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DEPARTMENT OF PROJECT MANAGEMENT

THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON  
ORGANIZATIONAL PERFORMANCE: THE CASE OF BIRHANENA  
SELAM PRINTING ENTERPRISE

MBA THESIS

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ID NO PGMG 2018/22

ADMAS UNIVERSITY

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SELAM PRINTING ENTERPRISE

BY

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ADDIS ABABA, ETHIOPIA

## DECLARATION

I, the under signed, declare that this thesis entitled: “The Effect of Performance Management system on organizational performance”: The Case of Birhanena Selam Printing Enterprise is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

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Name of Student

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Signature

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Date

This is to certify that the thesis entitled: “The Effect of Performance Management system on organizational performance” The Case of Birhanena Selam Printing Enterprise submitted in partial fulfillment of the requirements for the degree of Masters of: of the Postgraduate Studies, Admas University and is a record of original research carried out by Mekdelawit Solomon ID. No PGMG 2018/22, under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

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Name of Advisor

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Date

## CERTIFICATION

This is to certify that the thesis prepared by Mekdelawit Solomon entitled: “The Effect of Performance Management system on organizational performance”: The Case of Birhanena Selam Printing Enterprise and submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in Project Management/MBA/MSc in Accounting and Finance complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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| Dean, SGS         | Signature | Date  |

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## **Abstract**

*The general objective was to assess the Effect of performance management systems on organizational performance of Birhanena Selam printing Enterprise. Primary data for the study were obtained through questionnaire with the employees of the printing enterprise. This paper is a case study assessing the effects of performance management systems on organizational performance of Birhanena Selam printing Enterprise. It aimed at attaining the specific objectives of the study is to investigate effects of performance management systems on organizational performance of Birhanena Selam printing Enterprise. The population of the study was Birhanena Selam Printing Enterprise head office total employees that are around 628 from these around 300 are working at the head office. Both Simple random and Probabilistic random sampling was used in this research Pearson correlation and Linear Regression has been used on this study. Pearson Correlation Coefficient conducted reveals that the four variables (Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback) measuring performance management systems have significant and positive effect on organizational performance of Birhanena Selam printing Enterprise. The regression analysis has revealed that the significance levels for all independent variables are less than 0.05. This indicates significant relationship between them and the dependent variable (organizational performance). The results of the study also showed that the standardized coefficient beta and p-value of performance planning has positive and significant effect on organizational performance with (beta = 0.207,  $t=2.642$ ,  $p=0.009 < 0.05$ ); the standardized coefficient beta and p-value of performance appraisal has significant effect on organizational performance with (beta = 0.470,  $t=5.149$ ,  $p=0.000 < 0.05$ ); the standardized coefficient beta and p-value of reward system has significant effect on organizational performance with (beta = 0.152,  $t=2.159$ ,  $p=0.033 < 0.05$  and the standardized coefficient beta and p-value of performance feedback has significant effect on organizational performance with (beta = 0.261,  $t=3.415$ ,  $p=0.001 < 0.05$ ). The researcher recommended that it is essential for the company to pay more attention in increasing their performance management system specifically to the activities and means of performance planning, performance appraisal, reward systems and performance feedback.*

**Key words: Performance Planning, Performance Appraisal, Reward Systems and**

**Performance Feedback**

# **CHAPTER-ONE**

## **INTRODUCTION**

The study focused on the Effect of Performance Management system on organizational performance of Birhanena Selam Printing Enterprise. The chapter dealt with the background to the study, statement of the problem, research questions and objectives, significance and scope of the study, Limitation of the study and organization of the study.

### **1.1 Background of the Study**

The people who make up an organization -human resources- are considered to be one of the most important resources of today 's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to (Mufeed & Gulzar, 2015). Human resources are considered an asset that is most important to organization, but not all organizations utilize its potential.

Lado & Wilson (1994) defines a human resource system as a set of separate but interconnected processes, activities & functions that are focused towards attracting, developing, retaining & maintaining an organization's human resources. Employees are the resources and assets of an organization. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work. According to this respect, performance management and appraisal systems have come to play an indispensable role in helping organizations to reach their goals of productivity (Stevens & Joyce, 2000).

Performance management system is a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals. Performance management is critical to all organizations and industries. After all, the performance of an organization depends on the performance of its people, regardless of the organization's size, purpose or other characteristics (Aguinis, 2009).

When successful performance management system is implemented, it helps in evaluating and improving both individual and company performance against pre-defined business strategies and objectives. Each concept of performance management has its importance as a system for managing organizational performance, managing employee performance.

Organizational performance is one of the most important variables in management research. Although the concept of organizational performance is very common in the academic literature, its definition is difficult because of its many meanings. For this reason, there isn't a universally accepted definition of this concept. Organizational performance analyzes company's performance as compared to goals and objectives. In corporate organizations, organizational performance encompasses three specific areas of firm outcomes: Financial performance (profits, return on assets, and return on investment), Product market performance (sales, market share), and Shareholder return, total shareholder return, economic value added (Richard, Devinney, Yip & Johnson, 2009).

Performance management systems that do not make the employee contribution to the organizational goals explicit are not true performance management systems. Making an explicit link between an employee's performance objectives and the organizational goals also serves the purpose of establishing a shared understanding about what is to be achieved and how it is to be achieved (Aguinis, 2009).

Fletcher (as cited in Armstrong, 2009) indicated that to achieve a long-term goal, the introduction of suitable performance management system by aligning individual and organizational objectives is paramount in every willing organization that has a drive for organizational excellence. This means, the real concept of performance management system is associated with an approach to creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their part in contributing to them, and in so doing, manage and enhance the performance of both individuals and the organizational performance.

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

## **1.2 Background of the organization**

Before the introduction of printing technology to Ethiopia, there was lack of sufficient copies of books and texts which had been produced by hand. As a result, people had been learning by heart and scholars were teaching their knowledge from memory. It was through this condition, therefore, that Ethiopian scholars succeeded in preserving and transferring the most valuable old books of church such as the four versions of "Gospel", "Senksar," "Henok" and Kufale" to the present users.

In the year 1917, the Regent, Leul Ras Tafari Mekonen formulated a body responsible for the production of books by hand. Thus, distinguished scholars from various churches and monasteries across the country were invited to Addis Ababa. Scribes and Geez professionals were also employed to translate the books of the Holy Scriptures from Geez into Amharic version. In the years to come, the increasing need for reading materials and the progressive efforts made by the scribes and other scholars gave a way for the search for modern printing methods.

Having desired to see a greater production of religious and educational works that might help create an enlightened and open society, the young Regent imported modern printing machines comparatively new to Ethiopia from Germany. The printing press was located in the present compound of Addis Ababa University that was also the palace (“Genete Leul”) in September 1921. The machines were a hand and pedal-operated to accomplish multipurpose activities and were set up in a small two-room building called Yechew Bet” (House of Salt). The first book of Holy Scripture produced in the press was called “Yohannes Afework” with its Amharic translations in 1921.

The printing press stepped up into a new chapter of development when it started printing of the first newspaper called “Berhanena Selam” (Light and Peace) on December 1924. The name “Berhanena Selam” for the present printing press was also adopted from this newspaper. In addition to “Berhanena Selam”, the press was printing a newspaper entitled “Atibia Kokeb” launched in 1926 E.C. and continued to appear until it finally ceased during the Italian invasion. It was a weekly issue both in Amharic and French. “Berhanena Selam” newspaper went out of publication in Miazia 22, 1928 E.C. during the Italian Invasion until later reappeared in the post liberation period.

### **1.3 Statement of the Problem**

In today's workplace, performance improvement and the role of performance management is an increasingly popular topic. Business pressures are ever-increasing and organizations are now required to become even more effective and efficient, execute better on business strategy, and do more with less in order to remain competitive. Performance management relates to the measuring of individual and group performances and aspects of how individuals could be developed. In today's working environment, especially in corporate conglomerate, the majority of companies have implemented a performance management system to ensure that the staffs they employ deliver as per the targets that were set for them (Armstrong, 2009).

There might be a quite beautiful policy and procedure which clearly shows the steps, benefits and implementation process of performance management system. But it only can be kept on paper as a policy unless it is converted into practice. This is the rational for the researcher to assess the practical implementation of the performance management system at Birhanena Selam Printing Enterprise.

Birehanena Selam Printing Enterprise is one of the biggest governmental institutes in Ethiopia which strives to meet the customers' needs by providing quality products, charging reasonable price and respecting the delivery time, the organization equips itself with timely printing technologies and trained man power, and strengths itself with continual work methods to be competitive and profitable thereby to play its role in the development of the nation's economy.

Through a well-developed and motivated staff, achieving its vision and mission means a lot for Birehanena Selam Printing Enterprise. As a result Birehanena Selam Printing Enterprise needs a well designed and implemented performance management system to enhance the performance of its employees who are responsible in capacitating others. This has paved the way for this study so that the researcher tried to fill the gap by studying performance management system of Birhanena Selam Printing Enterprise and by examining its effect on organizational performance.

#### **1.4 Basic Research questions**

The research questions intended to be addressing such questions:

1. What is the effect of performance planning on organizational performance of Birhanena Selam Printing Enterprise?
2. What is the effect of performance appraisals on organizational performance of Birhanena Selam Printing Enterprise?
3. What is the effect of reward systems on organizational performance of Birhanena Selam Printing Enterprise?
4. What is the effect of performance feedback on organizational performance of Birhanena Selam Printing Enterprise?

#### **1.5 Research Hypothesis**

1. Performance planning has no significant effect of on organizational performance of Birhanena Selam Printing Enterprise
2. Performance appraisals has no significant effect of on organizational performance of Birhanena Selam Printing Enterprise
3. Reward systems has no significant effect of on organizational performance of Birhanena Selam Printing Enterprise

4. Performance feedback has no significant effect of on organizational performance of Birhanena Salam Printing Enterprise

## **1.6 Objective of the study**

### **1.6.1 General Objective**

- ❖ The main objective of the study is to investigate effects of performance management systems on organizational performance of Birhanena Salam printing Enterprise.

### **1.6.2 Specific Objectives**

- ❖ To investigate the effect of performance planning on organizational performance in Birhanena Salam printing Enterprise
- ❖ To find out the effect of performance appraisals on organizational performance in Birhanena Salam printing Enterprise.
- ❖ To determine the effect of reward systems on organizational performance in Birhanena Salam printing Enterprise.
- ❖ To examine the effect of performance feedback on organizational performance in Birhanena Salam printing Enterprise.

## **1.7 Significance of the Study**

The findings of the current study are expected to demonstrate the effect of performance management system in the organization under investigation and assist managers in identifying the gaps that need to be filled as well as in their decision-making and that of other interested parties and stakeholders in the organization. Hence, the expected output of the study is believed to motivate and guide managers of the study organization in general to work on the identified need gaps on a consistent way so as to ensure their survival and sustainable success of their interventions.

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

## **1.8 Scope of the Study**

The study explored the effective performance management system of Birhanena Salam printing enterprise at the head office total employees that are around 628. The study focused on the important data provided by the questionnaire, which are the rich data source and offer

in-depth understanding of the performance management system of enterprise members. The scope of this study is delimited to only the effect of performance management system in Birhanena Salam printing enterprise. match the lived experiences of those who are the focus of that system, namely the faculty members.

## **1.9 Limitations of the study**

The researcher was faced these problems during conducting this study which affects the quality of the research include inadequacy or reference materials, shortage of time and A number of key participants, who are the main source of information were not available. Only manufacturing organization has considered for this specific study.

As performance management system is very confidential and sensitive issue, so the chances of biasness in the response of respondents are very high and that might influence the findings of the study. So, these constraints are expected to minimize the data quality and its findings. However, the researcher tried to obtain as much as possible relevant and reliable data by using cross checking question and through building the confidence of informants.

Even if these limitations were happened and non-forecasted limitations was seen, the research was done to the best of researcher knowledge she has discovered so far.

## **1.10 Operational Definitions of Key Terms**

**The performance planning** is a part of the performance management sequence involves the agreement between the manager and the individual of how the latter is expected to perform in terms of results and behaviors (Armstrong, 2009).

**Performance appraisal** is a formal, structured system that compares employee performance to established standards (Mahapatro, 2010)

**Performance feedback** is a qualitative comment which are descriptive or quantitative feedback which is based on numerical figures given to the workers. (Mahapatro, 2010)

**Performance management system** is strategic tool that organization can adopt in attracting and retaining dynamic, creative employees that today cannot be fitted in to mere theoretical model (Radnor & McGuire, 2004).

## **1.11 Organization of the Study**

This study will have five chapters. The first chapter dealt with an introductory part which contains a brief background of the study, statement of the problem, research questions, and objectives of the study, significance of the study, limitation of the study and scope of the

study. The second chapter deals with a detail review of related literatures, theoretical literature and Empirical and also conceptual framework. In chapter three research design and methodology are presented. In this chapter the design of the study, the sample size, source and tools of data collection are presented. Chapter four will be explained the results and discussions by summarizing the findings of the study and chat about the findings and relate with the literature review. Finally, chapter five present summary of findings, conclusions, and recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This Chapter reviews literatures which are related to the subject matter of the study. From related literatures and other sources, important ideas related to performance management are incorporated in the study. Under this chapter performance management, purpose of performance management, performance management process, effective performance management system, empirical studies on performance management and performance management system of Birhanena Selam are discussed and presented in detail.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Concepts and Definition of Performance and Performance Management**

Performance: - In a simple way performance can be regarded as a record of an outcome or accomplishment achieved by a person or a team (Armstrong, 2009). Performance can also be defined as “the act or process of performing a task or an action that involve a lot of effort” (Oxford Advanced Learner’s Dictionary 2006, p 1080). It is the accomplishment or outputs/outcomes of a task undertaken but also states that performance is about doing the work effectively so as to achieve the desired goals. Performance can also be perceived as a non-job specific behavior such as cooperation, dedication, enthusiasm and persistence that develop the effectiveness of the organization to enhance the working culture and climate of the organization.

##### **2.1.2 Performance Management**

In most cases performance management system and performance appraisal are interlinked with each other. However, performance management system is the broader one which identifies measure, manage and develop performance of the human resource in an organization whereas performance appraisal is the sub set of performance management system in which we use it for evaluating the competence of employee’s (Robert and John, 2013).

Performance management is a process of improving the performance of an organization by helping individuals and team to develop their capacity to reach the intended destination (Armstrong, 2006). James Smither and London also define performance management as it 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” (Smither and London, 2009 p.5).

Performance management is an integrated and systematic process of sustaining the success of organization by improving the performance of the people who work in them and also it is developing the capacity of individuals and team who contribute to the organization. It is also a strategic process in a sense that it deals with the broader issue of the organization efficiency to meet the market demands and long term goal (Armstrong, 2000).

When we say performance management is an integrated process, first it is linking of the organization objective with the teams and individual core competences as well as integration of different aspects of human resource management including, organizational development, human resource development, reward and recognition to ensure excellence in the management and development of people.

Performance management is based on the agreement of objectives, knowledge, skill and capability (competence) requirements, performance improvement, and personal development plans. It involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and further development plans (Armstrong, 2000).

Many factors will impact the effectiveness of an organization’s performance management system, but three are most important. First, the system needs to be aligned with and support the organization’s direction and critical success factors. Second, well-developed, efficiently administered tools and processes are needed to make the system user friendly and well received by organizational members. Third, and most important, is that both managers and employees must use the system in a manner that brings visible, value-added benefits in the areas of performance planning, performance development, feedback and achieving results (Pulakos, 2004).

## **2.2 Theories on Performance Management**

The essence of performance management is establishing a framework in which performance by human resources can be directed, monitored, motivated and refined; and that the links in the cycle can be audited. Unsurprisingly, given this, the principal theoretical foundation of performance management is social psychology, with its detailed consideration of the ways in which people are motivated to perform (Nini,2012). Dyer and Reeves (1995) note that: ‘The

logic in favor of bundling is straightforward. Since employee performance is a function of both ability and motivation, it makes sense to have practices aimed at enhancing both.’ Thus, there are several ways in which employees can acquire needed skills (such as careful selection and training) and multiple incentives to enhance motivation (different forms of financial and nonfinancial rewards).

### **2.2.1 Goal Setting Theory**

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

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

Subsequent empirical research into goal-setting has specified more precisely the conditions necessary for organizational goals to be motivating to employees; these are that; goals should be specific, rather than vague or excessively general; goals should be demanding, but also attainable; feedback of performance information should be made; and goals need to be accepted by employees as desirable.

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

### **2.2.2 Expectancy Theory**

As stated on the book of Human Resource Management, A strategic introduction: Expectancy theory hypothesizes that it is the anticipated satisfaction of valued goals which causes an individual to adjust his behavior in a way which is most likely to lead to his attaining them. In fact, while the popularity of expectancy theory is relatively recent, it draws on a tradition which can be traced back to early Utilitarians. Mill and Bentham described an ethical system in which people determined their actions by conscious calculation of the consequences which they expected the actions to bring about.

The most immediate precursors of expectancy theory were Georgopoulos et al. (1957) with their 'path-goal' approach to productive performance at work. The path-goal hypothesis stated that 'if a worker sees high productivity as a path leading to the attainment of one or more of his personal goals, he will tend to be a high producer. Expectancy theory has been developed from Vroom's early specifications to be expressed very clearly as a combination of three factors: the person's own assessment of whether performing in a certain way will result in a measurable result. This factor is labeled the expectancy; the perceived likelihood that such a result will lead to attaining a given reward. This factor is known as instrumentality and the person's assessment of the likely satisfaction, or valence, associated with the reward.

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

### **2.3 Performance Management System**

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

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

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

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

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

## **2.4 The Objectives of Performance Management**

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

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

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

## 2.5 Performance management cycle or process

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

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

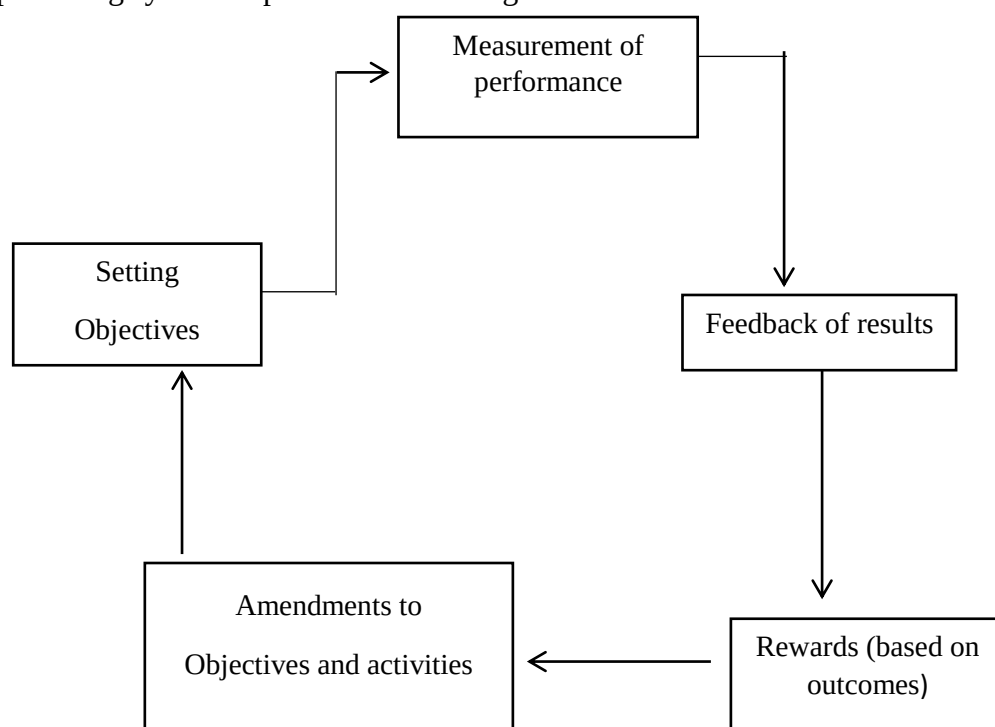


**Figure 2.1 The performance management cycle**

### **2.5.1 Performance Planning**

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

### **2.5.2 Performance appraisal**

Performance appraisal is a formal, structured system that compares employee performance to established standards. Assessment of job performance is shared with employees being appraised through one of several primary methods of performance appraisals. Elements in performance appraisal methods are tailored to the organization's employees, jobs, and structure.

They include objective criteria for measuring employee performance and ratings that summarize how well the employee is doing. Successful appraisal methods have clearly defined and explicitly communicated standards or expectations of employee performance on the job. (Mahapatro, 2010)

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

### **2.5.3 Performance Feedback**

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

### **2.5.4 Rewarding performance**

A system of performance management will not succeed in bringing about high performance against objectives unless employees consciously act in ways seen as being most likely to achieve the objectives. Expectancy theory and goal-setting theory both emphasize the

importance of ensuring that employees make this decision, but each takes a different route in describing what causes this to be made. Expectancy theory specifies the need to tie performance outcomes to rewards which are valued by employees of the goals per se, so that motivation is more intrinsically based. (Mabey, et. al.,1999, P. 137)

### **2.5.5 Principles of Performance Management System**

Performance management is primarily concerned with performance improvement in order to achieve organizational, team and individual effectiveness. Secondly, performance management is concerned with employee development. Performance improvement is not achievable unless there are effective processes of continuous development. This addresses the core capabilities of the organization and the specific capabilities of individuals and teams. Performance management should really be called performance and development management. Thirdly, performance management is concerned with satisfying the needs and expectations of all of an organization's stakeholder's owners, management, employees, customers, suppliers and the general public. In particular, employees are treated as partners in the enterprise whose interests are respected, who have a voice on matters that concern them, and whose opinions are sought and listened to (Armstrong, 2006).

Performance management should respect the needs of individuals and teams as well as those of the organization, recognizing that they will not always coincide. Finally, performance management is concerned with communication and involvement. It creates a climate in which a continuing dialogue between managers and the members of their teams takes place in order to define expectations and share information on the organization's mission, values and objectives.

This establishes mutual understanding of what is to be achieved and a framework for managing

and developing people to ensure that it will be achieved. Performance management can contribute to the development of a high-involvement organization by getting teams and individuals to participate in defining their objectives and the means to achieve them (Armstrong, 2009).

### **2.5.6 Purposes of Performance Management System**

The whole purpose of performance management is to get better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. It is a process for

establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and longer term. The fundamental goal of performance management is to establish a culture in which individuals and groups take responsibility for the continuous improvement of business processes and for their own skills and contributions (Smither and London, 2009).

There are a number of purposes that formal performance management systems might serve. They can provide employees with information about how they are perceived in the organization and where they stand. They can also provide developmental feedback on the strengths the employee should capitalize on and the weaknesses where improvement may be required (Drake, 2011).

Performance management as a system can serve as a pillar for the development of individuals, teams and organization in a way that they intend to get to the desired goal. Performance management system has many purposes but the major ones are discussed below (Smither and London, 2009) Strategic: It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.

**Administrative:** It is a source of valid and useful information for making decisions about employees, including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases.

**Communication:** It allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.

**Developmental:** It includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.

**Organizational maintenance:** It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions (for example, whether employees perform at higher levels after participating in a training program).

**Documentation:** It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be especially useful in the case of litigation. And also for Dick Grote performance management system has so many purposes like, providing feedback to employees about their performance, determining who gets promoted, facilitating layoff or downsizing decisions, encouraging performance improvement, motivating superior performance, setting and measuring goals, counseling poor performers, determining compensation changes, encouraging coaching and mentoring, supporting manpower planning or succession planning, determining individual training and development needs, determining organizational training and development needs, confirming that good hiring decisions are being made, providing legal defensibility for personnel decisions and improving overall organizational performance (Grote, 2002)

### **2.5.7 Best Practices in Performance Management System**

For performance management to be successful there are features that are likely to produce good results in terms of individual, team and organizational performance. However, the practical constraints may not allow for the implementation of these entire features. For example, there may not be sufficient funds to deliver training to all people involved, supervisors may have biases in how they provide performance ratings, or people may be just too busy to pay attention to a new organizational initiative that requires their time and attention. However, as scientist - practitioners, we should strive to place a check mark next to each of these characteristics: the more features that are checked, the more likely it will be that the system will live up to its promise (Smither and London, 2009).

In order to know whether the performance management is working or not, first, before implementing the system organization wide, it is a good idea to pilot test it because we can identify potential problems and glitches and we can take corrective action before the system is put in place. Pilot testing consists of implementing the entire system, including all of its components, but only with a select group of people. Results are not recorded in employees' records. Instead, the goal is that the people participating in the pilot - test provide feedback on any possible problems and on how to improve the system. In addition to this pilot testing will help to check whether the performance management system is good for the specific organization or not by checking the under listed components of best practice in performance management system (Smither and London, 2009)

## **2.6 Organizational Performance**

### **2.6.1. Overview of Organizational Performance**

Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance (Gavrea, Ilieş & Stegorean, 2011). Although the concept of organizational performance is very common in the academic literature; its definition is difficult because of its many meanings. For this reason, there isn't a universally accepted definition of this concept. The authors Lebars & Euske (2006) provide the following definition to illustrate the concept of organizational performance: Organizational Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results. Organizational performance encompasses financial performance (profits, return on assets, return on investment); Market performance (sales, market share); and Shareholder return (total shareholder return, economic value added) (Richard et.al, 2008). Organizational performance is generally indicated by effectiveness, efficiency, productivity, satisfaction of employees and customers, innovation, quality of products and services and ability to maintain a unique human pool. The ultimate goal of a business organization is higher financial performance or maximization of wealth for stake holders (Becker & Huselid, 1998). Nonetheless, attaining the organization's goals depends upon the extent to which its organizational performance is reached. It's a complex but important concept, and managers need to understand the factors that contribute to high organizational performance. After all, they don't want (or intend) to manage their way to mediocre performance. They want their organizations, work units, or work groups to achieve high levels of performance, no matter what mission, strategies, or goals are being pursued (Mufeed & Gulzar, 2015).

### **2.6.2. Why is Measuring Organizational Performance Important?**

There are a number of reasons why an organization may choose to measure its performance. According to Ketchen & Short (2012) one of the reasons is to determine how well an organization is doing at reaching its vision, mission, and goals. Performance measurement provides a reliable process to determine if an organization's current system is working well. These reasons promote an organization's use of process and outcome data as a means to

demonstrate its performance. There are other typical circumstances of why an organization may choose to measure its performance, such as: distinguish what *appears* to be happening from what *is really* happening, establish a baseline; i.e., measure before improvements are made, make decisions based on solid evidence, demonstrate that changes lead to improvements, allow performance comparisons, monitor process changes to ensure improvements are sustained over time, recognize improved performance, leads to better asset management, and increase ability to provide customer value (HRSA, 2011).

## **2.7 Empirical Literature Review**

There are extensive empirical studies in relation to performance management and Organizational performance. Therefore, in this section the most selected and related empirical findings of related literatures are presented.

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

According to Kumar, Nirmala, & Mekoth (2015) the performance management system has been considered as the most significant system in the organization. This research studied the relationship between performance management system and organization performance of manufacturing and service firms in India. In this research, a survey is conducted using a questionnaire. Statistical analysis shows relationship between performance management practices and perceived organizational performance. This indicates that such practices of performance management help an organization to achieve sustained growth. This relationship also can be explored further, as it suggests that organizations may have to take a re-look at the total performance management system so as to improve organizational performance.

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

organization's performance management system and employee's commitment to the organizational set goals. The study recommended among others that employees should be carried along in designing the performance management system and the organizations. Performance management system should be clear, objective and easy to understand.

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

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

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

In addition, the study concludes transparency should be encouraged, performance management to be carried out regularly, perform job design in order to match staff qualifications to the right job, boost staff morale by giving them longer contracts, create job

growth path for staff and orient new staff on performance management and engrave it to the organization policy.

Listiani & Kartini (2015) conducted an empirical study about impact of performance management on organizational performance in West Java-Indonesia. According to the study performance management is measured through three dimensions: performance planning, performance assessment, and feeding it behind. While organizational performance is measured through four dimensions: financial perspectives, customer perspective, internal business processes, and learning and growth perspective. Findings suggest that in the enterprise area, performance management system affects the performance of an organization.

Qureshi & Hassan (2013) conducted an empirical study about impact of performance management on organizational performance in McDonalds. The main objective of this study is to find that effective Performance management system is helpful to improve organizational performance. Findings will suggest that performance management has an effect on organizational performance. Moreover the performance management system is well connected with the training and development needs of the employees as well as with the reward management.

## **2.8 Conceptual Framework**

In the previous sections, literature related to the performance management and its influence on the organizational performance has been explored, specifically in the context of Birhanena Selam Print. The previous section in this chapter has described the underpinning theories of performance management. The analytical framework used in this study showed the relationship of performance management system implementation and organizational performance in the Birhanena Selam Print. This was developed by the researcher in the light of the research questions derived from literature review and the underpinning theories of performance. This study would use this framework as lens for theoretical and empirical analysis.

This used to structure the discussion chapter. This framework is not depicting any model/framework in existing literature. This is a refined summary of the theoretical aspect of the Performance Management System, research questions of the current research. This framework would be further utilized for determination of theoretical foundation (if any) of Performance Management System in Birhanena Selam Print. impact on its water tightness, durability, or aesthetics.

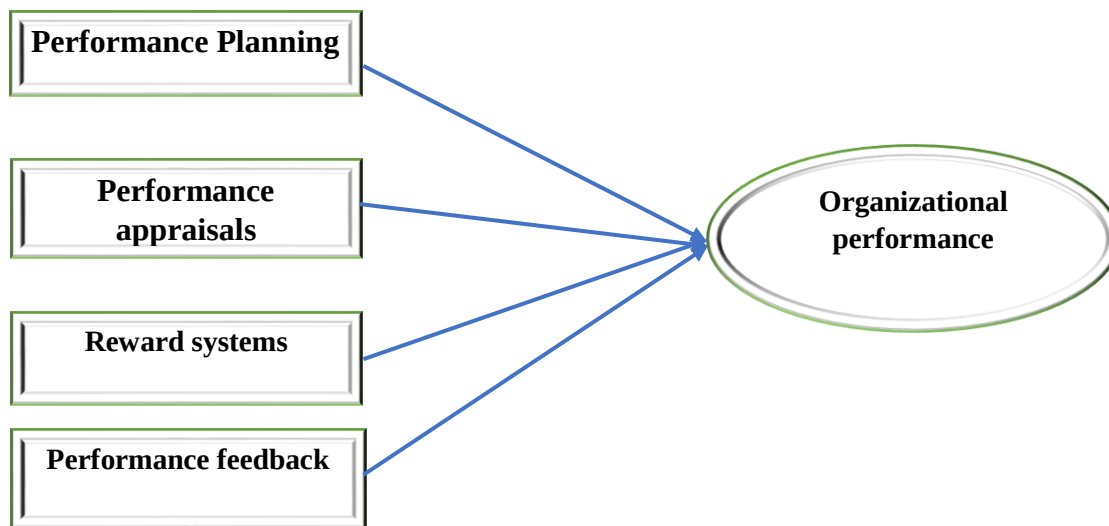


**Figure 2.1: Conceptual Framework of the study**

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

## **CHAPTER-THREE**

### **RESEARCH METHODOLOGY**

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

#### **3.1 Description of the study area**

The focus of the study was on the effect of Performance Management system of Birhanena Selam Enterprise, (BSPE) is located in Addis Ababa, Ethiopia, Office found in Arada Sub City, Wereda 01, House No. 984 Company is working in printing business activities.

#### **3.2 Research Design and approach**

In order to capture the logical structure of the study, both descriptive and explanatory research design was used. These designs were clearly attesting the performance management system of the company as well show its effect on organizational performance. These were followed by using quantitative research approach. Quantitative method is systematic empirical investigation and explanation of phenomena by collecting numerical data that can be analyzed mathematically or by computational techniques.

#### **3.3 Unit of analysis**

The unit of analysis in this research were the employees of Birhanena Selam Printing Enterprise that were participating in the study.

#### **3.4 Target Population**

The focus of the study was Birhanena Selam Printing Enterprise head office selected because of the availability of management members and accessibility of documents. As per the report from Human resource department of Birhanena Selam Enterprise, total employees are around 628. From these employees 300 of them are working in Addis Ababa head office. For this study the researcher took samples from the total population due to shortage of time, resource and for proper organization of data. Simple random sampling is the most widely used techniques which all possible subsets of a population are given an equal probability of being selected. The researcher used this technique to select 171 respondents as a sample out of the total population of 300 employees excluding contract workers.

Considering access to participants for the related information, this research was focused on employees of management and non-management positions except contract employees and employee with low level of educational background for the reason that they will not be able to understand the questioner and also new staffs recruited were excluded from the study since they have limited experience.

### 3.5 Sample Size and Sampling Technique

As indicated in the previous section, the target population of the organization under study was 300. The sample size was determined by using the Slovin's formula (Serakan, 1992) cited in Unam (2012 PP.52)

$$n = \frac{N}{1+NE^2} \quad \text{i.e.} \quad n = \frac{300}{1+300(0.05)^2} = 171$$

Where,

- n - is the sample size
- N - is the population size
- E - is the margin of error

Applying 0.05% error margin, the sample size for the study was 171 members of the target population. Therefore, the study's sample size of 171 is fair enough to represent the target population of the study area.

There are various additional approaches of collecting a sample. Probability techniques and non-probability approaches can be used to categories the main alternative sampling plans. In probability sampling every element in the population has a known nonzero probability of selection. The simple random is the one of the type of probability sample, in which each member of the population has an equal probability of being selected. Probability sampling designs are used when the representativeness of the sample is of importance in the interest of wider generalizability. When time or other factors, rather than generalizability, become critical, non-probability sampling is generally used. As a result,

Probabilistic random sampling was used in this research since the target population was properly defined. As per the report from Human resource department of Birhanena Selam Enterprise, total employees are around 628. From these employees 300 of them are working

in Addis Ababa. For this study the researcher took samples from the total population due to shortage of time, resource and for proper organization of data.

### **3.6 Data Type and Source**

The data source that was used in this study is primary data source. Structured questionnaire was distributed to employees that were mainly close ended questions due to time constraints Birhanena Selam Enterprise. In addition, organizational plans and reports issued by the organization, organizational documents of the organization on human resource management and development aspects, and relevant study reports, website documents on the basics and practices of Performance Management Systems were utilized for capturing the secondary data needed for the study.

### **3.7 Method of data collection**

The main sources of the data were from primary sources. The primary sources of data gathered through self-constructed questionnaire from Birhanena Selam Printing Enterprise permanent staffs. The questionnaire was adopted from different literatures and previous research papers related to the study and customized in order to suit to this research study. The reason for the selection of questionnaire is that it will help in procuring extensive data at reasonable cost and to cover wide geographical areas in a relatively short time. Filled questionnaires were collected on the deadline set at the time of distribution. Data then be analyzed, categorized, summarized and presented in the research paper. Likewise, information and insights obtained from Senior Management members was summarized and reported.

### **3.8 Validity**

The validity of a scale refers to the degree to which it measures what it is supposed to measure. Unfortunately, there is no one clear-cut indicator of a scale's validity. The validation of a scale involves the collection of empirical evidence concerning its use (Pallant, 2016).

In this study the question was reviewed by the principal advisor to make sure that each item is measuring what is intended to be measured in order to measure the attributes of interest and for the instrument to be predictable, consistent, and accurate. The content validity was measured by collecting data from the managers calculating the content validity ratio and calculating the content validity index, also by applying the use of the participants the researcher has indicated how accurately the questions on the test were related to the content.

### 3.9. Reliability

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to measure. As stated by Pallant (2016) the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale.

It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one- dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair, Joseph, Robert, & David, 2003). In this study I will employ Cronbach's coefficient alpha for reliability test.

**Table 3.1: Reliability Analysis**

| Item                       | Cronbach's Alpha | No of Items |
|----------------------------|------------------|-------------|
| Performance Planning       | .897             | 6           |
| Performance Appraisal      | .719             | 8           |
| Rewards System             | .884             | 9           |
| Performance Feedback       | .852             | 7           |
| Organizational performance | .837             | 8           |

*Source: Survey Result, 2023*

### 3.10 Method of data analysis

The data collected was edited, organized and tabulated. Descriptive statistics was used to summarize data by using Statistical Package for the Social Sciences, (SPSS) software. Statistics including mean, frequency and standard deviation also used to analyze the data among the different groups. The mean and standard deviation was used to describe the data obtained from the independent variables (Performance management systems) and the

dependent variable (Organizational performance). To make the presentation easily understandable, findings were illustrated using tables. Finally, based on the summary of findings, conclusions were drawn and recommendations was given.

### **3.10.1 Model specification/ Mathematical Model/**

In this study, the equation of multiple regression model was proposed. The proposed model of this study was

$$Y = \beta_o + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where

- $y$  refers dependent variable which is organizational performance
- $\beta_o$  refers constant
- $\beta_1, \beta_2, \beta_3$ , and  $\beta_4$  are the coefficients of the independent variables (Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback)
- $X_1, X_2, X_3$  and  $X_4$  refers the independent variables (Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback)
- $\varepsilon$  refers significant error

### **3.11. Ethical Considerations**

The researcher informed the participants about the aim of the study and they were participated based on their own willingness. The researcher respected the value as well as privacy of participants. In addition, to obtain reliable, detail and elaborated data from participants, the researcher also practiced the concept of rapport building, considering the confidentiality and anonymous of the participants.

## **CHAPTER FOUR**

### **RESULT AND DISCUSSION**

This chapter explains the processes, techniques and procedures adopted to analyze, present and interpret data gathered using the questionnaires. The chapter elaborates quantitative data analysis, percentages and examine the Effect of Performance Management system on organizational performance the Case of Birhanena Selam Printing Enterprise

#### **4.1 Response rate**

To determine the number of the respondents who filled and submitted back the questionnaires, an analysis of the response rate was conducted. Total of 171 questionnaires were distributed and only 140 were collected due to time and work constraints of the respondents. This study found that the response rate was 140 respondents which was 96% of the total sample size 171. The response rate of 81.8% was considered appropriate since a response rate of 30-50% of the total sample size provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of few respondents in the target population (Mugenda & Mugenda, 2003). The study hence considered the 81.8% response suitable for analysis of the effects of performance management system on organizational performance.

#### **4.2 Demographic Characteristics of the respondents**

The study aimed to establish the respondent's gender status and hence asked respondents to state their sex. The findings were presented in table 4.1. Table 4.1 shows that majority (57.9%) were male and remaining 42.1% of the respondents were female. This showed that majority of the respondents were male.

The study aimed to establish the respondent's age groups and hence asked respondents to state their age category. The findings were presented in table 4.1. Table 4.1 shows that majority (55.7%) were between 31-40 years, 24.3% between 41-50 years and over, 12.1% between ages 51 and 60 years, (7.9%) were between 20-30 years and none of the respondents were above 60 years. This showed that majority of the respondents were young and had stayed in the organization for a long time hence they understood the problems that influenced most of the company's performance regarding performance management system.

The study sought to determine the highest education level held by the respondents and hence requested the respondents to indicate their highest level of education qualification.

Table 4.1 shows that majority (55%) of the respondents were postgraduate level, 45% were under graduate level and 5.5% had other professional qualifications listed on the questionnaire. This indicates that most of the respondents were academically qualified in their respective job undertakings and hence understood the factors influencing performance of organization.

**Table 4.1: Demographic Characteristics of the respondents**

|                                | Items                         | Frequency | Percent |
|--------------------------------|-------------------------------|-----------|---------|
| Sex                            | Men                           | 81        | 57.9    |
|                                | Female                        | 59        | 42.1    |
|                                | Total                         | 140       | 100.0   |
| Age                            | 20-30                         | 11        | 7.9     |
|                                | 31-40                         | 78        | 55.7    |
|                                | 41-50                         | 34        | 24.3    |
|                                | 51-60                         | 17        | 12.1    |
|                                | Above 60                      | 0         | 0       |
|                                | Total                         | 140       | 100.0   |
| Educational Background         | College Diploma or equivalent | 0         | 0       |
|                                | Undergraduate Degree          | 63        | 45.0    |
|                                | Postgraduate Degree           | 77        | 55.0    |
|                                | Doctorate and above           | 0         | 0       |
|                                | Total                         | 140       | 100.0   |
| Working Position of respondent | Finance                       | 49        | 35.0    |
|                                | Marketing                     | 18        | 12.9    |
|                                | Human resource                | 29        | 20.7    |
|                                | Public Relation               | 39        | 27.9    |
|                                | Others                        | 5         | 3.6     |
|                                | Total                         | 140       | 100.0   |
| Work Experience                | 2-4 years                     | 4         | 2.9     |
|                                | 4-6 years                     | 70        | 50.0    |
|                                | 6-8 years                     | 21        | 15.0    |
|                                | 8-10 years                    | 6         | 4.3     |
|                                | 10 years and above            | 39        | 27.9    |
|                                | Total                         | 140       | 100.0   |

**Source: Survey Result, 2023**

The study sought to determine the working position of respondent and hence requested the respondents to indicate their working position. Table 4.1 shows that majority (35%) of the respondents were working on finance, 27.9% respondents were working on public relation, 20.7% respondents were working on human resource, 12.9% respondents were working on

marketing and none of the respondents were working on other professional qualifications listed on the questionnaire so this imply that the majority of the respondents were from the finance department.

The study sought to establish the working experience held by the study respondents and hence requested the respondents to indicate their working experience. Table 4.1 shows that majority (50%) had a working experience of 4-6 years, 27.9% of the respondents had experience of 10 years and above, 15% of the respondents had a working experience of 6-8 years, 4.3% of the respondents had a working experience of 8-10 years and 2.9% of the respondents had 2-4 years' experience. This indicated that most of the respondents had along working experience and had experienced the effect of performance management system on organizational performance.

### **4.3 Descriptive Analysis of the Variables**

Descriptive statistics were used to describe the basic features of the data in a study. It provides simple summaries about the sample and the measures. The researcher used descriptive statistics to present quantitative descriptions in a manageable form; each descriptive statistic reduces lots of data into a simpler summary (Gelman, 2007).

Respondents were asked to rate their insight on a five-point Likert scale ranging from 1 being “Strongly Disagree” to 5 “Strongly Agree” for human resource planning practices and firm performance. Accordingly, the result of descriptive statistics (mean and standard deviation) of each variable is presented in the table below.

#### **4.3.1 Performance Planning**

As it can be seen from the Table 4.2, 15% of the respondents strongly agreed and 51.4% of the respondents agreed that performance planning of the organization is one of the components of the performance management system. Besides, 29.3% of the respondents were remain neutral, 4.3% and none of the respondent disagreed and strongly disagreed respectively that performance planning of the organization is one of the components of the performance management system. This indicates that, majority of the respondents i.e. 66.4% were agree on the issue that is raised about performance planning of the organization is one of the components of the performance management system and its being applied at the organization.

As it can be seen from the Table 4.2, 11.4% of the respondents strongly agreed and 62.9% of the respondents agreed that objectives on the organizations are set during the performance

planning stage are mutually agreed between employee and a manager. Besides, 5% of the respondents were remain neutral, 20.7% and 0% of the respondent disagreed and strongly disagreed respectively that objectives on the organizations are set during the performance planning stage are mutually agreed between employee and a manager. This indicates that, majority of the respondents i.e. 74.3% were agree on the issue that is raised about objectives on the organizations are set during the performance planning stage are mutually agreed between employee and a manager so this implies that the organization is able to set agreed objectives.

**Table 4.2: Performance Planning**

| Questions                                                                                                                        |                   | Frequency | Percent | Mean   | Standard Deviation |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|---------|--------|--------------------|
| Performance planning is one of the components of the performance management system of your organization                          | Strongly Disagree | 0         | 0       | 3.7714 | .75239             |
|                                                                                                                                  | Disagree          | 6         | 4.3     |        |                    |
|                                                                                                                                  | Neutral           | 41        | 29.3    |        |                    |
|                                                                                                                                  | Agree             | 72        | 51.4    |        |                    |
|                                                                                                                                  | Strongly Agree    | 21        | 15.0    |        |                    |
|                                                                                                                                  | Total             | 140       | 100.0   |        |                    |
| Objectives set during the performance planning stage are mutually agreed between employee and a Manager                          | Strongly Disagree | 0         | 0       | 3.6500 | .93628             |
|                                                                                                                                  | Disagree          | 29        | 20.7    |        |                    |
|                                                                                                                                  | Neutral           | 7         | 5.0     |        |                    |
|                                                                                                                                  | Agree             | 88        | 62.9    |        |                    |
|                                                                                                                                  | Strongly Agree    | 16        | 11.4    |        |                    |
|                                                                                                                                  | Total             | 140       | 100.0   |        |                    |
| There is awareness that development plan is one of the components of the performance management system of your organization      | Strongly Disagree | 6         | 4.3     | 3.5357 | 1.03473            |
|                                                                                                                                  | Disagree          | 21        | 15.0    |        |                    |
|                                                                                                                                  | Neutral           | 23        | 16.4    |        |                    |
|                                                                                                                                  | Agree             | 72        | 51.4    |        |                    |
|                                                                                                                                  | Strongly Agree    | 18        | 12.9    |        |                    |
|                                                                                                                                  | Total             | 140       | 100.0   |        |                    |
| The development plan indicated in the performance plan helps you to improve the quality of your performance and the organization | Strongly Disagree | 0         | 0       | 3.7429 | .75266             |
|                                                                                                                                  | Disagree          | 6         | 4.3     |        |                    |
|                                                                                                                                  | Neutral           | 44        | 31.4    |        |                    |
|                                                                                                                                  | Agree             | 70        | 50.0    |        |                    |
|                                                                                                                                  | Strongly Agree    | 20        | 14.3    |        |                    |
|                                                                                                                                  | Total             | 140       | 100.0   |        |                    |
| Participating in the planning process motivates me highly to perform towards achieving the goal set by the organization          | Strongly Disagree | 0         | 0       | 3.8643 | .69127             |
|                                                                                                                                  | Disagree          | 0         | 0       |        |                    |
|                                                                                                                                  | Neutral           | 44        | 31.4    |        |                    |
|                                                                                                                                  | Agree             | 71        | 50.7    |        |                    |
|                                                                                                                                  | Strongly Agree    | 25        | 17.9    |        |                    |
|                                                                                                                                  | Total             | 140       | 100.0   |        |                    |

| Questions                                                                                                                                                     |                   | Frequency | Percent | Mean          | Standard Deviation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|---------|---------------|--------------------|
| Discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards, improve performance, etc. | Strongly Disagree | 6         | 4.3     | 4.0000        | 1.02487            |
|                                                                                                                                                               | Disagree          | 5         | 3.6     |               |                    |
|                                                                                                                                                               | Neutral           | 22        | 15.7    |               |                    |
|                                                                                                                                                               | Agree             | 57        | 40.7    |               |                    |
|                                                                                                                                                               | Strongly Agree    | 50        | 35.7    |               |                    |
|                                                                                                                                                               | Total             | 140       | 100.0   |               |                    |
| <b>Grand Mean</b>                                                                                                                                             |                   |           |         | <b>3.7580</b> |                    |

**Source: Survey Result, 2023**

As it can be seen from the Table 4.2, 12.9% of the respondents strongly agreed and 51.4% of the respondents agreed that there is awareness that development plan is one of the components of the performance management system of the organization. Besides, 16.4% of the respondents were remain neutral, 157% and 4.3% of the respondent disagreed and strongly disagreed respectively that there is awareness that development plan is one of the components of the performance management system of the organization. This indicates that, majority of the respondents i.e. 64.3% were agree on the issue that is raised about there is awareness that development plan is one of the components of the performance management system of the organization.

As it can be seen from the Table 4.2, 14.3% of the respondents strongly agreed and 50% of the respondents agreed that the development plan indicated in the performance plan helps you to improve the quality of their performance and the organization. Besides, 31.4% of the respondents were remain neutral, 4.3% and none% of the respondent disagreed and strongly disagreed respectively that the development plan indicated in the performance plan helps you to improve the quality of their performance and the organization. This indicates that majority of the respondents i.e. 64.3% were agree on the issue that is raised about the development plan indicated in the performance plan helps you to improve the quality of their performance and the organization.

As it can be seen from the Table 4.2, 17.9% of the respondents strongly agreed and 50.7% of the respondents agreed participating in the planning process motivates employee highly to perform towards achieving the goal set by the organization. Besides, 31.4% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that participating in the planning process motivates employee highly to perform

towards achieving the goal set by the organization. This indicates that, majority of the respondents i.e. 68.6% were agree on the issue that is raised about participating in the planning process motivates employee highly to perform towards achieving the goal set by the organization.

As it can be seen from the Table 4.2, 35.7% of the respondents strongly agreed and 40.7% of the respondents agreed that discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards and improve performance. Besides, 15.7% of the respondents were remain neutral, 3.6% and 4.3% of the respondent disagreed and strongly disagreed respectively that discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards and improve performance. This indicates that, majority of the respondents i.e. 76.4% were agree on the issue that is raised about discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards and improve performance.

This implies that performance planning is an important performance management system to both employee and the organization which influences organizational performance. The overall mean for performance planning is 3.7580, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study.

#### **4.3.2 Performance Appraisal**

As it can be seen from the Table 4.3, 5.7% of the respondents strongly agreed and 50% of the respondents agreed that performance appraisal makes the employee work harder than expected. Besides, 44.3% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that performance appraisal makes the employee work harder than expected. This indicates that, majority of the respondents i.e. 55.7% were agree on the issue that is raised about performance appraisal makes the employee work harder than expected.

As it can be seen from the Table 4.3, 17.9% of the respondents strongly agreed and 38.6% of the respondents agreed that performance appraisal makes the employee work at my normal pace. Besides, 2.9% of the respondents were remain neutral, 40.7% and none of the respondent disagreed and strongly disagreed respectively that performance appraisal makes the employee work at my normal pace. This indicates that, majority of the respondents i.e.

56.5% were agree on the issue that is raised about performance appraisal makes the employee work at my normal pace.

As it can be seen from the Table 4.3, 13.6% of the respondents strongly agreed and 33.6% of the respondents agreed that performance appraisal makes you work below expectation due to how it is conducted. Besides, 14.3% of the respondents were remain neutral, 26.4% and 17.12% of the respondent disagreed and strongly disagreed respectively that performance appraisal makes you work below expectation due to how it is conducted. This indicates that, majority of the respondents i.e. 47.2% were agree on the issue that is raised about performance appraisal makes you work below expectation due to how it is conducted.

As it can be seen from the Table 4.3, 7.1% of the respondents strongly agreed and 63.6% of the respondents agreed that if the employee don't agree with performance appraisal score, there is appeal process. Besides, 9.35% of the respondents were remain neutral, 15.7% and 4.3% of the respondent disagreed and strongly disagreed respectively that that if the employee don't agree with performance appraisal score, there is appeal process. This indicates that, majority of the respondents i.e. 70.7% were agree on the issue that is raised about that if the employee don't agree with performance appraisal score, there is appeal process.

**Table 4.3: Performance Appraisal**

| Questions                                                                         |                   | Frequency | Percent | Mean   | Standard Deviation |
|-----------------------------------------------------------------------------------|-------------------|-----------|---------|--------|--------------------|
| Performance appraisal makes you work harder than expected                         | Strongly Disagree | 0         | 0       | 3.6143 | .59477             |
|                                                                                   | Disagree          | 0         | 0       |        |                    |
|                                                                                   | Neutral           | 62        | 44.3    |        |                    |
|                                                                                   | Agree             | 70        | 50.0    |        |                    |
|                                                                                   | Strongly Agree    | 8         | 5.7     |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| Performance appraisal makes you work at my normal pace                            | Strongly Disagree | 0         | 0       | 3.3357 | 1.18510            |
|                                                                                   | Disagree          | 57        | 40.7    |        |                    |
|                                                                                   | Neutral           | 4         | 2.9     |        |                    |
|                                                                                   | Agree             | 54        | 38.6    |        |                    |
|                                                                                   | Strongly Agree    | 25        | 17.9    |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| Performance appraisal makes you work below expectation due to how it is conducted | Strongly Disagree | 17        | 12.1    | 3.1000 | 1.27680            |
|                                                                                   | Disagree          | 37        | 26.4    |        |                    |
|                                                                                   | Neutral           | 20        | 14.3    |        |                    |
|                                                                                   | Agree             | 47        | 33.6    |        |                    |
|                                                                                   | Strongly Agree    | 19        | 13.6    |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| If you don't agree with performance appraisal score, there is appeal process      | Strongly Disagree | 6         | 4.3     | 3.5357 | .98485             |
|                                                                                   | Disagree          | 22        | 15.7    |        |                    |
|                                                                                   | Neutral           | 13        | 9.3     |        |                    |
|                                                                                   | Agree             | 89        | 63.6    |        |                    |
|                                                                                   | Strongly Agree    | 10        | 7.1     |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |

| Questions                                                                                   |                   | Frequency | Percent | Mean          | Standard Deviation |
|---------------------------------------------------------------------------------------------|-------------------|-----------|---------|---------------|--------------------|
| You are satisfied with the performance rates given to you in the last performance period    | Strongly Disagree | 0         | 0       | 3.9357        | .57790             |
|                                                                                             | Disagree          | 0         | 0       |               |                    |
|                                                                                             | Neutral           | 28        | 20.0    |               |                    |
|                                                                                             | Agree             | 93        | 66.4    |               |                    |
|                                                                                             | Strongly Agree    | 19        | 13.6    |               |                    |
|                                                                                             | Total             | 140       | 100.0   |               |                    |
| Performance appraisal influences positively individual performance                          | Strongly Disagree | 0         | 0       | 4.0214        | .64001             |
|                                                                                             | Disagree          | 0         | 0       |               |                    |
|                                                                                             | Neutral           | 27        | 19.3    |               |                    |
|                                                                                             | Agree             | 83        | 59.3    |               |                    |
|                                                                                             | Strongly Agree    | 30        | 21.4    |               |                    |
|                                                                                             | Total             | 140       | 100.0   |               |                    |
| Performance appraisal is used as a decision making tool for the increasing your performance | Strongly Disagree | 6         | 4.3     | 3.3357        | .87005             |
|                                                                                             | Disagree          | 17        | 12.1    |               |                    |
|                                                                                             | Neutral           | 43        | 30.7    |               |                    |
|                                                                                             | Agree             | 72        | 51.4    |               |                    |
|                                                                                             | Strongly Agree    | 2         | 1.4     |               |                    |
|                                                                                             | Total             | 140       | 100.0   |               |                    |
| Am satisfied with the current performance appraisal system in the organization              | Strongly Disagree | 0         | 0       | 3.2786        | .96759             |
|                                                                                             | Disagree          | 44        | 31.4    |               |                    |
|                                                                                             | Neutral           | 20        | 14.3    |               |                    |
|                                                                                             | Agree             | 69        | 49.3    |               |                    |
|                                                                                             | Strongly Agree    | 7         | 5.0     |               |                    |
|                                                                                             | Total             | 140       | 100.0   |               |                    |
| <b>Grand Mean</b>                                                                           |                   |           |         | <b>3.5107</b> |                    |

**Source: Survey Result, 2023**

As it can be seen from the Table 4.3, 13.6% of the respondents strongly agreed and 66.45% of the respondents agreed that the employee are satisfied with the performance rates given to them in the last performance period. Besides, 20% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that that the employee are satisfied with the performance rates given to them in the last performance period. This indicates that, majority of the respondents i.e. 80% were agree on the issue that is raised about that the employee are satisfied with the performance rates given to them in the last performance period.

As it can be seen from the Table 4.3, 21.4% of the respondents strongly agreed and 59.3% of the respondents agreed that performance appraisal influences positively individual performance. Besides, 19.35% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that that performance appraisal influences positively individual performance. This indicates that, majority of the respondents i.e. 80.7% were agree on the issue that is raised about that performance appraisal influences positively individual performance.

As it can be seen from the Table 4.3, 1.4% of the respondents strongly agreed and 51.4% of the respondent's performance appraisal is used as a decision making tool for the increasing employee performance. Besides, 30.7% of the respondents were remain neutral, 12.1% and 4.3% of the respondent disagreed and strongly disagreed respectively that that respondent's performance appraisal is used as a decision making tool for the increasing employee performance. This indicates that, majority of the respondents i.e. 52.8% were agree on the issue that is raised about that respondent's performance appraisal is used as a decision making tool for the increasing employee performance.

As it can be seen from the Table 4.3, 5% of the respondents strongly agreed and 49.3% of the respondents agreed that employees are satisfied with the current performance appraisal system in the organization. Besides, 14.35% of the respondents were remain neutral, 31.4% and none of the respondent disagreed and strongly disagreed respectively that that employees are satisfied with the current performance appraisal system in the organization. This indicates that, majority of the respondents i.e. 54.3% were agree on the issue that is raised about that employees are satisfied with the current performance appraisal system in the organization.

This implies that performance appraisal is an important performance management system to both employee and the organization which influences organizational performance. The overall mean for performance appraisal is 3.5107, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study.

#### **4.3.3 Reward Systems**

As it can be seen from the Table 4.4, 0.7% of the respondents strongly agreed and 59.3% of the respondents agreed that a reward practices exists in the organization. Besides, 35.7% of the respondents were remain neutral, 4.3% and none% of the respondent disagreed and strongly disagreed respectively that that a reward practices exists in the organization. This indicates that, majority of the respondents i.e. 60% were agree on the issue that is raised about that a reward practices exists in the organization.

As it can be seen from the Table 4.4, 7.1% of the respondents strongly agreed and 32.9% of the respondents agreed that the management recognizes employee's effort towards achieving the organizations objectives. Besides, 51.4% of the respondents were remain neutral, 4.3% and 4.32% of the respondent disagreed and strongly disagreed respectively that that the management recognizes employee's effort towards achieving the organizations objectives. This indicates that, majority of the respondents i.e. 51.4% were neither agree or disagree on

the issue that is raised about that the management recognizes employee's effort towards achieving the organizations objectives.

As it can be seen from the Table 4.4, 7.9% of the respondents strongly agreed and 52.1% of the respondents agreed that the reward includes both financial & non-financial rewards. Besides, 20.7% of the respondents were remain neutral, 15% and 4.3% of the respondent disagreed and strongly disagreed respectively that that the reward includes both financial & non-financial rewards. This indicates that, majority of the respondents i.e. 60% were agree on the issue that is raised about that the reward includes both financial & non-financial rewards.

As it can be seen from the Table 4.4, 5.7% of the respondents strongly agreed and 66.4% of the respondents agreed that the rewards provided by the organization motivate employee to give their best. Besides, 12.1% of the respondents were remain neutral, none and 15.7% of the respondent disagreed and strongly disagreed respectively that that the rewards provided by the organization motivate employee to give their best. This indicates that, majority of the respondents i.e. 72.1% were agree on the issue that is raised about that the rewards provided by the organization motivate employee to give their best.

As it can be seen from the Table 4.4, 8.6% of the respondents strongly agreed and 52.9% of the respondents agreed that their organization influences their productivity by linking the reward on job promotion. Besides, 26.4% of the respondents were remain neutral, 7.9% and 4.3% of the respondent disagreed and strongly disagreed respectively that that their organization influences their productivity by linking the reward on job promotion. This indicates that, majority of the respondents i.e. 61.5% were agree on the issue that is raised about that their organization influences their productivity by linking the reward on job promotion.

As it can be seen from the Table 4.4, none of the respondents strongly agreed and 60% of the respondents agreed that the rewards are varied and satisfactory. Besides, 20% of the respondents were remain neutral, 20% and none of the respondent disagreed and strongly disagreed respectively that that the rewards are varied and satisfactory. This indicates that, majority of the respondents i.e. 60% were agree on the issue that is raised about that the rewards are varied and satisfactory.

As it can be seen from the Table 4.4, 16.4% of the respondents strongly agreed and 64.3% of the respondents agreed that the rewards motivate an employee to be timely in completing their duties. Besides, 15% of the respondents were remain neutral, 4.3% and none% of the

respondent disagreed and strongly disagreed respectively that that the rewards motivate an employee to be timely in completing their duties. This indicates that, majority of the respondents i.e. 80.7% were agree on the issue that is raised about that the rewards motivate an employee to be timely in completing their duties.

As it can be seen from the Table 4.4, 13.6% of the respondents strongly agreed and 74.3% of the respondents agreed that when they are rewarded employee seek for ways of improving the performance of the organization. Besides, 7.9% of the respondents were remain neutral, none and 4.3% of the respondent disagreed and strongly disagreed respectively that that when they are rewarded employee seek for ways of improving the performance of the organization. This indicates that, majority of the respondents i.e. 87.9% were agree on the issue that is raised about that when they are rewarded employee seek for ways of improving the performance of the organization.

As it can be seen from the Table 4.4, 10% of the respondents strongly agreed and 53.6% of the respondents agreed that the reward system considers all employees of the organization. Besides, 25% of the respondents were remain neutral, none and 11.4% of the respondent disagreed and strongly disagreed respectively that that the reward system considers all employees of the organization. This indicates that, majority of the respondents i.e. 63.6% were agree on the issue that is raised about that the reward system considers all employees of the organization.

**Table 4.4: Reward Systems**

| Questions                                                                                  |                   | Frequency | Percent | Mean   | Standard Deviation |
|--------------------------------------------------------------------------------------------|-------------------|-----------|---------|--------|--------------------|
| A reward Practices exists in the organization                                              | Strongly Disagree | 0         | 0       | 3.5643 | .59022             |
|                                                                                            | Disagree          | 6         | 4.3     |        |                    |
|                                                                                            | Neutral           | 50        | 35.7    |        |                    |
|                                                                                            | Agree             | 83        | 59.3    |        |                    |
|                                                                                            | Strongly Agree    | 1         | 0.7     |        |                    |
|                                                                                            | Total             | 140       | 100.0   |        |                    |
| The management recognizes employee's effort towards achieving the organizations objectives | Strongly Disagree | 6         | 4.3     | 3.3429 | .84625             |
|                                                                                            | Disagree          | 6         | 4.3     |        |                    |
|                                                                                            | Neutral           | 72        | 51.4    |        |                    |
|                                                                                            | Agree             | 46        | 32.9    |        |                    |
|                                                                                            | Strongly Agree    | 10        | 7.1     |        |                    |
|                                                                                            | Total             | 140       | 100.0   |        |                    |
| The reward includes both financial & non-financial rewards                                 | Strongly Disagree | 6         | 4.3     | 3.4429 | .98384             |
|                                                                                            | Disagree          | 21        | 15.0    |        |                    |
|                                                                                            | Neutral           | 29        | 20.7    |        |                    |
|                                                                                            | Agree             | 73        | 52.1    |        |                    |
|                                                                                            | Strongly Agree    | 11        | 7.9     |        |                    |
|                                                                                            | Total             | 140       | 100.0   |        |                    |

| Questions                                                                         |                   | Frequency | Percent | Mean   | Standard Deviation |
|-----------------------------------------------------------------------------------|-------------------|-----------|---------|--------|--------------------|
| The rewards provided by my organization motivate us to give our best              | Strongly Disagree | 22        | 15.7    | 3.4643 | 1.14685            |
|                                                                                   | Disagree          | 0         | 0       |        |                    |
|                                                                                   | Neutral           | 17        | 12.1    |        |                    |
|                                                                                   | Agree             | 93        | 66.4    |        |                    |
|                                                                                   | Strongly Agree    | 8         | 5.7     |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| My organization influences my productivity by linking the reward on job promotion | Strongly Disagree | 6         | 4.3     | 3.5357 | .91676             |
|                                                                                   | Disagree          | 11        | 7.9     |        |                    |
|                                                                                   | Neutral           | 37        | 26.4    |        |                    |
|                                                                                   | Agree             | 74        | 52.9    |        |                    |
|                                                                                   | Strongly Agree    | 12        | 8.6     |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| The rewards are varied and satisfactory                                           | Strongly Disagree | 0         | 0       | 3.4000 | .80287             |
|                                                                                   | Disagree          | 28        | 20.0    |        |                    |
|                                                                                   | Neutral           | 28        | 20.0    |        |                    |
|                                                                                   | Agree             | 84        | 60.0    |        |                    |
|                                                                                   | Strongly Agree    | 0         | 0       |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| The rewards motivate me to be timely in completing my duties                      | Strongly Disagree | 0         | 0       | 3.9286 | .69575             |
|                                                                                   | Disagree          | 6         | 4.3     |        |                    |
|                                                                                   | Neutral           | 21        | 15.0    |        |                    |
|                                                                                   | Agree             | 90        | 64.3    |        |                    |
|                                                                                   | Strongly Agree    | 23        | 16.4    |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| When rewarded I seek for ways of improving the performance of the organization    | Strongly Disagree | 6         | 4.3     | 3.9286 | .77407             |
|                                                                                   | Disagree          | 0         | 0       |        |                    |
|                                                                                   | Neutral           | 11        | 7.9     |        |                    |
|                                                                                   | Agree             | 104       | 74.3    |        |                    |
|                                                                                   | Strongly Agree    | 19        | 13.6    |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| The reward system considers all employees of the organization                     | Strongly Disagree | 16        | 11.4    | 3.5071 | 1.06950            |
|                                                                                   | Disagree          | 0         | 0       |        |                    |
|                                                                                   | Neutral           | 35        | 25.0    |        |                    |
|                                                                                   | Agree             | 75        | 53.6    |        |                    |
|                                                                                   | Strongly Agree    | 14        | 10.0    |        |                    |
|                                                                                   | Total             | 140       | 100.0   |        |                    |
| Grand Mean                                                                        |                   |           |         | 3.5694 |                    |

**Source: Survey Result, 2023**

This implies that reward system is an important performance management system to both employee and the organization which influences organizational performance. The overall mean for reward system is 3.5694, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study.

#### **4.3.4 Performance Feedback**

As it can be seen from the Table 4.5, 10.7% of the respondents strongly agreed and 49.3% of the respondents agreed that their organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones. Besides, 35.7% of the respondents were remain neutral, 4.3% and none of the respondent disagreed and strongly disagreed respectively that that their organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones. This indicates that, majority of the respondents i.e. 60% were agree on the issue that is raised about that their organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones.

As it can be seen from the Table 4.5, 11.4% of the respondents strongly agreed and 61.4% of the respondents agreed that the feedback the employee receive agrees with what they have actually achieved. Besides, 22.95% of the respondents were remain neutral, 4.3% and none of the respondent disagreed and strongly disagreed respectively that that the feedback the employee receive agrees with what they have actually achieved. This indicates that, majority of the respondents i.e. 72.8% were agree on the issue that is raised about that the feedback the employee receive agrees with what they have actually achieved.

As it can be seen from the Table 4.5, 14.3% of the respondents strongly agreed and 62.9% of the respondents agreed that manager communicates with their employee frequently about their performance. Besides, 4.3% of the respondents were remain neutral, 18.6% and none of the respondent disagreed and strongly disagreed respectively that that manager communicates with their employee frequently about their performance. This indicates that, majority of the respondents i.e. 77.2% were agree on the issue that is raised about that manager communicates with their employee frequently about their performance.

As it can be seen from the Table 4.5, 20% of the respondents strongly agreed and 71.4% of the respondents agreed that the feedback employees received on how they do their job is highly relevant. Besides, 8.6% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that that the feedback employees received on how they do their job is highly relevant. This indicates that, majority of the respondents i.e. 91.4% were agree on the issue that is raised about that the feedback employees received on how they do their job is highly relevant.

As it can be seen from the Table 4.5, 8.6% of the respondents strongly agreed and 70.7% of the respondents agreed that they are satisfied with the way the organization provides them with feedback. Besides, 20.7% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that they are satisfied with the way the organization provides them with feedback. This indicates that, majority of the respondents i.e. 79.3% were agree on the issue that is raised about they are satisfied with the way the organization provides them with feedback.

As it can be seen from the Table 4.5, 16.4% of the respondents strongly agreed and 21.4% of the respondents agreed that they are always get adequate feedback on my performance. Besides, 57.9% of the respondents were remain neutral, 4.3% and none of the respondent disagreed and strongly disagreed respectively that they are always get adequate feedback on my performance. This indicates that, majority of the respondents i.e. 57.9% were nether agree nor disagree on the issue that is raised about that they are always get adequate feedback on my performance.

As it can be seen from the Table 4.5, 3.6% of the respondents strongly agreed and 22.1% of the respondents agreed that current performance feedback in the organization is fair and unbiased. Besides, 55% of the respondents were remain neutral, 12.1% and 7.1% of the respondent disagreed and strongly disagreed respectively that that current performance feedback in the organization is fair and unbiased. This indicates that, majority of the respondents i.e. 55% were neither agree nor disagree on the issue that is raised about current performance feedback in the organization is fair and unbiased.

This implies that performance feedback is an important performance management system to both employee and the organization which influences organizational performance. The overall mean for performance feedback is 3.6742, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study.

**Table 4.5: Performance Feedback**

| Questions                                                                                                            |                   | Frequency | Percent | Mean          | Standard Deviation |
|----------------------------------------------------------------------------------------------------------------------|-------------------|-----------|---------|---------------|--------------------|
| My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones | Strongly Disagree | 0         | 0       | 3.6643        | .72579             |
|                                                                                                                      | Disagree          | 6         | 4.3     |               |                    |
|                                                                                                                      | Neutral           | 50        | 35.7    |               |                    |
|                                                                                                                      | Agree             | 69        | 49.3    |               |                    |
|                                                                                                                      | Strongly Agree    | 15        | 10.7    |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| The feedback I receive agrees with what I have actually achieved                                                     | Strongly Disagree | 0         | 0       | 3.8000        | .69116             |
|                                                                                                                      | Disagree          | 6         | 4.3     |               |                    |
|                                                                                                                      | Neutral           | 32        | 22.9    |               |                    |
|                                                                                                                      | Agree             | 86        | 61.4    |               |                    |
|                                                                                                                      | Strongly Agree    | 16        | 11.4    |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| My manager communicates with me frequently about my performance                                                      | Strongly Disagree | 0         | 0       | 3.7286        | .92793             |
|                                                                                                                      | Disagree          | 26        | 18.6    |               |                    |
|                                                                                                                      | Neutral           | 6         | 4.3     |               |                    |
|                                                                                                                      | Agree             | 88        | 62.9    |               |                    |
|                                                                                                                      | Strongly Agree    | 20        | 14.3    |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| The feedback i receive on how I do my job is highly relevant                                                         | Strongly Disagree | 0         | 0       | 4.1143        | .52404             |
|                                                                                                                      | Disagree          | 0         | 0       |               |                    |
|                                                                                                                      | Neutral           | 12        | 8.6     |               |                    |
|                                                                                                                      | Agree             | 100       | 71.4    |               |                    |
|                                                                                                                      | Strongly Agree    | 28        | 20.0    |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| I am satisfied with the way my organization provides me with feedback                                                | Strongly Disagree | 0         | 0       | 3.8786        | .52926             |
|                                                                                                                      | Disagree          | 0         | 0       |               |                    |
|                                                                                                                      | Neutral           | 29        | 20.7    |               |                    |
|                                                                                                                      | Agree             | 99        | 70.7    |               |                    |
|                                                                                                                      | Strongly Agree    | 12        | 8.6     |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| I always get adequate feedback on my performance                                                                     | Strongly Disagree | 0         | 0       | 3.5000        | .81796             |
|                                                                                                                      | Disagree          | 6         | 4.3     |               |                    |
|                                                                                                                      | Neutral           | 81        | 57.9    |               |                    |
|                                                                                                                      | Agree             | 30        | 21.4    |               |                    |
|                                                                                                                      | Strongly Agree    | 23        | 16.4    |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| Current performance feedback in my organization is fair and unbiased                                                 | Strongly Disagree | 10        | 7.1     | 3.0286        | .88100             |
|                                                                                                                      | Disagree          | 17        | 12.1    |               |                    |
|                                                                                                                      | Neutral           | 77        | 55.0    |               |                    |
|                                                                                                                      | Agree             | 31        | 22.1    |               |                    |
|                                                                                                                      | Strongly Agree    | 5         | 3.6     |               |                    |
|                                                                                                                      | Total             | 140       | 100.0   |               |                    |
| <b>Grand Mean</b>                                                                                                    |                   |           |         | <b>3.6742</b> |                    |

**Source: Survey Result, 2023**

#### **4.3.5 Organizational Performance**

As it can be seen from the Table 4.6, 5.7% of the respondents strongly agreed and 49.3% of the respondents agreed that performance management system is clearly defined in the organization. Besides, 32.9% of the respondents were remain neutral, 4.3% and 7.9% of the respondent disagreed and strongly disagreed respectively that that performance management system is clearly defined in the organization. This indicates that, majority of the respondents i.e. 55% were agree on the issue that is raised about performance management system is clearly defined in the organization.

As it can be seen from the Table 4.6, 14.3% of the respondents strongly agreed and 45.7% of the respondents agreed that the level of organizational performance after the implementation of performance management system is high as compared to the beginning. Besides, 20% of the respondents were remain neutral, 20% and none% of the respondent disagreed and strongly disagreed respectively that that the level of organizational performance after the implementation of performance management system is high as compared to the beginning. This indicates that, majority of the respondents i.e. 60% were agree on the issue that is raised about the level of organizational performance after the implementation of performance management system is high as compared to the beginning.

As it can be seen from the Table 4.6, 14.3% of the respondents strongly agreed and 27.1% of the respondents agreed that performance management system of the organization is clearly defined and ready for implementation. Besides, 46.4% of the respondents were remain neutral, 7.5% and 4.3% of the respondent disagreed and strongly disagreed respectively that performance management system of the organization is clearly defined and ready for implementation. This indicates that, majority of the respondents i.e. 46.4% were neither agree nor disagree on the issue that is raised about performance management system of the organization is clearly defined and ready for implementation.

As it can be seen from the Table 4.6, 12.1% of the respondents strongly agreed and 79.3% of the respondents agreed that the performance management practices are continuously exercised and the organizational performance expected to be enhanced. Besides, 8.6% of the respondents were remain neutral, none of the respondent disagreed and strongly disagreed respectively that that the performance management practices are continuously exercised and the organizational performance expected to be enhanced. This indicates that, majority of the respondents i.e. 91.4% were agree on the issue that is raised about the level of organizational

performance after the performance management practices are continuously exercised and the organizational performance expected to be enhanced.

As it can be seen from the Table 4.6, 7.1% of the respondents strongly agreed and 72.9% of the respondents agreed that employees understand how their role in practicing performance management system can contribute to the overall organizational goals and objectives achievement. Besides, 11.4% of the respondents were remain neutral, 8.6% and none of the respondent disagreed and strongly disagreed respectively that that employees understand how their role in practicing performance management system can contribute to the overall organizational goals and objectives achievement. This indicates that, majority of the respondents i.e. 80% were agree on the issue that is raised about employees understand how their role in practicing performance management system can contribute to the overall organizational goals and objectives achievement.

**Table 4.6: Organizational Performance**

| Questions                                                                                                                                          |                   | Frequency | Percent | Mean   | Standard Deviation |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|---------|--------|--------------------|
| Performance management system is clearly defined in the organization                                                                               | Strongly Disagree | 11        | 7.9     | 3.4071 | .95884             |
|                                                                                                                                                    | Disagree          | 6         | 4.3     |        |                    |
|                                                                                                                                                    | Neutral           | 46        | 32.9    |        |                    |
|                                                                                                                                                    | Agree             | 69        | 49.3    |        |                    |
|                                                                                                                                                    | Strongly Agree    | 8         | 5.7     |        |                    |
|                                                                                                                                                    | Total             | 140       | 100.0   |        |                    |
| The level of organizational performance after the implementation of performance management system is high as compared to the beginning             | Strongly Disagree | 0         | 0       | 3.5429 | .96984             |
|                                                                                                                                                    | Disagree          | 28        | 20.0    |        |                    |
|                                                                                                                                                    | Neutral           | 28        | 20.0    |        |                    |
|                                                                                                                                                    | Agree             | 64        | 45.7    |        |                    |
|                                                                                                                                                    | Strongly Agree    | 20        | 14.3    |        |                    |
|                                                                                                                                                    | Total             | 140       | 100.0   |        |                    |
| Performance management system of your organization is clearly defined and ready for implementation                                                 | Strongly Disagree | 6         | 4.3     | 3.3929 | .97225             |
|                                                                                                                                                    | Disagree          | 11        | 7.9     |        |                    |
|                                                                                                                                                    | Neutral           | 65        | 46.4    |        |                    |
|                                                                                                                                                    | Agree             | 38        | 27.1    |        |                    |
|                                                                                                                                                    | Strongly Agree    | 20        | 14.3    |        |                    |
|                                                                                                                                                    | Total             | 140       | 100.0   |        |                    |
| If the performance management practices are continuously exercised, the organizational performance expected to be enhanced                         | Strongly Disagree | 0         | 0       | 4.0357 | .45536             |
|                                                                                                                                                    | Disagree          | 0         | 0       |        |                    |
|                                                                                                                                                    | Neutral           | 12        | 8.6     |        |                    |
|                                                                                                                                                    | Agree             | 111       | 79.3    |        |                    |
|                                                                                                                                                    | Strongly Agree    | 17        | 12.1    |        |                    |
|                                                                                                                                                    | Total             | 140       | 100.0   |        |                    |
| I understand how my role in practicing performance management system can contribute to the overall organizational goals and objectives achievement | Strongly Disagree | 0         | 0       | 3.7857 | .69723             |
|                                                                                                                                                    | Disagree          | 12        | 8.6     |        |                    |
|                                                                                                                                                    | Neutral           | 16        | 11.4    |        |                    |
|                                                                                                                                                    | Agree             | 102       | 72.9    |        |                    |
|                                                                                                                                                    | Strongly Agree    | 10        | 7.1     |        |                    |
|                                                                                                                                                    | Total             | 140       | 100.0   |        |                    |

| Questions                                                                                                       |                   | Frequency | Percent | Mean          | Standard Deviation |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-----------|---------|---------------|--------------------|
| The current level of employee's performance is high                                                             | Strongly Disagree | 6         | 4.3     | 3.7214        | 1.17570            |
|                                                                                                                 | Disagree          | 23        | 16.4    |               |                    |
|                                                                                                                 | Neutral           | 16        | 11.4    |               |                    |
|                                                                                                                 | Agree             | 54        | 38.6    |               |                    |
|                                                                                                                 | Strongly Agree    | 41        | 29.3    |               |                    |
|                                                                                                                 | Total             | 140       | 100.0   |               |                    |
| The current level of the decision making process in the organization is highly formal                           | Strongly Disagree | 6         | 4.3     | 2.9000        | .97671             |
|                                                                                                                 | Disagree          | 44        | 31.4    |               |                    |
|                                                                                                                 | Neutral           | 60        | 42.9    |               |                    |
|                                                                                                                 | Agree             | 18        | 12.9    |               |                    |
|                                                                                                                 | Strongly Agree    | 12        | 8.6     |               |                    |
|                                                                                                                 | Total             | 140       | 100.0   |               |                    |
| The ability of the employees to be innovative is high after the implementation of performance management system | Strongly Disagree | 0         | 0       | 3.2500        | 1.06024            |
|                                                                                                                 | Disagree          | 38        | 27.1    |               |                    |
|                                                                                                                 | Neutral           | 56        | 40.0    |               |                    |
|                                                                                                                 | Agree             | 19        | 13.6    |               |                    |
|                                                                                                                 | Strongly Agree    | 27        | 19.3    |               |                    |
|                                                                                                                 | Total             | 140       | 100.0   |               |                    |
| <b>Grand Mean</b>                                                                                               |                   |           |         | <b>3.6742</b> |                    |

**Source: Survey Result, 2023**

As it can be seen from the Table 4.6, 29.3% of the respondents strongly agreed and 38.6% of the respondents agreed that the current level of employee's performance is high. Besides, 11.4% of the respondents were remain neutral, 16.4% and 4.3% of the respondent disagreed and strongly disagreed respectively that the current level of employee's performance is high. This indicates that, majority of the respondents i.e. 67.9% were agree on the issue that is raised about the current level of employee's performance is high.

As it can be seen from the Table 4.6, 8.6% of the respondents strongly agreed and 12.9% of the respondents agreed that the current level of the decision making process in the organization is highly formal. Besides, 42.9% of the respondents were remain neutral, 31.4% and 4.3% of the respondent disagreed and strongly disagreed respectively that the current level of the decision making process in the organization is highly formal. This indicates that, majority of the respondents i.e. 42.9% were neither agree nor disagree on the issue that is raised about the current level of the decision making process in the organization is highly formal.

As it can be seen from the Table 4.6, 19.3% of the respondents strongly agreed and 13.6% of the respondents agreed that the ability of the employees to be innovative is high after the

implementation of performance management system. Besides, 40% of the respondents were remain neutral, 27.1% and none of the respondent disagreed and strongly disagreed respectively that the ability of the employees to be innovative is high after the implementation of performance management system. This indicates that, majority of the respondents i.e. 40% were neither agree nor disagree on the issue that is raised about the ability of the employees to be innovative is high after the implementation of performance management system.

This implies that performance feedback is an important performance management system to both employee and the organization which influences organizational performance. The overall mean for performance feedback is 3.6742, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study.

#### 4.4 Correlation Analysis

In this section, the researcher conducted correlation analysis in the light of each research objectives and research hypothesis. The researcher used Karl Pearson's coefficient of correlation (or simple correlation) analysis as it is the most widely used method of measuring the degree of relationship between two or more variables. The relationship between performance management system and organizational performance of Birhanena Selam Printing Enterprise was investigated using Pearson's coefficient of correlation analysis.

**Table 4.7 Correlation Analysis**

| Correlations               |                     |                            |                      |                       |               |                      |
|----------------------------|---------------------|----------------------------|----------------------|-----------------------|---------------|----------------------|
|                            |                     | organizational performance | performance planning | performance appraisal | Reward system | performance feedback |
| organizational performance | Pearson Correlation | 1                          |                      |                       |               |                      |
|                            | Sig. (2-tailed)     |                            |                      |                       |               |                      |
|                            | N                   | 140                        |                      |                       |               |                      |
| performance planning       | Pearson Correlation | .684**                     | 1                    |                       |               |                      |
|                            | Sig. (2-tailed)     | .000                       |                      |                       |               |                      |
|                            | N                   | 140                        | 140                  |                       |               |                      |
| performance appraisal      | Pearson Correlation | .656**                     | .618**               | 1                     |               |                      |
|                            | Sig. (2-tailed)     | .000                       | .000                 |                       |               |                      |
|                            | N                   | 140                        | 140                  | 140                   |               |                      |
| Reward system              | Pearson Correlation | .507**                     | .643**               | .294**                | 1             |                      |
|                            | Sig. (2-tailed)     | .000                       | .000                 | .000                  |               |                      |
|                            | N                   | 140                        | 140                  | 140                   | 140           |                      |
| performance feedback       | Pearson Correlation | .580**                     | .546**               | .445**                | .415**        | 1                    |
|                            | Sig. (2-tailed)     | .000                       | .000                 | .000                  | .000          |                      |
|                            | N                   | 140                        | 140                  | 140                   | 140           | 140                  |

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

### ***Source: Survey Result, 2023***

In the table below 4.7 shows that, the Pearson correlation result are significant level. When we see the correlation of performance planning, performance appraisal, reward system and performance feedback with organizational performance of Birhanena Selam Printing Enterprise, a strong and positive relationship was found between performance planning and organizational performance ( $r = 0.684$ ,  $p < .05$ ). Performance appraisal had a strong and positive relationship with organizational performance ( $r = 0.656$ ,  $p < .05$ ). Reward system had a strong and positive relationship with organizational performance ( $r = 0.507$ ,  $p < .05$ ). Performance feedback had a strong and positive relationship with organizational performance ( $r = 0.580$ ,  $p < .05$ ) which are statistically significant.

## **4.5 The Assumptions for Testing Regression Analysis**

Regression analysis is a statistical device for the analysis of relationships between variables. Usually, the researcher looks for to ascertain the causal effect of one variable upon another variable. To explore such issues, the researcher assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the causal variables upon the variable that he/she influences. The investigator also typically assesses the “statistical significance” of the estimated relationships, that is, the degree of confidence that the true relationship is close to the estimated relationship (Malhotra, 2007). In this study, the researcher tested the assumptions before running the regression analysis.

The test of assumptions should be done because the violations of the assumptions affect following use of multivariate statistical methods (Hair et al., 2006). Therefore, Hair et al. (2006), suggested that several assumptions regarding the operation of multivariate statistical tools, namely linearity, normality, homoscedasticity, and multicollinearity should be applied before the stage any multivariate analysis. Accordingly, the researcher has proved that obtained data truly represented the sample and obtained the best results.

### **4.5.1 Linearity relationship**

The multiple linear regressions need the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since multiple linear regressions are sensitive to outlier effects.

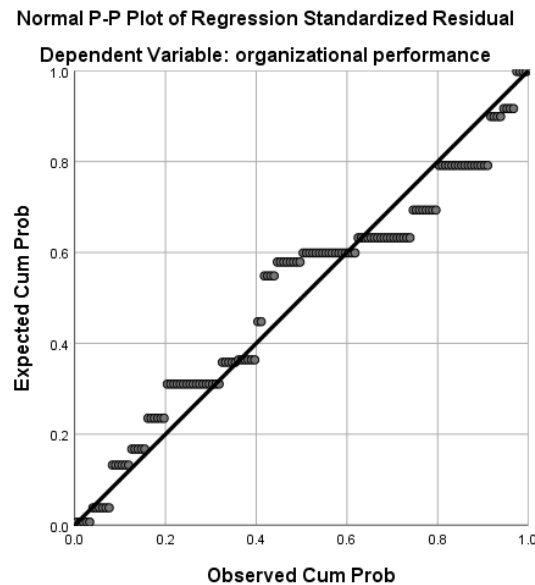


**Figure 4.1: P–P plot**

**Source: Survey Result, 2023**

There is another useful graph that the researcher can examine to see if a distribution is normally distributed is called a P–P plot (probability–probability plot). According to Hair et al. (1998), the plots are different from residuals plots in that the consistent residuals are compared with the normal distribution.

In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Therefore, the plot below displays the result which seems reasonably linear; indicating the normality assumption of the model is not violated. This is one indication of a good model fit.

#### **4.5.2 Multivariate Normality**

The multiple linear regression analysis requires all variables to be normal. This assumption can best be checked with a histogram of the residuals and fitted normal curve or a Q–Q–Plot. However, it can introduce effects of multicollinearity.

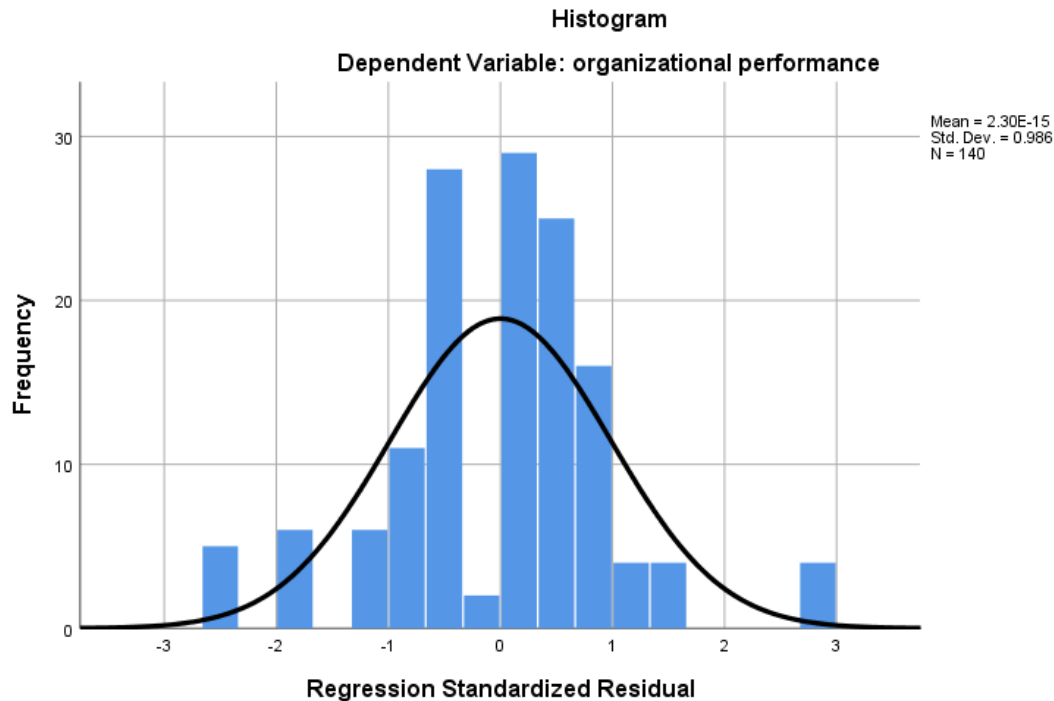


**Figure 4.2: Histogram**

In this study the researcher uses histogram of the residuals. It is argued that the histogram of the research variables supports the expectation for the normal figure distribution of data in figure 4.2 above.

In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Therefore, the plot below displays the result which seems reasonably linear; indicating the normality assumption of the model is not violated. This is one indication of a good model fit.

#### 4.5.3 Multi-collinearity

The multiple linear regressions assume that there is little or no multicollinearity in the data. Multicollinearity occurs when the independent variables are not independent from each other. A second important independence assumption is that the error of the mean is uncorrelated; that is that the standard mean error of the dependent variable is independent from the independent variables. Multicollinearity is checked against four key criteria by tolerance and Variance Inflation Factor.

**Table 4.8: Multicollinearity**

| Model                                             |                       | Collinearity Statistics |       |
|---------------------------------------------------|-----------------------|-------------------------|-------|
|                                                   |                       | Tolerance               | VIF   |
| 1                                                 | (Constant)            |                         |       |
|                                                   | Performance Planning  | .362                    | 2.764 |
|                                                   | Performance Appraisal | .579                    | 1.726 |
|                                                   | Rewards System        | .559                    | 1.788 |
|                                                   | Performance Feedback  | .671                    | 1.490 |
| a. Dependent Variable: Organizational Performance |                       |                         |       |

**Source: Survey Result, 2023**

Tolerance is defined as  $T = 1 - R^2$  for these first step regression analysis. Variance Inflation Factor (VIF) – the variance inflation factor of the linear regression is defined as  $VIF = 1/T$ . Similarly, with  $VIF > 10$  there is an indication for multicollinearity to be present. Condition Index – the condition index is calculated using a factor analysis on the independent variables. Multicollinearity problems have to be dealt with (by getting rid of redundant predictor variables or other means) if VIF approaches 10 (that means that only about 10% of the variance in the predictor in question is not explained by the combination of the other predictors) (Hair et al., 2010)

Accordingly, as indicated in table 4.9 below, the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.490 to 2.764 and Tolerance value ranging with 0.362 to 0.671. Likewise, as indicated in table 4.7 of correlation analysis, the results of the correlation coefficient between independent variables were below 0.9. Therefore, these results indicated that there was no collinearity problem in this study.

#### **4.5.4 Homoscedasticity of the Error Terms**

Hair et al. (2006), indicated that homoscedasticity relates to the assumptions that dependent variable explaining equal levels of variance across the range of independent variables.

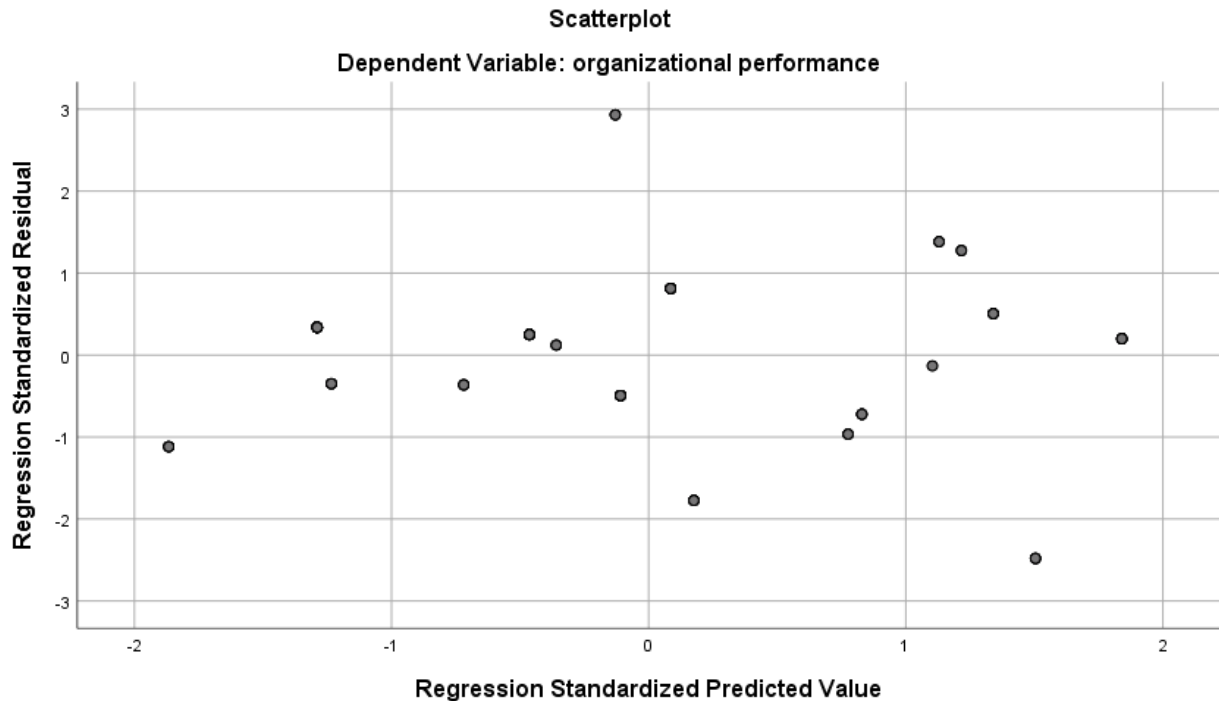


Figure 4.3 Scatter Plot

Hair (2006), argue the test of homoscedasticity is required because the variance of the dependent variable being explained in the dependence association could not be focus in simply a limited range of the independent values. This assumption is tested for each regression procedure with the Durbin-Watson test, which test for correlation between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009).

A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation. As a rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is on acceptable range and an acceptable range is 1.50 - 2.50 (Muluadam, 2015).

## 4.6 Multiple Linear Regression Analysis

Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that greatest predict the value of the dependent variable (Field, 2005).

**Table 4.10: Model Summary**

| <b>Model Summary<sup>b</sup></b>                                                                               |                   |          |                   |                            |
|----------------------------------------------------------------------------------------------------------------|-------------------|----------|-------------------|----------------------------|
| Model                                                                                                          | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                                                                                                              | .780 <sup>a</sup> | .609     | .598              | .40418                     |
| a. Predictors: (Constant), Performance Planning, Performance Appraisal, Reward system and Performance Feedback |                   |          |                   |                            |
| b. Dependent Variable: Organizational Performance                                                              |                   |          |                   |                            |

**Source: Survey Result, 2023**

Multiple linear regressions were conducted in order to decide the explanatory power of the independent variables (performance planning, performance appraisal, reward system and performance feedback) to identify the relationship and to determine the most dominant variables that influenced organizational performance. The significance level of 0.05 with 95% confidence interval was used. The reason for using multiple regression analysis was to evaluate the effect of performance management system on organizational performance.

The above regression model in Table 4.10 that presents how much of the variance in the measure of firm performance is explained by the underlying performance management system. Furthermore, the model was explained R, adjusted R<sup>2</sup> and Sig. F Change in detail.

“R” indicates that, the value of the multiple correlation coefficients between the predictors and the result; with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that completely predicts the observed value (Pedhazur, 1982). From the model summary in Table 4.10 above (R=.780<sup>a</sup>) indicated that, the linear combination of the four independent variables (performance planning, performance appraisal, reward system and performance feedback) strongly predicted the dependent variable (Organizational Performance).

The coefficient of determination, “R<sup>2</sup>”, is used in the context of statistical models whose main purpose is the prediction of future outcomes on the basis of other related information. It is the proportion of variability in a data set that is accounted for by the statistical model. It provides a measure of how well future outcomes are likely to be predicted by the model. Our Model Summary in Table 4.10 above shows that the coefficient of determination (R<sup>2</sup>), using all the

predictors simultaneously, is ( $R^2 = 0.609$ ) meaning that 60.9% of the variance in organizational performance of Birhanena Selam Printing Enterprise can be predicted from predictors while the rest 39.1% is explained by other factors. Therefore, this indicates that 60.9% of the variance in organizational performance of Birhanena Selam Printing Enterprise.

“Adjusted  $R^2$ ” is a modification of  $R^2$  that adjusts for the number of explanatory terms in a model. Unlike  $R^2$ , the adjusted  $R^2$  increases only if the new term improves the model more than would be expected by chance. The adjusted  $R^2$  can be negative, and will always be less than or equal to  $R^2$ . The adjusted  $R^2$  gives some suggestion of how well the model generalizes and its value to be the same, or extremely close to the value of  $R^2$ . That means it adjusts the value of  $R^2$  to more correctly represent the population under study (Pedhazur, 1982). The difference for the final model is small, in fact in our result in Table 4.10 above the difference between  $R^2$  and Adjusted  $R^2$  is ( $0.609 - 0.598 = 0.011$ ) which is about 1.1%. This reduction means that if the model were derived from the population rather than a sample it would account for approximately 1.1% less variance in the conclusion.

**Table 4.11: ANOVA**

| ANOVA <sup>a</sup>                                                                                             |            |                |     |             |        |      |
|----------------------------------------------------------------------------------------------------------------|------------|----------------|-----|-------------|--------|------|
| Model                                                                                                          |            | Sum of Squares | df  | Mean Square | F      | Sig. |
| 1                                                                                                              | Regression | 34.365         | 4   | 8.591       | 52.589 | .000 |
|                                                                                                                | Residual   | 22.054         | 135 | .163        |        |      |
|                                                                                                                | Total      | 56.419         | 139 |             |        |      |
| a. Dependent Variable: Organizational Performance                                                              |            |                |     |             |        |      |
| b. Predictors: (Constant), Performance Planning, Performance Appraisal, Reward system and Performance Feedback |            |                |     |             |        |      |

**Source: Survey Result, 2023**

The ANOVA table shows the overall significance/ acceptability of the model from a statistical perspective (Pedhazur, 1982) with the p-value is less  $< 0.05$  which indicates the variation explained by the model is not due to possibility. F-ratio determines whether the model is a good fit for the data. The F-ratio is calculated by dividing the average enhancement in prediction by the model by the average difference between the model and the observed data. If the improvement due to appropriate the regression model is much greater than the inaccuracy within the model then the value of F will be greater than 1 and SPSS calculates the exact probability of obtaining the value of F by chance (Pedhazur, 1982).

The above of Table 4.11 is to test the fitness of the model in estimating the effects of the independent variables on the organizational performance of Birhanena Selam Printing Enterprise, two-way ANOVA was carried out where the statistic (F) = 52.289, p-value=0.000 was implying that the model was significantly used in predicting the effects of independent variables on organizational performance of Birhanena Selam Printing Enterprise. And the F-ratio for the above model is 52.289, which is very unlikely to have happened by chance.

**Table 4.12: Regression Coefficient on Organizational Performance**

| Coefficients <sup>a</sup>                         |                       |                             |            |                           |        |      |
|---------------------------------------------------|-----------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                                             |                       | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|                                                   |                       | B                           | Std. Error | Beta                      |        |      |
| 1                                                 | (Constant)            | -.427                       | .303       |                           | -1.408 | .161 |
|                                                   | Performance Planning  | .207                        | .079       | .236                      | 2.642  | .009 |
|                                                   | Performance Appraisal | .470                        | .091       | .364                      | 5.149  | .000 |
|                                                   | Rewards System        | .252                        | .070       | .155                      | 2.159  | .033 |
|                                                   | Performance Feedback  | .261                        | .076       | .224                      | 3.415  | .001 |
| a. Dependent Variable: Organizational Performance |                       |                             |            |                           |        |      |

**Source: Survey Result, 2023**

To investigate how the selected performance management system (performance planning, performance appraisal, reward system and performance feedback) affect organizational performance in Birhanena Selam Printing Enterprise the researcher applied a systematic method in which how well the independent variables can explain the value of the dependent variables is stated. As shown on Table 4.12 above, the comparative contribution of each of the four variables taking in to account the beta value under the standardized coefficients having the strongest contribution when the higher the beta value.

Accordingly, performance appraisal (Beta = 0.470) makes the strongest unique contribution to explaining organizational performance of Birhanena Selam Printing Enterprise in which the results revealed that, a one-unit positive change increment in performance appraisal would lead to a 0.470 unit increase in organizational performance in Birhanena Selam Printing Enterprise.

Similarly, performance feedback ( $Beta = 0.261$ ) are contributors to explaining the dependent variable organizational performance at Birhanena Selam Printing Enterprise with beta value of 0.261; performance planning ( $Beta = 0.207$ ) are contributors to explaining the dependent variable organizational performance at Birhanena Selam Printing Enterprise with beta value of 0.207; and reward system ( $Beta = 0.152$ ) are contributors to explaining the dependent variable firm performance at Birhanena Selam Printing Enterprise with beta value of 0.252.

The statistical significance of the four independent variables from the above regression coefficients Table 4.12, performance appraisal (Sig. <0.05) have statistically significant contribution for the prediction of the dependent variable; performance feedback (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable; performance planning (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable; and reward system (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable.

Based on these results, the regression equation that predicts organizational performance at Birhanena Selam Printing Enterprise based on the linear combination of performance planning, performance appraisal, reward system and performance feedback is as follows:

$$Y = \beta_o + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

$$Y = -.427 + 0.207X_1 + 0.470X_2 + 0.152X_3 + 0.261X_4 + \varepsilon$$

Where as

- $y$  refers dependent variable which is organizational performance
- $\beta_o$  refers constant
- $\beta_1, \beta_2, \beta_3$ , and  $\beta_4$  are the coefficients of the independent variables (Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback)
- $X_1, X_2, X_3$  and  $X_4$  refers the independent variables (Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback)
- $\varepsilon$  refers significant error

## 4.7 Hypothesis Testing

This study was aimed to examine effect of performance management system on organizational performance: The Case of Birhanena Selam Printing Enterprise. Under the umbrella of performance management system; performance planning, performance appraisal, reward systems and performance feedback were selected as a determinant of performance management system as indicated in literature review section. As indicate in the above regression coefficient Table 4.13, performance planning, performance appraisal, reward systems and performance feedback regression coefficients (Beta Coefficients) have positive values. The brief discussion on each hypothesis is given below.

**Table 4.13: Hypothesis testing**

| Hypothesis | Analysis Used       | Findings                  |                      | Result   |
|------------|---------------------|---------------------------|----------------------|----------|
| Ha1        | Multiple Regression | $\beta = 0.207; P < 0.05$ | Positive Significant | Accepted |
| Ha2        | Multiple Regression | $\beta = 0.470; P < 0.05$ | Positive Significant | Accepted |
| Ha3        | Multiple Regression | $\beta = 0.252; P < 0.05$ | Positive Significant | Accepted |
| Ha4        | Multiple Regression | $\beta = 0.261; P < 0.05$ | Positive Significant | Accepted |

**Source: Survey Result, 2023**

Performance appraisal is the strongest predictor or has the most significant effect on organizational performance of Birhanena Selam Printing Enterprise because it has the highest Beta coefficient result ( $\beta = 0.470; p < 0.05$ ). The Beta Coefficient result of 0.470 signifies that for a 1 unit change in the independent variable (performance appraisal), the dependent variable (organizational performance) will change by 0.470 units. It is apparent from this result that, performance appraisal is a decisive factor that affects the organizational performance of Birhanena Selam Printing Enterprise. Thus, the second hypothesis which state that “Performance appraisal has significant effect on organizational performance” is supported.

The second strongest predictor variable is performance feedback ( $\beta = 0.261; P < 0.05$ ). The Beta Coefficient result of 0.261 signifies that for a 1 unit change in performance feedback, organizational performance will change by 0.261 units. Thus, the fourth hypothesis which

state that “Performance feedback has significant effect on organizational performance” is supported.

The third strongest predictor variable is performance planning ( $\beta=0.207$ ;  $P<.05$ ). The Beta Coefficient result of 0.207 signifies that for a 1 unit change in performance planning, organizational performance will change by 0.207 units. Thus, the first hypothesis which state that “Performance planning has significant effect on organizational performance” is supported.

The least predictor variable is reward system ( $\beta=0.252$ ;  $P<.05$ ). The Beta Coefficient result of 0.252 signifies that for a 1 unit change in reward system, organizational performance will change by 0.261 units. Thus, the third hypothesis which state that “Reward system has significant effect on organizational performance” is supported.

In general we can infer that performance planning, Reward System, performance appraisal and performance feedback are the four basic components of the performance management system in the case organization.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

The overall goal of this study was to examine the effect of performance management system on organizational performance at Birhanena Selam Printing Enterprise by using Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback as predictors variable on organizational performance of Birhanena Selam Printing Enterprise.

#### 5.1. Summary of Major Findings

From the result of this study the following are the summary of major findings:

- The result of the correlation analysis has shown that, the four independent variables: “Performance Planning, Performance Appraisal, Reward Systems and Performance Feedback” have the strong correlation with dependent variable “organizational performance” with 95% confidence interval & at 0.01 p-value 2-tailed, by scoring a Pearson Correlation Coefficient “R-value” of  $r = 0.684$ ,  $r = 0.656$ ,  $r = 0.507$ , and  $r = 0.580$  respectively.
- The statistical significance of the four independent variables from the above regression coefficients Table 4.13, performance appraisal (Sig. <0.05) have statistically significant contribution for the prediction of the dependent variable; performance feedback (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable; performance planning (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable; and reward system (Sig. <0.05) have a statistically significant contribution for the prediction of the dependent variable.
- The score of the coefficient correlation determination ( $R^2$ ) using all the predictors simultaneously, is ( $R^2 = 0.609$ ) meaning that 60.9% of the variance in organizational performance of Birhanena Selam Printing Enterprise can be predicted from predictors while the rest 39.1% is explained by other factors.

- In this study, the Beta weight score indicated that the effect of performance appraisal is greater than other independent variables. Accordingly, the study model fits regression equation become is

$$Y = -.427 + 0.207X_1 + 0.470X_2 + 0.252X_3 + 0.261X_4 + \varepsilon$$

- The findings of analysis indicate that performance appraisal positively and significantly influences organizational performance of Birhanena Selam Printing Enterprise. For every unit increase in the use of performance appraisal, there was a corresponding increase in organizational performance of Birhanena Selam Printing Enterprise, by 0.470.
- Similarly, the study findings of a significant positive relationship between performance feedback and organizational performance of Birhanena Selam Printing Enterprise, confirms the assertion that training and development helps the firm performance since it is built on to provide analytical models for forecasting, simulation, and optimization. For every unit increase in the use of performance feedback, there was a corresponding increase in organizational performance of Birhanena Selam Printing Enterprise, by 0.261.
- The findings revealed that, performance planning and reward system predictor variables with ( $\beta = 0.207$ ;  $P < 0.05$ ) and ( $\beta = 0.252$ ;  $P < 0.05$ ) respectively has significant effect on organizational performance of Birhanena Selam Printing Enterprise and the corresponding hypothesis are supported. For every unit increase in the use of performance planning and reward system, there was a corresponding increase in organizational performance of Birhanena Selam Printing Enterprise, by 0.207 and 0.252 respectively.

## 5.2. Conclusions

One of the key factors in management study is organizational performance. Despite being a widely used subject in academic literature, organizational performance has a wide range of definitions, making it challenging to define. For this reason, there isn't a universally accepted definition of this concept. Organizational performance analyzes company's performance as compared to goals and objectives. In corporate organizations, organizational performance encompasses three specific areas of firm outcomes: Financial performance (profits, return on assets, and return on investment), Product market performance (sales, market share), and Shareholder return, total shareholder return, economic value added (Richard, Devinney, Yip & Johnson, 2009).

To this point, the researcher conducted the appropriate scientific study with the objective to the performance management systems on organizational performance of Birhanena Selam printing Enterprise. Based on this study, the following conclusions are drawn out of the research findings:

- Performance appraisal is the strongest predictor variable or has the most significant effect on organizational performance of Birhanena Selam printing Enterprise because it has the highest Beta coefficient result ( $\beta = 0.470$ ;  $p < 0.05$ ). The Beta Coefficient result of 0.470 signifies that for a 1 unit change in the independent variable (Performance appraisal), the dependent variable (Organizational Performance) will change by 0.470 units.
- The second strongest predictor variable is performance feedback ( $\beta = 0.261$ ;  $P < 0.05$ ). The Beta Coefficient result of 0.261 signifies that for a 1 unit change in performance feedback, organizational performance of Birhanena Selam printing Enterprise will change by 0.261 units.
- The third strongest predictor variable is performance planning ( $\beta = 0.207$ ;  $P < 0.05$ ). The Beta Coefficient result of 0.207 signifies that for a 1 unit change in performance planning, organizational performance of Birhanena Selam printing Enterprise will change by 0.207 units.
- The last predictor variable is reward system ( $\beta = 0.152$ ;  $P < 0.05$ ). The Beta Coefficient result of 0.152 signifies that for a 1 unit change in reward system, organizational performance of Birhanena Selam printing Enterprise will change by 0.152 units.

Based on the findings of the descriptive and explorative analysis, the study also confirmed that Birhanena Selam Performance Management Systems had an impact on organizational performance. Additionally, the correlation's findings showed a strong connection between Performances of the organization's performance management system. So organizational performance is directly impacted by performance planning, reward system, performance feedback, appraisal. Consequently, effective application of each of these factors results in good organizational performance.

### **5.3. Recommendations**

From the results of the research the following recommendations were given:

- In order to have a successful performance management system and also in order to achieve the desired goal of the organization Birhanena selam must continue working on in aligning the Enterprise objectives with team`s and individual goals and targets.
- To make fairness among employees give proportional targets for equal divisions by making equal job assigned for equal position.
- The company have evaluate based on recorded evidence. This helps to address questions raised from employees; Supervisor evaluates employees work must be based on recorded evidence only by having proper data tracking.
- The enterprise's performance appraisal should be used as a decision-making tool for improving performance since the organization has a good performance appraisal that serves as a pivot for organizational performance.
- Since the organization receives positive performance feedback, which serves as a pivot for organizational success, the business should focus more on complimenting strong performers than on criticizing weak ones.
- Since the organization has effective performance planning, which serves as a pivot for organizational performance, the goals should be established at the performance planning stage by mutual consent between an employee and a manager.
- All employees of the organization are taken into account by the organization's effective incentive system, which serves as a pivot for organizational performance.
- Before implementing Performance management Birhanena Selam must clearly define the concept of performance management system by setting up a shared understanding of what is to be achieved at an organization level.

The researcher advises undertaking a corresponding study in the future taking into account those Performance Management System determining elements to obtain better results regarding its impact on organizational performance. This is solid research practice. This would assist in creating a thorough and efficient implementation process for the purpose of improving organization performance overall.

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## **Appendix I**



**ADMAS UNIVERSITY**

**SCHOOL OF POSTGRADUATE STUDIES**

**Project Management Program**

**The Effect of Performance Management system on organizational performance:**

**The Case of Birhanena Selam Printing Enterprise**

### **Questionnaire**

Dear respondent,

This questionnaire is prepared by the researcher in the post graduate program of the Admas University, the study will contribute towards the fulfillment of the researcher's Degree of Masters of Art Degree in Project Management on the topic: The Effect of Performance Management system on organizational performance: The Case of Birhanena Selam Printing Enterprise. This questionnaire is aimed at gathering data for a study on Performance Management system on organizational performance. This study is purely for academic purposes and respondents are assumed that the information that you provide will be kept confidential. Thank you for taking your precious time and please answer the question as honestly and objectively as possible since your answers support meeting the research objectives.

Thanks, you in advance.

Mekdelawit Solomon

- No need to write your name
- Put “√” (☐) inside the box or table for an alternative you think is right.

### **PART I: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS**

|                                                                   |                                                                                                                                                                                                                 |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Gender                                                         | <input type="checkbox"/> Female<br><input type="checkbox"/> Male                                                                                                                                                |
| 2. Age                                                            | <input type="checkbox"/> From 20 – 30<br><input type="checkbox"/> From 31 – 40<br><input type="checkbox"/> From 41 – 50<br><input type="checkbox"/> From 51 – 60<br><input type="checkbox"/> 60 and Above       |
| 3. What is your highest level of education?                       | <input type="checkbox"/> College Diploma or equivalent Diploma<br><input type="checkbox"/> Undergraduate Degree<br><input type="checkbox"/> Postgraduate Degree<br><input type="checkbox"/> Doctorate and above |
| 4. What is your department and title?                             | <input type="checkbox"/> Finance<br><input type="checkbox"/> Marketing<br><input type="checkbox"/> Human Resource<br><input type="checkbox"/> Public relation<br><input type="checkbox"/> Others                |
| 5. How long did you work for Birhanena Selam Printing Enterprise? | <input type="checkbox"/> 2-4 years<br><input type="checkbox"/> 4-6 years<br><input type="checkbox"/> 6-8 years                                                                                                  |

|  |                                                                           |
|--|---------------------------------------------------------------------------|
|  | <input type="checkbox"/> 8-10 years<br><input type="checkbox"/> >10 years |
|--|---------------------------------------------------------------------------|

## PART II: ORGANIZATIONAL PERFORMANCE

**Instruction:** This part of the questionnaire was developed determine the importance of each of the factors mentioned for the Organizational Performance. There are rating points according to the degree of agreement to the statements. Tick appropriately according to the level of agreement on the specified practices.

| SN | ORGANIZATIONAL PERFORMANCE                                                                                                                          | 1 | 2 | 3 | 4 | 5 |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | Performance management system is clearly defined in the organization                                                                                |   |   |   |   |   |
| 2  | The level of organizational performance after the implementation of performance management system is high as compared to the beginning.             |   |   |   |   |   |
| 3  | Performance management system of your organization is clearly defined and ready for implementation.                                                 |   |   |   |   |   |
| 4  | If the performance management practices are continuously exercised, the organizational performance expected to be enhanced.                         |   |   |   |   |   |
| 5  | I understand how my role in practicing performance management system can contribute to the overall organizational goals and objectives achievement. |   |   |   |   |   |
| 6  | The current level of employee's performance is high.                                                                                                |   |   |   |   |   |
| 7  | The current level of the decision-making process in the organization is highly formal.                                                              |   |   |   |   |   |
| 8  | The ability of the employees to be innovative is high after the implementation of performance management system.                                    |   |   |   |   |   |

## PART III: PERFORMANCE MANAGEMENT SYSTEM

**Instruction:** This part of the questionnaire was developed determine the importance of each of the factors mentioned for the Performance Management System. There are rating points according to the degree of agreement to the statements. Tick appropriately according to the level of agreement on the specified practices.

| SN | PERFORMANCE PLANNING                                                                                                                                           | 1 | 2 | 3 | 4 | 5 |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | Performance planning is one of the components of the performance management system of your organization.                                                       |   |   |   |   |   |
| 2  | Objectives set during the performance planning stage are mutually agreed between employee and a Manager.                                                       |   |   |   |   |   |
| 3  | There is awareness that development plan is one of the components of the performance management system of your organization.                                   |   |   |   |   |   |
| 4  | The development plan indicated in the performance plan helps you to improve the quality of your performance and the organization.                              |   |   |   |   |   |
| 5  | Participating in the planning process motivates me highly to perform towards achieving the goal set by the organization.                                       |   |   |   |   |   |
| 6  | Discussions takes place between manager and individual on what the latter needs to do to achieve the agreed goals, raise standards, improve performance, etc., |   |   |   |   |   |
| SN | PERFORMANCE APPRAISAL                                                                                                                                          | 1 | 2 | 3 | 4 | 5 |
| 1  | Performance appraisal makes you work harder than expected.                                                                                                     |   |   |   |   |   |
| 2  | Performance appraisal makes you work at my normal pace.                                                                                                        |   |   |   |   |   |
| 3  | Performance appraisal makes you work below expectation due to how it is conducted.                                                                             |   |   |   |   |   |
| 4  | If you don't agree with performance appraisal score, there is appeal process.                                                                                  |   |   |   |   |   |
| 5  | You are satisfied with the performance rates given to you in the last performance period.                                                                      |   |   |   |   |   |
| 6  | Performance appraisal influences positively individual performance.                                                                                            |   |   |   |   |   |
| 7  | Performance appraisal is used as a decision making tool for the increasing your performance.                                                                   |   |   |   |   |   |
| 8  | Am satisfied with the current performance appraisal system in the organization.                                                                                |   |   |   |   |   |

| SN | REWARD SYSTEM                                                                                                         | 1 | 2 | 3 | 4 | 5 |
|----|-----------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| 1  | A reward Practices exists in the organization.                                                                        |   |   |   |   |   |
| 2  | The management recognizes employee's effort towards achieving the organizations objectives.                           |   |   |   |   |   |
| 3  | The reward includes both financial & non-financial rewards.                                                           |   |   |   |   |   |
| 4  | The rewards provided by my organization motivate us to give our best.                                                 |   |   |   |   |   |
| 5  | My organization influences my productivity by linking the reward on job promotion.                                    |   |   |   |   |   |
| 6  | The rewards are varied and satisfactory.                                                                              |   |   |   |   |   |
| 7  | The rewards motivate me to be timely in completing my duties.                                                         |   |   |   |   |   |
| 8  | When rewarded I seek for ways of improving the performance of the organization.                                       |   |   |   |   |   |
| 9  | The reward system considers all employees of the organization.                                                        |   |   |   |   |   |
| SN | PERFORMANCE FEEDBACK                                                                                                  | 1 | 2 | 3 | 4 | 5 |
| 1  | My organization seems more engaged in providing positive feedback for good performers than criticizing the poor ones. |   |   |   |   |   |
| 2  | The feedback I receive agrees with what I have actually achieved.                                                     |   |   |   |   |   |
| 3  | My manager communicates with me frequently about my performance.                                                      |   |   |   |   |   |
| 4  | The feedback i receive on how I do my job is highly relevant.                                                         |   |   |   |   |   |
| 5  | I am satisfied with the way my organization provides me with feedback.                                                |   |   |   |   |   |
| 6  | I always get adequate feedback on my performance.                                                                     |   |   |   |   |   |
| 7  | Current performance feedback in my organization is fair and unbiased.                                                 |   |   |   |   |   |

***THANK YOU***

