as cited on Haradhan (2017).

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

As mention on the methodology part of the paper the researcher adopted and modified a questionnaire which included thirty five questions mainly concentrating on the major parts of performance management processes including its purpose, alignment, planning, execution, assessment and review parts of the process. The researcher expected a 10% non respondent rate and distributed 81 questionnaires 73(1-.1) and could manage to get a 100% response rate.

Unstructured interview is also prepared and interview is conducted with a senior HR officer in the organization which in addition to the above processes included the main challenges the company is facing in conducting the performance management system.

While reporting, in addition to the frequencies and the percentage representations the researcher also used the below mean score interpretation by Moidunny (2009) as sited by Izham and Mansor (2016)

Table 4.1. Mean Score Interpretation

S.No	MEAN SCORE INTERPRETATION	
	Mean Score	Interpretation
1	1.00-1.80	very Low
2	1.81-2.60	Low
3	2.61-3.20	Medium
4	3.21-4.20	High
5	4.21-5.00	Very High

Source: Moidunny (2009)

4.2. Demographic Characteristics

Table 4.2. Demographic Characteristics

S.N	VARIABLES	FREQUENCY	PERCENT	CUMULATIVE PERCENT	
1	GENDER OF RESPONDENTS	Male	49	67.1	67.1
		Female	24	32.9	100
		Total	73	100	
2	AGE OF RESPONDENTS	21-30 Years	16	21.9	21.9
		31-40 Years	33	45.2	67.1
		41-50 Years	19	26	93.2
		Above 50 Years	3	4.1	97.3
		Missing	2	2.7	100
		Total	73	100	
3	EDUCATIONAL LEVEL OF RESPONDENTS	Msc/MA & Above	7	9.6	9.6
		BSC/BA	48	65.8	75.3
		Diploma	6	8.2	83.6
		High School & Below	12	16.4	100
		Total	73	100	
4	YEARS OF SERVICE IN THE COMPANY	Less than 1 Year	3	4.1	4.1
		1-5 Years	31	42.5	46.6
		6-10 Years	16	21.9	68.5
		Above 10 Years	22	30.1	98.6
		Missing	1	1.4	100
		Total	73	100	

Source: Own Survey, 2020

As per the table above from the total 73 participants of the study 49 or 67.1% of them are male respondents and the rest 24 or 32.9% of them are female respondents. Among the participants those who are within the age group of 41-50 cover the highest number of the respondents representing 33 or 45.2% and those who are above 50 years represent the smallest group of the respondents which are 3 in numbers and represent only 4.1% of the total number of respondents. When we see the educational background of the participants of this study, the highest number which is 48 or 65.8% of them have got their BSC/BA Degree. In terms of work experience even if those who served from 1-5 years represent the highest number which is 31 or 42.5% of the

total respondents, in total those who served the company for over 5 years represent 38 or 52.1% of the total respondents. In other hand those who served the company for less than 1 year are only 3 in numbers which covers only 4.1% of the total respondents.

Therefore, from the above evidence it can be concluded that the study mainly covers those who are in the age group of 31-40 years of old, with educational level of BSC/BA degree and who worked in the company for over 5 years which in other hand implies that there is no knowledge gap in understanding the questions and the years of work experience they have in the organization contributes positively on the reliability and validity of the responses obtained.

4.3. Purpose of the Performance Management

Table 4.3. Purpose of the performance management

S.NO	QUESTIONS	FREQUENCIES	LEVEL OF AGREEMENT					Missing	TOT.	STATISTICS	
			SD	D	N	A	SA			MEAN	ST.DEV
1	I know the purposes of the performance management system of the Company	FREQUENCY	4	11	10	34	14	0	73	3.68	1.189
		PERCENT	5.5	15.1	13.7	46.6	19.2	0	100		
2	The information from Performance Management system of the company is used for the purpose of making administrative decision such as salary adjustment, promotion, retention, demotion and termination	FREQUENCY	1	18	12	33	9	0	73	3.51	1.12
		PERCENT	1.4	24.7	16.4	45.2	12.3	0	100		
3	The information from Performance Management system of the company is used for the purpose of identifying employees' training and developmental needs	FREQUENCY	7	13	16	27	9	1	73	3.32	1.336
		PERCENT	9.6	17.8	21.9	37	12.3	1.4	100		
	Group Mean									3.5	

Source: Own Survey, 2020

As shown in the literature part of the article, knowledge of the purpose of the performance management system plays a crucial role for its success. Accordingly in order to ensure their awareness employees are asked whether they knew what purpose does the performance management system of their company serve. Accordingly even if 20.6%(15) in number of the respondents didn't know the purpose of their company performance management system, majority of the respondents which represented 65.75% (48) in number are aware of the purpose of the performance management of their company which is also reflected by the mean value of 3.68 and standard deviation of 1.189.

When we came to the specific purpose of the performance management system 57.5%(42) in number said that the information from the performance management system of the company is used for the purpose of making administrative decisions such as salary adjustment, promotion, retention, demotion and termination which is more than that of the 49.3% (36) in number respondents who have said that the information from the performance management system of the company is used for the purpose of identifying employees' training and developmental needs.

The mean values of 3.51 and 3.32 and standard deviation values of 1.12 and 1.336 also ensures that over average of the respondents do have more or less similar responses with minor differences.

But still those respondents who are disagreeing on the application of the performance management result for both administrative and developmental purposes represent 26% (19) in number and 27.4% (20) in number which are also not negligible figures.

From the mean score of the responses we can say that employees are well aware of the purpose of the performance appraisal and most of them confirmed that the performance management result is mainly used for administrative purposes. In general the 3.5 group mean shows that employees do have the required awareness about the purpose of the performance management system.

As per the interview conducted the senior HR officer also confirmed that even if the performance management system was initially developed for training and developmental purposes, through

time especially following the high living cost of employees due to the higher inflation and other pushing factors created in the country, the management decided to make the performance management process every quarter and to use the result from the process to incentivize its employees on a monthly basis. Following this decision the concentration has shifted from developmental to administrative purpose and the developmental purpose became limited to only employees of operational departments specifically for sales and maintenance staffs who are found in the three product lines of the organization called Caterpillar, Ford and Messy-Ferguson (Agricultural Tractors).

4.4. Alignment of Individual and Company Goals and Objectives

Table 4.4. Alignment of individual and company goals and objectives

S.N O	QUESTIONS	FREQUEN CIES	LEVEL OF AGREEMENT					TO T.	STATISTICS	
			SD	D	N	A	SA		MEA N	ST.DE V
1	I am aware of company and departmental goals and objectives	FREQUENCY	1	20	0	33	19	73	3.67	1.179
		PERCENT	1.4	27.4	0	45.2	26	100		
2	Performance goals and objectives of my department are linked with the company goals and objectives.	FREQUENCY	11	49	6	3	4	73	2.18	0.933
		PERCENT	15.1	67.1	8.2	4.1	5.5	100		
3	My performance goals and objectives are linked to the goals and objectives of the organization	FREQUENCY	12	47	5	5	4	73	2.21	0.985
		PERCENT	16.4	64.4	6.8	6.8	5.5	100		
4	I am aware of how my performance affects the goals and objectives of my department and my organization.	FREQUENCY	12	45	6	6	4	73	2.25	1.011
		PERCENT	16.4	61.6	8.2	8.2	5.5	100		

5	My supervisor has the required skill and attitude in aligning my goals and objectives with my departmental goals and objectives	FREQUENCY	15	38	7	6	7	73	2.34	1.181
		PERCENT	20.5	52.1	9.6	8.2	9.6	100		
Group Mean									2.53	

Source: Own Survey, 2020

As discussed earlier alignment is one of the major activities of the performance management process. The performance management process is used as a bridge to connect the strategic goals and objectives of the company to the strategic goals and objectives of departments and individuals. If the necessary alignment is not made at the beginning of the process, the whole process lacks its meaning and it will be waste of time and resources.

Therefore, in order to investigate the alignment process the above five questions are prepared and requested.

The first question is concerned to identify whether employees are aware of company and departmental goals and objectives. According to the responses found majority of the respondents which represent 71.2% or 52 employees are aware but 28.8% or 21 respondents are not aware of the goals and objectives of their company as well as their department.

Out of the total respondents 82.2% or 60 employees do disagree about the alignment of their department performance goals and objective to the performance goals and objectives of their company. Seven employees who represent 9.6% of the respondents do in other hand agree that the departmental goal and objective of the company is aligned with the goals and objectives of the organization and the rest 6 employees which represent 8.2% of the respondents positioned themselves as neutral.

When asked whether their performance goals and objectives are linked to the goals and objectives of the organization still 59 employees which represent 80.8% of the respondents said that their performance management goals and objectives is not aligned with the goals and

objectives of the company. 12.3% or 9 respondents confirmed its alignment and the rest 6.8% or 5 respondents are on a neutral position.

In addition even if 10 employees who represent 13.7% said that they are aware of how their performance affect the performance of their company as a whole majority of the respondents who represent 78 % or 57 of the respondents confirmed that they are not aware of how their performance affects the performance of their company.

The last question is about their supervisor skill and attitude in aligning their performance goals and objectives to the goals and objectives of the department as well as to the goals and objectives of the company and only 17.8% or 13 employees do agree but still 53 respondents or 72.6% do not agree that their supervisor has the necessary skill and attitude in doing the required alignment.

From the mean score we can infer that even if the employees have a good knowledge of their company and departmental goals and objectives, it seems that a lot of effort is required from the management side in making the necessary alignment of employees goals and objectives with the goals and objectives of their department as well as the company goals and objectives. When making the necessary alignment we can also create an understanding on how their performance affects the goals and objectives of their department as well as their company as a whole.

4.5. Performance Planning

Table 4.5. Performance Planning

S.NO	QUESTIONS	FREQUENCIES	LEVEL OF AGREEMENT					TOT	STATISTICS	
			SD	D	N	A	SA		MEAN	ST.DEV
1	The process and objectives of performance management are described clearly to me	FREQUENCY	17	40	4	8	4	73	2.21	1.092
		PERCENT	23.3	54.8	5.5	11	5.5	100		
2	My organization performance management system	FREQUENCY	9	41	7	9	7	73	2.51	1.156

	helps me set challenging but achievable and meaningful goals	PERCENT	12.3	56.2	9.6	12.3	9.6	100		
3	I have well defined job description and I know what is expected from me in advance in terms of result (what is expected of me) and behavior (how should I do my job)	FREQUENCY	6	12	3	37	15	73	3.59	1.223
		PERCENT	8.2	16.4	4.1	50.7	20.5	100		
4	My supervisor let me participate or asks my opinion when setting my performance goals and objectives	FREQUENCY	3	41	6	20	3	73	2.71	1.047
		PERCENT	4.1	56.2	8.2	27.4	4.1	100		
5	In the performance planning process, I do discuss with my supervisor about my strengths and weaknesses freely and set together my personal development plan	FREQUENCY	8	38	3	19	5	73	2.66	1.181
		PERCENT	11	52.1	4.1	26	6.8	100		
6	My supervisor has the required skill and attitude in performance planning including clearly communicating the process and what is expected of me, setting SMART (Specific, Measurable, Achievable, Realistic and Time Framed) objectives for me and putting my personal development plan	FREQUENCY	4	47	7	13	2	73	2.48	0.944
		PERCENT	5.5	64.4	9.6	17.8	2.7	100		

Group Mean		2.69	
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Source: Own Survey, 2020

Regarding performance planning six questions were prepared and responses are collected. The first question is regarding whether the performance management process and objectives are clearly described to the employees and I have found out that 16.5% or 12 employees agree and 78.7% or 57 employees displayed their disagreement.

The second question which is concerned about setting a challenging, achievable and meaningful goals and objectives 68.5% or 50 employees said that the performance management system didn't help them in setting such a goal but 21.9% or 16 employees confirmed that the system helped them in setting such a goal.

In other hand even if 24.6% or 18 employees disagreed, 71.2% or 52 respondents said that they I have well defined job description and they know what is expected from them.

When asked about their participation in setting their goals and objectives, 44 employees represent by 60.3% of the respondents disagree and 23 or 31.5% confirmed or agreed their participation.

Even if a significant number of respondents which are 24 or 32.8% confirmed that they do discuss and set goals, 53.1% or 46 of the respondents ensured that they don't discuss with their supervisor about their strengths and weaknesses freely and they don't set their developmental goals being with their supervisor in the performance planning process.

The last question is regarding the skill of their supervisors in the planning process and 69.9% or 51 employees disagreed and 20.5% or 15 employees agreed that their supervisor is equipped with the necessary skill of planning including clearly communicating the process , setting SMART objectives and communicating what is expected of them,

From the above findings it is obvious that majority of the employees do have a well defined job description and most of them know what is expected of them. In other hand even if there is some

kind of agreement on setting goals and personal developmental plans being with their supervisor clear communication about the performance management process, setting SMART objectives and lack of the required skill from the supervisors' side in the planning process are the major problems identified from the respondents.

The officer also mentioned that the communication means is not continuous and as per the required level and currently it is mainly through the induction training of new joiners that the organization formally tries to communicate its mission, vision, goals and objectives and its PM process.

4.6. Performance Execution

Table 4.6. Performance Execution

S.N O	QUESTIONS	FREQUEN CIES	LEVEL OF AGREEMENT					TOT	STATISTICS	
			SD	D	N	A	SA		MEA N	ST.DE V
1	My supervisor usually gives me positive and constructive feedback on my progression towards the goals and objectives set in terms of results, events, critical incidents and significant behaviors.	FREQUENCY	2	21	9	29	12	73	3.38	1.15
		PERCENT	2.7	28.8	12.3	39.7	16.4	100		
2	I can give my opinion (feedback) to my supervisor freely	FREQUENCY	2	13	4	34	20	73	3.78	1.121
		PERCENT	2.7	17.8	5.5	46.6	27.4	100		
3	My supervisor teaches me or gives me training whenever necessary	FREQUENCY	2	23	5	32	11	73	3.37	1.161
		PERCENT	2.7	31.5	6.8	43.8	15.1	100		
4	My supervisor facilitates and provides the	FREQUENCY	1	27	11	26	8	73	3.18	1.097

	necessary resources for accomplishing my objectives	PERCENT	1.4	37	15.1	35.6	11	100		
5	My supervisor updates me on organizational changes that affect my performance	FREQUENCY	3	32	5	27	6	73	3.01	1.149
		PERCENT	4.1	43.8	6.8	37	8.2	100		
6	My supervisor encourages (reinforces) required behavior and results	FREQUENCY	3	21	4	37	8	73	3.36	1.135
		PERCENT	4.1	28.8	5.5	50.7	11	100		
7	My supervisor has the right skills and attitudes required for managing performance throughout the year by monitoring my performance against the plan, by providing ongoing feedback and coaching, by facilitating the required resources.	FREQUENCY	2	33	6	24	8	73	3.04	1.16
		PERCENT	2.7	45.2	8.2	32.9	11	100		
	Group Mean								3.3	

Source: Own Survey, 2020

When we come to the performance execution part of the performance management process, the researcher asked seven related question and presented the findings as follows.

Even if 23 31.5% of the employees disagree 41 or 56.1% of the employees do agree that their supervisors gives them positive and constructive feedback.

Regarding their ability in giving their opinion or feedback freely to their supervisor, 74% or 54 employees have said that they are free but 15 employees or 20.5% of the respondents said that they cannot give their opinion and feedback freely.

When asked the level of agreement they have on whether they get the required coaching from their supervisor whenever necessary, even if 25 or 34.2% of the respondents disagree 43 or 58.9% of the respondents agreed that they get the required coaching from their supervisor.

When asked whether their supervisor facilitates and provides the necessary resources for accomplishing their objectives 28 or 38.4% announced their disagreement and 34 employees or 46.6% reflected their agreement.

Regarding updates on organizational changes that affect their performance, the agreement and disagreement level seems similar. When 35 employees or 47.9% of the respondents disagreed 33 or 45.2% of the respondents in other hand reflected their agreement.

About reinforcement, 45 or 61.7% of the respondents confirmed or agreed that their supervisors do encourages them when reflecting required behavior and results and 24 or 32.9% of the respondents said that their supervisor do not encourage them when performing as per the requirement.

When we come to the skill of their supervisor regarding the process on execution, even if 35 of the respondents disagree 32 of them in other hand agree that their supervisors have the required skill which represents 47.9% and 43.9% respectively.

In general the mean score values ranging from 3.01-3.78 tells us that the execution part of the performance management process seems somehow positive when compared to other processes. Even if it is not at the highest level, majority of employees somehow agreed that there is a positive and constructive feedback giving and receiving process, provision of the necessary coaching, support and reinforcement from their supervisors.

4.7. Performance Assessment

Table 4.7. Performance Assessment

S.N O	QUESTIONS	FREQUEN CIES	LEVEL OF AGREEMENT					ToT .	STATISTICS	
			SD	D	N	A	SA		MEA N	ST.DE V
1	My performance assessment covers those issues which	FREQUENCY	3	18	7	32	13	73	3.47	1.168

	are very important in performing my job	PERCENT	4.1	24.7	9.6	43.8	17.8	100		
2	At the performance assessment stage, my supervisor let me evaluate myself first by filling self appraisal form	FREQUENCY	15	40	5	9	4	73	2.27	1.096
		PERCENT	20.5	54.8	6.8	12.3	5.5	100		
3	During an assessment time information about my performance is collected from different sources including peers or work colleagues, subordinates, and customers	FREQUENCY	10	29	7	20	7	73	2.79	1.258
		PERCENT	13.7	39.7	9.6	27.4	9.6	100		
4	My supervisor rates me average even if my performance clearly warrants a substantially higher or lower rating.	FREQUENCY	13	26	4	19	11	73	2.85	1.391
		PERCENT	17.8	35.6	5.5	26	15.1	100		
5	Recently happened events have more influence on the rating than major events of the past months	FREQUENCY	5	32	6	23	7	73	2.93	1.194
		PERCENT	6.8	43.8	8.2	31.5	9.6	100		
6	Even if my performance is higher, my supervisor gives me similar rating (mark) with other employees in the department	FREQUENCY	12	30	9	18	4	73	2.62	1.186
		PERCENT	16.4	41.1	12.3	24.7	5.5	100		
7	My supervisor usually gives me	FREQUENCY	14	28	7	20	4	73	2.62	1.232

higher rating regardless of my actual performance result	PERCENT	19.2	38.4	9.6	27.4	5.5	100		
Group Mean								2.79	

Source: Own Survey, 2020

Performance Assessment is one major part of the performance management process where mainly supervisors collect data from their employees as well as from those who are outside and inside their department including customers who are knowledgeable about the performance of those employees. This process is essential step in avoiding biasness from the supervisor's side and it also make employees to be rational about their own performance and minimize unnecessary confrontation at the review stage later. Therefore, in order to identify whether this process is handled as required seven related questions are prepared and forwarded to the employees.

The first request is concerned whether the assessment process covers those issues which are very important in performing their job and out of the total respondents 45 employees who represent 61.6 % of the respondents confirmed that it covers issues which are very important and 21 employees representing 28.8% reflected their disagreement.

Only 13 employees representing 17.8% agreed that at the performance assessment stage, their supervisors let them evaluate or give opinions about their own performance but majority of the respondents 75.3% or 55 ensured that they are not given an opportunity to given their opinion or evaluate themselves.

During the assessment period, 53.4% or 39 employees said that no information about my performance is collected from different sources including peers or work colleagues, subordinates, and customers but 37% or 27 employees said that 360 degree evaluation is made during the assessment period.

From supervisors' rating errors even if more numbers disagree on the availability of the central tendency, recency, positive and negative skewness types of rating errors representing 53.4%(39 in n), 50.6%(37 in n), 57.5%(42 in n), and 57.6%(42 in number) respectively, those who believe

the availability of the above rating errors are also significant in numbers representing 41.1%(30 in n), 41.1% (30 in n), 30.2%(22 in n) and 32.9%(24) respectively.

From the mean score values of the responses regarding performance assessment, most employees expressed their disagreement (with mean score value of 2.27) regarding self appraisal process. They in other hand expressed (with a mean score value of 3.47) their agreement saying that the performance assessment covers those issues which are very important in performing their job. Employees do somehow agreed on the practicability or availability of other assessment processes including 360 degree appraisal, central tendency, recency and positive and negative skewness rating errors.

4.8. Performance Review

Table 4.8. Performance Review

S.N O	QUESTIONS	FREQUEN CIES	LEVEL OF AGREEMENT					TOT.	STATISTICS	
			SD	D	N	A	SA		MEAN	ST.DE V
1	My performance is reviewed based on the agreed goals and objectives with my supervisor at the beginning of the performance planning stage about results and behaviors	FREQUENCY	14	44	2	13	0	73	2.19	0.952
		PERCENT	19.2	60.3	2.7	17.8	0	100		
2	At the review stage my supervisor and I will have a meeting for formal feedback on my performance	FREQUENCY	16	56	0	1	0	73	1.81	0.49
		PERCENT	21.9	76.7	0	1.4	0	100		
3	I fully participate in the review process and I feel free to	FREQUENCY	4	30	3	27	9	73	3.1	1.227

	express to my supervisor, my disagreement regarding the appraisal decisions	PERCENT	5.5	41.1	4.1	37	12.3	100		
4	I discuss with my supervisor about my achievements on my goals and objectives and on my future goals and personal development plans	FREQUENCY	5	33	5	24	6	73	2.9	1.18
		PERCENT	6.8	45.2	6.8	32.9	8.2	100		
5	When disagreements created with my supervisor regarding the review result, I can request an appeal and there is a possibility of correctional action when required	FREQUENCY	11	59	0	3	0		1.93	0.551
		PERCENT	15.1	80.8	0	4.1	0			
6	My supervisor informs me what I am going to get or miss because of my past performance result	FREQUENCY	14	56	1	2	0	73	1.88	0.551
		PERCENT	19.2	76.7	1.4	2.7	0			
7	My supervisor has the right skill and attitude in conducting formal review meeting, providing formal and constructive feedback and in listening my ideas and issues	FREQUENCY	6	29	9	23	6	73	2.92	1.176
		PERCENT	8.2	39.7	12.3	31.5	8.2	100		
Group Mean									2.39	

Source: Own Survey, 2020

Reviewing employees' performance is one of the final steps in the PM process. Since the result of this stage is a base for any kind of administrative as well as developmental actions, a great amount of emphasis and care should be given. Therefore, in order to identify whether the available reviewing process is undertaken properly seven questions were prepared and employees' level of agreement is collected.

At this stage 79.5% or 58 employees reflected their disagreement and said that the performance review with their supervisor is not as per the agreed goals and objectives set at the planning stage. But only 13 employees representing 17.8% ensured that the review is based on the agreed goals and objectives.

Even if 46.6% or 34 employees confirmed their participation in the review stage and confirmed that they feel free to express their disagreement to their supervisor regarding the appraisal decisions, in other hand 98.6% or 72 employees ensured that there is no formal meeting with their supervisors for formal feedback at this stage.

Employees representing 52% or 38 in number said that they don't discuss with their supervisor about their achievements on their goals and objectives and on their future goals and personal development plans. 30 employees or 41.1% of the respondents in other hand expressed their agreement.

It is only 3 employees representing 4.1% who have said that there is a formal appeal process if disagreements are created about the review decisions but the rest representing 95.9% or 70 employees disagreed. But in contrast to this finding the officer mentioned that there is an appeal system and employees can appeal first to their own department but if not solved HR will interfere with an observer and its responsibility is only limited to facilitating a discussion platform for both the employee and the supervisor

Most of the employees representing 95.9% or 70 employees also confirmed that their supervisors do not inform them what they are going to get or miss because of their past performance result.

Even if significant number of respondents representing 39.7% or 29 employees reflected their agreement, respondents representing 47.9% or 35 employees disagreed with the skill and attitude of their supervisors in handling the review process including the feedback handling.

4.9. Main Challenges of PM

As per the interview conducted, diverting the main purpose of the performance management from developmental to admin mainly to incentive related purpose brought increment in unproductive payroll cost. Majority of the supervisors or managers do give unrealistic or high results for almost all employees including poor performers, which in other hand is creating dissatisfaction among top performers.

Lack of controlling mechanism for HR in checking the proper implementation of the performance management process; limiting its role only on checking whether both parties (employees and supervisors) sign on the review paper and whether the necessary explanation is given for over and under average performers. is also the major challenge encountered in PM process.

Lack of formal and ongoing trainings to supervisors which is intended to enhance their skill and attitude in properly handling the PM processes are major challenges associated with the PM process of the organization.

4.10. Summary of Group Mean

Table 4.9. Summary of Group Mean

S.No	PM processes	Group Mean
1	Purpose of Performance Management	3.5
2	Alignment of Individual and Company Goals and Objectives	2.53
3	Performance Planning	2.69
4	Performance Execution	3.3
5	Performance Assessment	2.84
6	Rating Errors	2.76
7	Performance Review	2.39

Source: Own data 2020

As shown in the table above even if rating errors is included in the assessment part of the questionnaire for the sake of simplicity, I have separately put the group mean of the rating errors from other questions in the assessment part. In addition, I have analyzed the above group means starting with those with the high score first and those with the low score last.

From the summary group mean shown above item number 1 or purpose of performance management and item number 4 performance executions have got a high level group mean scores. Item number 3 and 5 which are Performance planning and performance assessment have got a medium level group mean scores and item number 2 and 7 which are concerned about alignment of individual and company goals and objectives and performance review have got minimum or low group mean scores.

From the group mean of item number 1 and 4 which are 3.5 and 3.3 respectively, we can conclude that employees are well aware of which purpose does their organization performance management system mainly serves and at the stage of execution delivering positive and constructive feedback and coaching, providing employees with the necessary resources that help them accomplish their objectives, updating organizational changes and reinforcement of required behavior and results are practical.

Group mean score of item number 3 and 5 which are 2.69 and 2.84 respectively tells us that performance management processes at the planning and assessment stages are at a medium level.

Even if some of the activities at the planning stage specifically communicating employees about the PM process, setting challenging, achievable and meaningful objectives, developing personal development plan has got low mean scores, in general when we see the group mean of 2.69 it tells us that somehow other activities in this stage like letting employees know what is expected of them, considering opinions of employees and having discussion at the planning stage while setting goals and objectives are practiced.

At the assessment stage except the self assessment practice which has a low mean score of 2.27, the process somehow covers those issues which are very important and somehow information about the employees' performance is collected from different sources including peers or work colleagues, subordinates, and customers.

But in other hand the group mean score of 2.76 in item number 6 which is mainly concerned about rating errors shows the availability of biasness from the supervisors' side in rating their employees.

Group mean score of item number 2 and 7 are low and represent 2.53 and 2.39 respectively which shows that in general the alignment of individual and company goals and objectives as well as the review process are the main challenging areas of the performance management process of the organization

At the alignment stage even if employee are aware of company and departmental goals and objectives, they in other hand are not aware of how their performance affect the performance of the organization and do not agree on the alignment or linkage of their goal and objectives with the goals and objectives of their department as well as their company.

Similarly at the review stage the mean score of 2.39 tells us that performance is not reviewed based on the agreed goals and objectives with their supervisors at the beginning of the performance planning stage, no formal feedback meeting is available, no appeal process or system is implemented. Communications in letting employees know what they are going to get or miss because of their past performance is limited.

In other hand even if the group mean is low for the total review process, employees specifically mentioned that they do participate in the review process and they feel free to express their disagreement regarding their review result to their supervisors.

They also mentioned that they do discuss with their supervisor about their achievements on the goals and objectives and on their future goals and personal development plans which opposes the findings of a related question at the planning stage of the process.

Finally in order to see the skill and attitude of supervisors at all stages of the process mean of mean or average mean is calculated by adding all the mean scores in each PM process. Accordingly a mean score of 2.7 is obtained which shows somehow the supervisors have some skills and attitudes in handling the PM process but it is not at the required level.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

In chapter four analysis of the questionnaires is made and the data found from the questionnaire and interview are presented.

In this chapter, summary of the findings will be discussed and conclusion and recommendations will also be given based on the findings.

5.1. Summary of the Findings

- ☛ As per the analysis made many of the employees are aware of the purpose of the PMS of their organization and still majority of the respondents agree that the results from the system is used mainly for administrative decision making specifically for the purpose of employees' incentives.
- ☛ Regarding alignment of individual goals and objectives to the goals and objectives of the department as well as to the company, even if majority of the employees are well equipped with the prerequisite which is having the necessary knowledge about the company's and departmental goals and objectives, alignment of the individual and departmental goals and objectives is not made and for most employees it is not clear how their company goals and objectives are aligned with their departmental goals and objectives. In addition still majority of the respondents do not know how their performance affects the performance of their company in general.
- ☛ When we come to the performance planning process, even if the process is already there, from their responses, it is obvious that it is not at the required level. Employees have a well defined job description and they know what is expected of them both in terms of results and behaviors but majority of them in other hand ensured that the PM process is not clearly described to them, the goal setting process is not much participatory and the system is not helping them in setting SMART objectives.

- When we compare results for the PM processes under execution with other parts of the PM process, it seems that there is better performance at this stage. Respondents ensured that they are getting positive and constructive feedback and coaching from their supervisors, they mentioned that they are free to express their opinion, are getting the necessary support in terms of resource in order to accomplish their objectives and reinforcement from their supervisors when achieving the required behavior and results. They have also confirmed that supervisors do update them on organizational changes that affect their performance.
- At the assessment level majority of the respondents confirmed that the assessment process covers those issues which are very important and somehow information about their performance is collected from different sources but in other hand they ensured that self assessment practice is not implemented at this stage. As per the analysis made it is also ensured that rating errors from supervisors' side are available which is also mentioned as one of the challenge by the senior HR officer.
- Even if majority of the respondents ensure that there is no formal meeting for feedback at the review stage including discussion on future goals and developmental plan as opposed to the finding at the planning stage, they in other hand expressed that they do participate in the review process at a medium level. They also ensured that the performance review with their supervisor is not as per the agreed goals and objectives and they are not informed what they are going to get or miss as a result of their past performance.
- Even if the average mean score shows that in general supervisors have a moderate skill and attitude on handling the PM processes, the findings show that their skill and attitude on making the necessary alignment of goals and objectives and performance planning process is low.

5.2. Conclusion

In order to gain a sustainable competitive advantage, as per the literatures, almost every type of organization is taking PM as one of the major and important activities of all levels of management and employees in their organization.

Taking its importance into consideration this research is also undertaken on the PM practice of Ries Engineering S.C. with a general objective of assessing and describing the employees' PM practice in the company and giving the necessary recommendations.

Ries Engineering S.C. is a well known Caterpillar Construction Machineries, Power Systems and Ford Vehicle dealer including spare part sales, service provision and machinery rental services which stayed in business for over 50 years starting from 1961 G.C.

Therefore, in addition to its academic purpose this research project will also help the company to identify its strengths in order to maintain it and improve it more and to identify its major drawbacks of its PM system in order to let the company take the necessary corrective action.

From the findings of this research project it is identified that employees are knowledgeable about the purpose of the PM system of their organization. Employees are also aware of the company's goals and objectives. Employees have a well defined job description and they know what is expected of them both in terms of results and behaviors which is a prerequisite for performance planning. At the performance execution stage positive and constructive feedback provision, coaching, provision of the required resources, availability of reinforcement and updating employees on changes in the company are practical in the company. The performance assessment process also covers issues which are very important in accomplishing their job.

But in other hand using the result of the PM mainly for administrative purposes, lack of alignment of individual and organizational goals and objectives, lack of SMART objectives setting practice, lack of proper communication (in clearly describing the PM process, on creating awareness how employee performance do affect the performance of the company, in informing employees what to get or miss because of their performance), lack of self assessment practice, lack of productive appeal system, lack of the necessary skills and attitude from the supervisors'

side mainly in handling the alignment and the planning processes of the PM and rating errors are the major drawbacks from the findings of the research.

5.3. Recommendations

Based on the above analysis and findings, the researcher forwarded the following recommendation and if implemented properly Ries Engineering S.C. will gain a competitive advantage over its Human Resources mainly through effective and efficient handling of its PM practices.

- There is no doubt that incentive is important in creating value to the PM process, but the performance result should be more attached to the developmental aspect of employees. Attaching the performance result mainly to incentive creates a short-term mind set-up among supervisors and employees and makes the process costly in terms of capital which could be diverted to other productive areas of the organization.

- In order to achieve its goals and objectives and create meaning to the efforts of the employees, the organization should work on making alignment of individual goals and objectives to the goals and objectives of the organization. While making an alignment between individual and organizational goals and objectives, managers at department level should first make sure that their performance plan is derived or cascaded from the strategic plan of the organization. Once the strategic plan including the goals and objectives are cascaded, it is mandatory to check that each employee job specification (knowledge, Skill and Abilities) as well as job descriptions (assigned tasks) in the department are designed in a way that can accomplish departmental and organizational goals and objectives. In doing so if a skill gap is identified a personal development plan should be made at the next or planning stage of the PM process.

- In addition to the induction training which is currently used as a means of communication, the organization needs to implement a communication system that ensures a continuous interaction between the management and employees. Proper communication plays a very important role in creating awareness of the general PM

process including how their performance affect the performance of their department as well as their company and it also plays an important role in making the employees internalize the strategic goals and objectives, mission and vision of their organization. Internal notice boards, office outlook, regular departmental meetings and briefings and different employees' events could be used as a means of communication. In addition during the PM process, creating a formal discussion platform where both employees and their supervisors make free discussions about their weaknesses and strengths and where employees put their developmental plan being with their supervisors is also important.

- Challenging, achievable and meaningful goals and objectives which are also participatory are very important in motivating employees to exert their maximum effort in order to achieve them. Therefore, additional efforts are required from the company side in setting SMART (Specific, Measurable, Achievable, Realistic and Time bounded) goals and objectives for their employees and letting employees participate very well on their goal setting process.

- At the time of performance assessment letting employees assess their own performance is a very important step in avoiding biasness from the supervisors' side and in making employees rational about their past performance. Therefore, the researcher recommends the company to start practicing self appraisal process by developing the necessary formats and procedures.

- The organization should ensure that supervisors do stick to the agreed goals and objectives while making reviews of employees' performance. Such a commitment from the supervisors' side let the employees give the necessary attention to the set goals and objectives in their day to day activities and in their decisions.

- A clear procedure should be in place which clearly make employees aware of what they are going to get or miss based on their past performance. But the organization should take into consideration that the consequence whether it is positive or negative be meaningful enough for employees.
- It is mandatory to give ownership of the process of PM to line managers. But a commitment in making close follow up about its proper implementation should be in place from the top management and HRD. The appeal system or procedure of the company should also be revisited and HRD should take a final decision making responsibilities when disagreements created about review results.
- The last but not least of the recommendation is regarding skill enhancement trainings for the supervisors who have the major role in the implementation of the PM process in the organization. Any type of ideal PM process which doesn't include those who plays as a bridge between the organization and the employees is simply a waste of time and resources.

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Annex I

Addis Ababa University School of Commerce
Graduate studies program
Department of Business Leadership

Dear Respondents,

My name is FekaduAsmamaw and I am currently doing my MA Degree in Business Leadership at Addis Ababa University School of Commerce. Therefore, this research is undertaken as a partial fulfillment of my MA Degree in Business Leadership and the focus of the study is to gain a better understanding of “**Performance Management Practice at RIES Engineering S.C.**”.

I would like to assure you that the data gathered through this questionnaire would only be used for the purpose of academic research and your response will strictly be confidential.

Since your complete and honest responses play a major role in the correctness of the study and in the identification of the right position of the organization in the above subject area, I kindly request your cooperation in responding all the questions and in giving truthful information as could as possible.

Note that

- You are not required to write your name and
- Please indicate your answer by making a tick "√" mark on your agreement level from the five options (strongly disagree, disagree, neither agree nor disagree, agree, and strongly agree)
- If you have any question, please contact me at (Mobile: 0911198074 or email: fekaduasmamaw@yahoo.com)

Thank you in advance for your cooperation!!!

PART ONE; General Respondents Profile

1. Your Gender: A). Male B). Female
2. Your age: A).21- 30 B).31- 40 C). 41 – 50 D).above 50
3. Educational Qualification: A. Msc/MA & above B. BA/BSC
C).Diploma D).High school & below

4. Your marital status: A). Single B). Married
 C). Divorced D). Widowed

5. Your total years of experience in this company:
 A). Less than 1 year B). 1-5 Years
 C). 6-10years D). Above 10 years

For the questions below please use the numbers from 1-5 based on your level of agreement as follows

- 1 = for “Strongly Disagree”
- 2 = for “Disagree”
- 3 = for “Neither Agree or Disagree”
- 4 = for “Agree” and
- 5 = for “Strongly Agree”

PART TWO:

1. Purpose of Performance Management

S.No	1=Strongly Disagree 2= Disagree 3 =Neither Agree or Disagree 4 = Agree and 5 = Strongly Agree	1	2	3	4	5
1	I know the purposes of the performance management system of the Company.					
2	The information from Performance Management system of the company is used for the purpose of making administrative decision such as salary adjustment, promotion, retention, demotion and termination.					
3	The information from Performance Management system of the company is used for the purpose of identifying employees’ training and developmental needs.					

2. Alignment

S.No	1=Strongly Disagree 2= Disagree 3 =Neither Agree or Disagree 4 = Agree and 5 = Strongly Agree	1	2	3	4	5
1	I am aware of company and departmental goals and objectives					

2	Performance goals and objectives of my department are linked with the company goals and objectives.					
3	My performance goals and objectives are linked to the goals and objectives of the organization?					
4	I am aware of how my performance affects the goals and objectives of my department and my organization.					
5	My supervisor has the required skill and attitude in aligning my goals and objectives with my departmental goals and objectives					

3. Performance Planning

S.No	1=Strongly Disagree 2= Disagree 3 =Neither Agree or Disagree 4 = Agree and 5 = Strongly Agree	1	2	3	4	5
1	The process and objectives of performance management are described clearly to me					
2	My organization performance management system helps me set challenging but achievable and meaningful goals					
3	I have well defined job description and I know what is expected from me in advance in terms of result (what is expected of me) and behavior (how should I do my job)					
4	My supervisor let me participate or asks my opinion when setting my performance goals and objectives					
5	In the performance planning process, I do discuss with my supervisor about my strengths and weaknesses freely and set together my personal development plan					
6	My supervisor has the required skill and attitude in performance planning including clearly communicating the process and what is expected of me, setting SMART (Specific, Measurable, Achievable, Realistic and Time Framed) objectives for me and putting my personal development plan					

4. Performance Execution

S.No	1=Strongly Disagree 2= Disagree 3 =Neither Agree or Disagree 4 = Agree and 5 = Strongly Agree	1	2	3	4	5

1	My supervisor usually gives me positive and constructive feedback on my progression towards the goals and objectives set in terms of results, events, critical incidents and significant behaviors.					
2	I can give my opinion (feedback) to my supervisor freely					
3	My supervisor teaches me or gives me training whenever necessary					
4	My supervisor facilitates and provides the necessary resources for accomplishing my objectives					
5	My supervisor updates me on organizational changes that affect my performance					
6	My supervisor encourages (reinforces) required behavior and results					
7	My supervisor has the right skills and attitudes required for managing performance throughout the year by monitoring my performance against the plan, by providing ongoing feedback and coaching, by facilitating the required resources.					

5. Performance Assessment

S.No	1=Strongly Disagree 2= Disagree 3 =Neither Agree or Disagree 4 = Agree and 5 = Strongly Agree	1	2	3	4	5
1	My performance assessment covers those issues which are very important in performing my job					
2	At the performance assessment stage, my supervisor let me evaluate myself first by filling self appraisal form					
3	During an assessment time information about my performance is collected from different sources including peers or work colleagues, subordinates, and customers					
4	My supervisor rates me average even if my performance clearly warrants a substantially higher or lower rating.					
5	Recently happened events have more influence on the rating than major events of the past months					
6	Even if my performance is higher, my supervisor gives me similar rating (mark) with other employees in the department					
7	My supervisor usually gives me higher rating regardless of my actual performance result					

6. Performance Review

S.No	1=Strongly Disagree 2= Disagree3 =Neither Agree or Disagree 4 = Agreeand 5 = Strongly Agree	1	2	3	4	5
1	My performance is reviewed based on the agreed goals and objectives with my supervisor at the beginning of the performance planning stage about results and behaviors					
2	At the review stage my supervisor and I will have a meeting for formal feedback on my performance					
3	I fully participate in the review process and I feel free to express to my supervisor, my disagreement regarding the appraisal decisions					
4	I discuss with my supervisor about my achievements on my goals and objectives and on my future goals and personal development plans.					
5	When disagreements created with my supervisor regarding the review result, I can request an appeal and there is a possibility of correctional action when required.					
6	My supervisor informs me what I am going to get or miss because of my past performance result					
7	My supervisor has the right skill and attitude in conducting formal review meeting, providing formal and constructive feedback and in listening my ideas and issues.					