THE EFFECT AND PRACTICE OF EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEE PERFORMANCE: THE CASE OF SELECTED PUBLIC SECTORS IN GURAGHE ZONE

BY

NURSEFA IBRAHIM ALI

A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF WOLKITE UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTERS DEGREE IN BUSINESS ADMINISTRATION (MBA)

JUNE, 2019

WOLKITE, ETHIOPIA

WOLKITE UNIVERSITY

SCHOOL OF GRADUATES

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DECLARATION

I Nursefa Ibrahim Ali hereby declare that this thesis entitled "***The Effect and practice of Employee Performance Management system on Employee Performance*: *The Case of Selected Public Sectors in Guraghe Zone****", is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged.*

To the best of my knowledge, this study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Masters of Business Administration

By Nursefa Ibrahim Ali

Signature _____

Date _____

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APPROVAL SHEET

(Submission Sheet-1)

This is to certify that the thesis entitled "**The Effect and practice of Employee Performance Management system on Employee Performance: The Case of Selected Public Sectors in Guraghe Zone** "fulfillment of the requirements for the degree of **Master's** with specialization in MBA**,** the Graduate Program of the Department**/School of Management,** and has been carried out by **ESG/036/09** Id. No, under my/our supervision. To the best of my knowledge, is an original work and not submitted earlier for any degree either at this University or any other University. Therefore I/we recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

_____ _____

Name of Major Advisor Signature Date

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Name of co-advisor Signature Date

Acknowledgements

I am so much grateful to the Almighty Allah for his kind and priceless help he has offered me throughout my life.

I am highly indebted to my advisor, Chala Dechassa (PhD) as without his encouragement, insight guidance and professional expertise the completion of this thesis would not have been possible. My special appreciation also goes to my co-advisor, Tilahun Kidane (Mr.) for his advice on matters pertinent to the thesis.

My heartfelt gratitude extends to my wife, Jember Sibani and my lovely daughter Sarem Nursefa and my son Medanit Nursefa, for their invaluable support in leaving me to accomplish the thesis well.

My appreciation also goes to Mr. Abdulber Seid, Dr. Abdulsemed Werku, Ayele Girma and Feidu Akmel for their unreserved cooperation in providing relevant direction necessary for the thesis. My especial appreciation also goes to all respondent who were involved in providing all the necessary information in the data collection process.

I am whole heartedly expressing my deepest gratitude for all people met in the entire process of this study.

Finally, but most importantly, my deepest appreciation goes to Ato Engida Melese (MSc.) for his help by reviewing and editing my thesis thoroughly.

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Acronyms

HRM	Human Resource Management
PMS	Performance management System
PM	Performance Management
CI	Criteria Identification
EP	Employee Performance
EMP	Employee Performance Measure
EPE	Employee Performance Evaluation
R	Reward
St.d.	Standard Deviation
i,e	That Is
B/c	Because
B/n	Between
Dev't	Development
Admin	Administration
SPDM	South people Democratic Movement
Agri.	Agriculture

Abstract

The aim of this study was to the effect and practice of Employee Performance Management System on employee performance: the case of selected public sectors in Guraghe Zone, SNNPR. The study employed descriptive and explanatory survey research design approach. The target population was public sectors employees in Guraghe Zone. But, in this study, 144 employees were selected using proportional stratified random sampling technique. Data sources were primary and secondary and these data were collected using questionnaire, interview, and document review. Descriptive statistics, Pearson correlation coefficients, multiple linear regression model was employed to analyze the collected primary data using a Statistical Package for Social Sciences (SPSS) version 20. The performance of employees were measured by employees' performance scales as a dependent variable and criteria identification, measurement, *evaluation, improvement, and reward were used as independent variables. The findings of the study unveiled that all the independent variables had positive and significant correlation with the dependent variable – employee performance. Regards to effect, only the four variables, namely, criteria identification, employee performance evaluation, employee performance improvement, and reward had statistically significant effect on the employee performance. In this regard, 49.8 % of the variations in the employees' performance were jointly accounted by the five variables at 5% level of precision. The major finding of this study is that Performance management system is not a tool that is not well known by Gurage zone selected public sectors. The most known type of evaluation which much also practiced in thus sector is performance appraisal which is twice annually used for legislation purpose. Therefore, this study suggests that, the public sector may view performance management system as holistically, encompassing all the elements public sector culture. Without this capability, performance management system likely to become compliance activities rather than adding value to the sector and individual employees. Sensitization to all employees might be taken in to account to create awareness on the implication of performance managements and concerned bodies have to intervene in order to employees' performance.*

Key words: employee performance, practice, performance management system.

CHAPTER ONE

INTRODUCTION

This Chapter deals with the background of the study, statement of the problem, Research question, Objectives of the study, Significance of the study, Scope of the study, Limitation of the study, Operational definition and Organization of the study.

1.1 Background of the Study

In the current dynamic world, there is an urgent need to have new management tools to manage the performance of organizations as the old ways have lost their relevancy. The new performance management system must be able to produce specific, timely and relevant information for planning, decision making and control purposes (Otley, 2017).

Performance management system is not a one or two times work, but it is a full year process to be implemented throughout the year by focusing on classifying, evaluating, and improving individual's performance, which is aligned with the organization goal (Agunis, 2010).

Regarding this, Armstrong (2009) defined performance management system as a systematic approach to improving individual or team performance in order to achieve organizational goal. That is to say, performance management systems require of any organization to identity, measure, evaluate, improve and rewards employee performance in the course of action. In addition, Moharman (2009) stated that performance management system is used for improving organized performance by developing the performance of individuals and teams. It is a means of getting better result by understanding and managing performance with agreed framework of planned goals standards and competency requirement or measurement criteria set forth.

According to (Bruce, 2014) performance management system can be considered as a proactive and positive system of managing employees' performance for guiding them, and the organizations in the direction of desired performance and results. Thus, organizations are expected to facilitate attainment of predetermined objectives by clearly indicating the requirements and expectations of a specific role. It is also a useful means for identifying and filling gaps that come as hindrance in the realizations of the objective set.

Performance management system as practice today incorporate process such as management by objectives that exists for establishing about what is to be achieved and for managing and developing

people in a way that increases the probability that it will be attained in the short and long time (Otley ,1999).

This shows that performance management system results in creating a shared vision of the purpose and aims of organization helping each individual employee to understand and recognize and enhancing the performance of both individuals and the organizations as a whole. As an important part of a high performance work system, it contributes to the development of more effective and productive work system that largely determine levels of employ's performance (Armstrong, 2009).This is due to the fact that in appropriate, untimely, ineffective system/practice will not only results in poor performance and organizational disorder, but also it will create ultimate crisis, loss of human capital and overall productivity of the country. According to Guraghe Zone Civil service Department report (2017), the rate of turnover of Employees due to lack of proper employee performance management practice, employee evaluation, measurement criteria and mode of rewarding employees ranges 6% annually for the last three consecutive years at average rate. This clearly shows that the existing trend of employees' performance management practice in the aforementioned public sectors is still problematic with respect to employee performance management system practice upon the realization of the organizational goal. Therefore, this study aims at assessing employees' performance management system in selected public sectors in order to alleviate the prevailing problem of performance management system.

1.2 Statement of the Problem

It is believed that appropriate utilizations of employees' performance management system in the organizations will increase and facilitate the overall performance and productivity of any organizations. That is, many governmental organizations seam lose the sight of how to criteria identify, measure, evaluate, improve and reward employees in timely, consistent and productive manner (Armstrong, 2009).

Steves and Joy (2000) state that performance management system is one of the most important activities of human resource management, and it is crucial to an organization if it is properly assessed in bringing to handle employees efforts to be of effective and efficient on their jobs. Elne and Pulakus (2004) underlined that organizations performance management system needs to be aligned with and support the organization direction and critical success factors. The rationale behind this idea is that organization has not ensured the right people at the right place at the right time by employing appropriate employee performance system in many organizations.

Performance management system is used to ensure that employees' activities and outcomes are congruent with the organization's objectives and entails specifying those activities and outcomes that will result in the firm successfully implementing the strategy (Gold et al, 2010).

Chan and Cynn (2010) also noted that it is important to give due priority for employees' performance management system, since it is vital for employees and managers to be aware of that proper performance management system is the key determinates of any organization's long term success or failure.

Employees are not happy or do not agree with the performance management system and, eventually, they are likely to be unwilling to take an active part in the process/operations because they do not see any value of it. As a result, the organization performance and productivity would decrease due to in efficient employees' performance management system (Armstrong, 2009).

The extent to which proper utilizations of employee performance management system practice held in the aforementioned sectors has been problematic, since the rate of turnover of employees shares 6% annually at average rate due to improper utilizations of employee performance management system practice as 2017 annual documentary report.

Regarding this, some researchers, like Tagene Desta (2010) conducted a study on "the Human resource management functions in Ethiopia: which focused on Civil Service in Southern Regional Government "and, eventually revealed that promotion, performance assessment and reward system are not performed. Moreover, to some extent the current wage structure and the minimum requirement criteria set hinder sectors effort to attract the best candidates. The study also depicts that the need for additional training, as the performance at the Zone and Woreda level is improper. Besides, in some instance, lack of equal access for training and need assessment is also improper**.** Therefore, the aim of the study is to assess the effect of employee performance management system practice on employee performance held in Guraghe Zone selected public sectors.

1.3 Research Question

The research intended to answer the following research questions:

Is employee evaluation criteria adopted in the selected Public sectors?

Is Employee performance measured in the selected Public sectors?

Is employee performance evaluated in the selected Public sectors?

Is employee performance improvement employed in the selected Public sectors?

Is employee's performance reward utilized in the selected Public sectors?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to the effect and practice of employee performance management system on employee performance in Guraghe Zone selected public sectors

1.4.2 Specific Objectives

The specific Objectives of this study were:

To assess how employee performance management system practiced in the selected Public sectors in Guraghe Zone.

To assess whether there were statistically significant effect of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone or not.

Null Hypotheses

The following null hypotheses were tested at 5% level of significance. Customary level used when working on significance (Krawthol and Anderson, 2001 cited in Plotts, 2011)

$\mathbf{H_{o_1}}$: There was statistically significant correlation between each employee performance management system practice and employee performance in the selected public sectors in Guraghe Zone.

$\mathbf{H_{o_2}}$: There were statistically significant effects of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone.

1.5 Significances of the Study

The research would have the following contribution to the policy makers, public sectors, for other Researchers, and for the researcher as well.

For the Public sectors

It would direct the organizations particularly managers and employees to adopt and utilize effective areas of success and needed improvement with respect to employees performance management system.

Moreover, the input from such research work will enable the public sectors to improve the existing trend of identifying, evaluating, measuring, improving and rewarding the employees' performance in the course of action.

Furthermore, it will be helpful in encouraging competency development in realizations of rewards and recorded documents for the employees to arise their curiosity and commitment towards the objectives set forth.

Likewise, it may create a more flexible, and productive organizations by shaping and re-shaping the prevailing problem of employees' performance management system practice utilized in the aforementioned public sectors more fruitfully.

For other Researchers

It may trigger or motivate other novice researches who want to conduct similar study in some other new setting with respect to employee performance management system.

For the Researcher

The finding of the study will enable the researcher to familiarize the theoretical knowledge with research works that aims to solve the prevailing problem in relation to employee performance management system on employee performance in the aforementioned public sectors and for the partial fulfillment of the requirements for the award of the degree of Master of Business Administration (MBA)

In general, the finding of this study be of great value in addressing effective and efficient employee management system within public sectors than ever so.

1.6 Scope of the Study

The study mainly focuses on to the effect and practice of employee performance management system held at selected public sectors .The study were also geographically delimited to Guraghe Zone, Southern Nations Nationalities People's Region. Methodologically, the study mainly relied on secondary and primary sources of data to keep the consistency of the data under the study. Moreover, the study was delimited to carry out from July-February 2018/2019.G.C.

1.7 Limitation of the Study

In spite the fact that a large number of local public sectors are operating in the various locality of the country, from 28 sectors in Gurage zone only 8 public sectors selected, that is, 3 from economic sector 3 from social sector and 2 from political sectors was selected for the case study under consideration. Hence as a case study, the finding of the study might not be entirely generalized to the others, and such more research was required in order to form a more solid picture of PMSs practices in public sectors. Besides to this, as PMS is very confidential and sensitive issue the chance of biasness in the respondents are very high and that might influence the finding of the study.

1.8 Operational Definitions

Performance management system: Performance management system defined by Armstrong, (2010) is the process of criteria identifying, measuring, evaluating, improving and rewarding employee performance through attaining organizational objective set forth."(Armstrong).

Criteria identifying: is the first stapes in the performance management system process at planning stage and offers the foundation for an effective process (schnienBeetty and Barid, 1987).

Measurement: refers to the extent to which employee performance criteria is rated on the job prior with each aligned organizational objectives (Armestrong, 2006).

Evaluation: is termed as process of evaluating how well employees perform their job and then communicating that information to the employee (Armstrong, 2004).

Improvement: is the development and qualifying employee through knowledge and skill so that the problem would be corrected and the success opportunity of the organization would increase in turn (Armestrong, 2006).

Rewards: represents important mechanisms by which employee behaviors can be aligned with the interest of that organization (Eistenhand, 1989).

1.9 Organization of the Study

This thesis comprises of five chapters. The first chapter deals with the introductory part of the study. Chapter two reviewed related literature in relation to employee performance management system practices enriched with the theoretical review, empirical studies and conceptual framework. The third chapter presents the research design and methodology. The fourth chapter deals with the results and discussions of the study. The last and the fifth chapter treats the sumery, conclusions and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2 . Introduction

Under this chapter, an attempt is made to review the related literature of different scholars' ideas, which are concurrent with the subject matter of the study. That is, familiar ideas with employee performance management are incorporated in the study in which performance management, employee performance, Benefits of performance management, performance management stages, employee performance measurement and performance management practice of Guraghe Zone Governmental organizations are discussed and presented in detail.

2.1 Definition of Words and Concepts

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‟ 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.

Performance Management system: 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 N. and John R. 2017).

Performance management system is a method for understanding so as to show signs of improvement results and overseeing execution inside of a concurred system of arranged objectives, guidelines and competency necessities (Armstrong, 2009). Performance management system is a method for connecting business system and targets by means of objectives and measures for individual execution. (Bratton and Gold, 1999). Performance management process has its own elements such as agreement, measurement, feedback, positive reinforcement and dialogue (Armstrong, 2006). In

addition, the process is concerned for knowledge, skills and behaviors, that are inputs and values, and the results delivered.

Agunis (2009) also defined Performance management system as "a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization".

James Smither and London also define performance management system 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" (James Smither and London 2009 p.5). Performance management system 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.

Employee performance

In the organizational context, employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness (Güngör, 2011).

From Deadrick and Gardner's (1997) views, employee performance could be defined as the record of outcomes achieved, for each job function, during a specified period of time. If viewed in this way, performance is represented as a distribution of outcomes achieved, and performance could be measured by using a variety of parameters which describe an employee's paten of performance over time.

On the other hand, Darden and Babin (1994) said employee's performance is a rating system used in many corporations to decide the abilities and output of an employee. To conclude, employee performance could be simply understood as the related activities expected of a worker and how well those activities were executed.

Performance Management system Benefits

The use of performance management system can be seen as a method designed to meet organizational goals. Measuring key performance indicator will improve operational effectiveness, ensure accountability and foster collaboration (Lemieux-Charles, etal, 2013).

Schultz (2003) ,believes that through performance management system, the product of successful performers is a high performance organizations with an unmistakable profile that distinguishes it from the mediocre.

Osborne and Cowen in Schultz, (2014) list the key attributes that differentiate the culture of high performance organizations as follows: High performance organizations have a simple compelling vision for the future; They produce a 'true believer mentality' (whereby everyone believes in the vision of the organizations, certain that it will bring success); Three or four plain values guide the organization, such as self-confidence, speed and simplicity; Employees are proud of their organizations, but dissatisfied with their current performance learning from both every mistake and every success; The urge to earn and maintain peer respect is the greatest motivator. Employees in a high performance organization expect that long term relationships will foster their careers A single person's success is celebrated through the organizations.

Management Benefits

While performance management system cannot solve every problem, it has the potential to address many common management concerns.

If it is properly used, with invested time on it, and a cooperative relationship, performance management can:

- Reduce time-consuming misunderstanding among staff about who is responsible for what.
- Reduce the frequency of situations where you do not have the information you need when you need it.
- Reduce mistakes and errors (and their repetition) by helping you and your staffs identify the causes of errors or inefficiencies.
- Identify individual training and development needs.
- Build closer working relationships based on mutual trust and respect.
- Provide better feedback to individuals about their performance and progress based on mutual understanding of needs (Armstrong, 1994).

Performance management system is an investment upfront so that managers can just let employees do their jobs. They will know what they are expected to do, what decisions they can make on their own and how well they have to do their jobs.

Employee Benefits

It can provide scheduled forums for discussion of work progress, so employees receive the feedback they need to help assess their accomplishments and to know where they stand. That regular communication ensures there are no surprises at the end of the year. Since performance helps employees understand what they should be doing and why, it gives them a degree of empowerment-ability to make day-to-day decisions. It helps in figuring out how to improve performance, even if there are no current performance problems.

This provides an opportunity to help employees develop new skills and is more likely to identify barriers to better performance, such as inadequate resources.

Employees benefit from better understanding their jobs and their job responsibilities. If they know their limits, they can act more freely within those parameters.

Organizational Benefits.

Bratton and Gold (2007) indicated the purpose of PM as a means to make administrative decisions concerning pay, promotions and careers, and work responsibilities; and to enhance performance by identifying development needs, providing training and development opportunities.

Appelbaum et al., 2003 claims performance which is a function of employees' Ability, Motivation and Opportunity to participate. This means that an organization will benefit most if it organizes the work process in such a way that non-managerial employees have the opportunity (O) to contribute discretionary effort and it could be achieved by giving them autonomy in decision making, by providing in good communication and by employee membership in self-directed and/or off-line teams. For their effort to be effective, employees need to have the appropriate skills and knowledge (A).

Hence, organizations can achieve this by attracting employees who already poses this knowledge, or by providing employees with formal and/or informal training. Finally, the organization needs to motivate these employees to put their abilities into the best effort for the organization (M).

According to Otley (1999), a general performance management considers such problems: "What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the

organization adopted and what are the processes and activities that it has decided will be required for it to successfully implement these?

How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)?

What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience?" (Otley, 1999:365, 366).

According to Fletcher (2001), who gave a completed and comprehensive HR related performance management definition which is "an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization".

Similarly, performance management is a management process for ensuring employees is focusing on their work efforts in ways that contribute to achieving the organization's mission. It consists of three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c) measuring actual performance relative to performance expectations.

Armstrong (2004) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements. "Performance management is a process of designing and executing motivational strategies, interventions and drivers with on objective to transform the raw potential of human resource into performance.

Comprehensively, Bacal (1999) defines performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job functions of employee are expected to do; how the employee's job contributes to the goals of the organization; what doing the work well means in concrete terms; how employee and supervisor will work together

to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them. Performance management involves managing employee efforts, based on measured performance outcomes. Therefore, determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective performance management process.

The Stages of Performance Management System

According to Schneider, Beatty and Baird (1987), a performance management system is classified into, identifying, measuring, evaluating, improving and rewarding stages.

Stage1: Identifying and measuring Employee performance is the first stage in the performance management system process cycle and offers the foundation for an effective process.

Measuring helps to encourage commitment and understanding by linking the employees' work with the organization's goals and objectives (Schneier et al., 1987). It usually includes identifying key value drivers of stakeholders, for example, shareholders, customers and employees of the organization.

Similarly, according to Armstrong and Baron (2004), objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time.

Armstrong and Baron (2004) further state that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas--all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area.

Rogers and Hunter (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivity gains will correlate with the extent of top management support for and employees' participation in the process of setting objectives. It is a motivational process which also gives the individual the feeling of being involved and creates a sense of ownership for employees.

At the same time, part of the planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviors and knowledge and key competencies that will be required to achieve the objectives and targets set.

The development plan can also include long-term development initiatives which are usually based on potential and good performance (Nyembezi, 2009).

In this planning phase, the supervisors and subordinates are involved in a joint participative process and set organizational goals, as well as specific goals for an individual. Objectives, on the other hand, also create the environment in which an individual will be measured according to his or her own performance and output, with set standards for evaluation (Nyembezi, 2009).

The concepts of performance are studied through evaluation of overall performance and the management of the performance and the evaluation of performance is the process classifying certain outcomes within a definite timeframe (Coens& Jenkins, 2002).

Moreover, the axiom, 'If you can't measure it, you can't manage it,' underpins the rationale for organization having a completed and comprehensive performance measurement system such as the Balanced Scorecard or total quality performance management. This approach connects measures throughout an organization to translate high-level objectives into lower level activities. Then, measures are imposed on individual employees to monitor their performance of these activities (Platts&Sobotka, 2010).

Performance criteria need to be unambiguous, clearly explained, relevant to the work tasks undertaken by employees and achievable. The criteria should not include factors beyond the control of the individual employee. Supervisors also need to be trained to provide regular, meaningful and constructive feedback. Employees should also be provided with appropriate training and development opportunities to overcome weaknesses in performance identified through the appraisal process.

The assessment of individual employee performance also needs to focus on evaluating employee behavior and work performance and not the personality of the employee (O' Donnell & O' Brien, 1999).

According to Huselid (1995), employees within firms contribute for organizational performance and HRM practices can affect individual employee performance through their influence over employees' skills and motivation and through organizational structures that allow employees to improve how their jobs are performed.

Also, he used labor turnover, productivity as employee performance measurement when he test the influence of HRM practices on employee performance. Labor turnover is the rate at which an employer gains and losses employees.

Arnold and Feldman (1982) concluded that perceptions of job security, the presence of a union, compensation level, job satisfaction, organizational tenure, demographic variables such as age, gender, education, and number of dependents, organizational commitment, whether a job meets an individual's expectations, and the expressed intention to search for another job were all predictive of employee's leaving, and Sheridan (1992) also concluded that perceptions of organizational culture influenced turnover. Job dissatisfaction could cause employees to leave once they have reached decisions on the desirability of movement and the perceived ease of movement (March and Simon, 1958).

Prior to leaving the organization, individuals experiencing job dissatisfaction explore job alternatives and evaluate these in terms of their expected utility (Mobley, 1977). The traditional approach therefore views voluntary separation as a consequence of low job satisfaction combined with alternative labor market opportunities that are subjectively perceived as having higher utility and relative ease of movement to alternative employment (Price, 1977). In order to avoid job dissatisfaction, employees need adequate remuneration, job security and comfortable working conditions (Jonathan, 2004).

In Bhatti (2007) and Qureshi's (2007) perspectives, productivity is a performance measure encompassing both efficiency and effectiveness. Labor productivity means the output of workers per unit of time which is a commonly used and straightforward measure of productivity.

The growth rate of labor productivity is approximately equal to the difference between the growth rate of output and the growth rate of the number of hours worked in the economy (Christopher Gust& Jaime Marquez, 2004). High performing, effective organizations have a culture that encourages employee involvement.

Therefore, employees are more willing to get involved in decision-making, goal setting or problem solving activities, which subsequently result in higher employee performance.

Moreover, labor productivity also could be impact by continuing information technology innovations which has the potential of changing the competitive game for many organizations (Mukhopadhyay, Javier Lerch&Mangal, 1994). If employee output is produced by two factors, labor and capital, then

the growth of labor productivity depends upon the rate of 'capital deepening' and the growth of 'multifactor productivity' (Christopher Gust& Jaime Marquez, 2004).

Capital deepening refers to a rise in the ratio of capital to labor, that is, an increase for capital which includes machines, structures, and infrastructure. For a given level of technology, capital deepening raises workers' ability to produce more output with the same level of effort. Increases in multifactor productivity may reflect advances in technology, but they may also reflect any other developments that result in greater efficiency, such as reorganization of tasks in a firm or improvements in distribution channels used to deliver goods and services.

The first stage of performance management system is identifying. In this stage, business needs to set up mission and objectives, and then clarify the individual responsibility and duty. A mission is an organization's character, identity, and reason for existence. It can be divided into four inter-relating parts: purpose, strategy, behavior standards and values.

Stage2: Evaluating employee performance

An effective personnel performance evaluation system is a crucial cornerstone in this process, as it provides the data needed for most of the required administrative decisions. This system plays a key role in motivating people to utilize their abilities in pursuing the organization's goals (Musgrove&Creighton,1973).

After the evaluating and checking the feedback, managers or organizations should provide the pay-for-performance.

Financial appraisal is a useful tool to incent employee's passion for their work. In this stage, managers still need to focus on developing staff to further improve performance, and their career progression, in the future.

In evaluating employee performance, there are lots of activities that include observing and document efforts and accomplishments; provide feedback, coach and counsel employee regarding performance. In this stage, enhancing communication within the organization, so that employees are not only aware of the objectives and the business plan but can contribute to their formulation. On the other way, providing the quantitative and qualitative standards for judging individual and organizational performance are important elements in managing performance. As a result, individual employees would be aware of the standards which will encourage them and be the main objectives

of them. Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop (Teke, 2002).

Performance feedback has significant potential to benefit employees in terms of individual and team performance. Taylor, Fisher and Ilgen (1984) suggest that feedback is essential for organizational effectiveness and that a lack of feedback n lead to anxiety, inaccurate self-evaluations, and a diversion of effort toward feedback gathering activities. Moreover, effective performance feedback has the potential to enhance employee engagement, motivation, and job satisfaction (Aguinis, Gottfredson, Joo, 2011). Performance feedback is a critical component of all performance management systems. It can be defined as information about an employee's past behaviors with respect to established standards of employee behaviors and results. Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source. The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction (Aguinis, 2009). Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance (Islam&Rasad, 2006). On the other hand, it is necessary to analysis and understands the feedback which is always ignored its complexities. Feedback may improve performance under some conditions. However, in other conditions, feedback may not impact performance or even prove detrimental to performance (Kluger&DeNisi, 1996; Locke & Latham, 1990).According to this perspective, it further indicates that a number of factors, including characteristics of the feedback source and message, and timing issues such as the amount and frequency of feedback employees received attitudinal outcomes of feedback. Similarly, Apperbaum and Armstrong (2003) pointed that the knowledge bases of coaching provide the company's employees with a new professional outlook that in the long term leads to a higher level of productivity. An individual's attitude towards an issue is factually the vision that he or she form around that entity.

Positive attitude affects the productivity of the organization, affects the productivity of the organization, while skills refers to the employee's ability in undertaking the practical tasks. The employees feel more efficient and confident in performing their duties when they learn what material would be needed, how the material must be collected and interpreted. In the second stage, managing performance includes communication, collecting performance and coaching. Communication makes employees who are not only aware of the objectives and the business plan but can contribute to their

formulation. Feedbacks contribute to evaluating the actual performance of employee with desired performance.

Stage 3: Improving Employee Performance

Managers and employees could realize the advantages and disadvantages of their works. After the realization of pros and cons of works, the coaching plays a role to improve acknowledge and skills of employees and finally impact the employee performance through effective employee performance improvement criteria.

In Rahdert's (1960) view, the function of personnel development is that the growth of people can be accelerated over and above that which would take place naturally and normally, and then maximum the employees' contribution to personal and group goals. Personnel development has some development principles. First one is personal involvement.

All personnel development is basically self-development. Opportunity for development is valuable only if the individual capitalizes on it himself. In fact, the organization can and should offer encouragement and help, but development activities seem to be successful only to the degree that individuals become personally involved in them. Second one mutual objective.

The premise of any development activity in organization, there should be a clear understanding and acceptance of mutual objectives by both the individual and organization. If the objectives are understood and accepted, the efforts expended will be far more likely to succeed. The organizations should offer universal opportunity to every employee instead of single out a few of its people and make opportunities available only to them. In fact, it is difficult to make long-term predictions concerning the ambition, drive, and growth potential of individuals.

The forth principle is individual planning. Development is individual and should be tailored to fit the individual and the situation; attempts to squeeze everyone into the same model may even prove a waste of effort. Moreover, development should be designed to improve performance on the current job firstly, and then prepare the employee for promotion. Employees who get promoted are those who are currently doing outstanding work and thus have been able to demonstrate their capacity to assume greater responsibilities. Next principle is continuity. If a man who abandoned his efforts to keep updating skills or information, he will become antiquated. Especially for nowadays, the new knowledge and skills are constantly being introduced. Rahdert (1960) also points out that the benefit of personnel development. For employees, if the individual skills or knowledge increase, he may

create more value and as a result he may receive a sense of satisfaction in the achievement of personal goals and attainment of professional recognition.

Stage 4: Rewarding Employee Performance

According to Schneider, Beatty and Baird (1987), the rewarding performance phase includes three activities: personnel development, linking to pay and identify. Rewards represent important mechanisms by which employee behaviors can be aligned with the interests of the organization (Eisenhardt, 1989). Particularly, pay-for-performance is a reward practice that links one's pay increase to one's performance, and could be used to direct, sustain, and motivate desirable behaviors, such as knowledge sharing (Bartol and Srivastava, 2002), creativity (Eisenhardt et al., 1998), quality (Cowherd and Levine, 1992) and customer satisfaction (Delaney and Huselid, 1996). Pay-for-performance establishes the behavioral criteria by which rewards are allocated and in doing so underpins the alignment of employee behavior with organizational values and objectives. Therefore, if an employee achieves his or her performance objectives then the employee receives a pay increase. This simple and visible link between pay and performance recognizes an employee for a specific level of accomplishment, therefore nurturing favorable work attitudes, such as satisfaction and commitment (Heneman et al., 1988). Thus, the effectiveness of pay-for-performance has a direct influence on high levels of service quality and desirable work attitudes. In the last stage, rewarding performance consist of personnel development, final evaluation and rewarding activities. Financial appraisal is a useful tool to incent employee's passion for their work. Rewarding motivates the positive emotion of employees, such as satisfaction and commitment, Njanjia Mainakibet and Njagi(2013) a relationship b/n Reward system and employee performance. Thus, the effectiveness of pay-for-performance has a direct influence on high levels of productivity and desirable work attitudes.

In performance management system, communication and training could play an important role in improving employee performance.The continuous communication between managers and employees, also the communication between employees would contribute to update organizational and individual goals, solve and improve the deficiencies in the production process so that the performance quality would be improved and guaranteed. On the other hand, coaching focuses on empowerment, development and qualifying employee through knowledge and skills so that the

problems would be corrected and the success opportunity of the organization would be increased. Through those activities, employee performance could be improved in different aspect. For instance, the productivity of employee performance, the teamwork and communication effectiveness could be influenced positively. Self-development of employee is also quite important for improving employee performance and it could integrate the organizational support and opportunities as well. In the last stage of performance management system, performance evaluation could use for assessing the performance in the process and providing the information for paying. Management's feedback is required for a common sense reason. When the employees do good jobs, they expect a pat on their backs (positive feedback); on the other hand, if the poor performers do not receive any constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they might not put extra efforts to improve. Performance appraisal or pay-for-performance could be treated as a tool to reward employee for their good performance and motivate employee to perform better in the next process. Therefore, analyzing whether Employee Performance Management is properly utilized at Guraghe Zone of selected Public sectors is fundamental case in order to fill the existing gab in relation to ways of identifying, measuring, evaluating, improving and rewarding employee performance so far.

2.2 Empirical Review

Empirical Studies -Various empirical studies on Performance Management are conducted on Performance Management and its segments. Waal &Coevert, (2007) quoted "performance management is an action, based on performance measures and reports, which results in improvements in behavior, motivation and processes and promotes innovation".

Performance Management has significant contribution to individual and organizational learning, it enhances organizational effectiveness and promotes growth (adhikari, 2010) as cited by Denisew (2014). Janneta (2003) conducted a survey entitled "assessing the implementation of performance management of Health Care Workers in Selected Districts of Uganda".

Rogers and Hunter, (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivities gains will correlate with the extent of top management support for and employee's participation in the process of setting objectives. It is motivational process which also gives the individual the feeling of being involved and creates a sense of owner ship for employees. At the same time, part of the planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviors

and knowledge and key competencies that will be required to achieve the objectives and targets set. In this planning phase the supervisors and subordinates are involved in a joint participative process and set organizational goals, as well as a specific goals for an individual. Objectives, on the others hand, also create the environment in which an individual will be measured according to his or her own performance and output, with set standard for evaluation (Nyembezi, 2009)

The survey identified that performance planning and setting performance indicators are lacking and performance assessments are not conducted consistently in the study area. It is also mentioned that there are limited prospect for career development, employees were not Assessment of Performance Management Practices in, Ethiopia Country Office provided with proper performance feedback and reward as a result of their performance (Denisew, 2014).

2.3 Conceptual Framework

The research addressed varies types of employee performance constraints such as conducive, identification of performance criteria measuring of this criteria, evaluation of employee performance, improving the gap of employee performance and rewarding the performance.

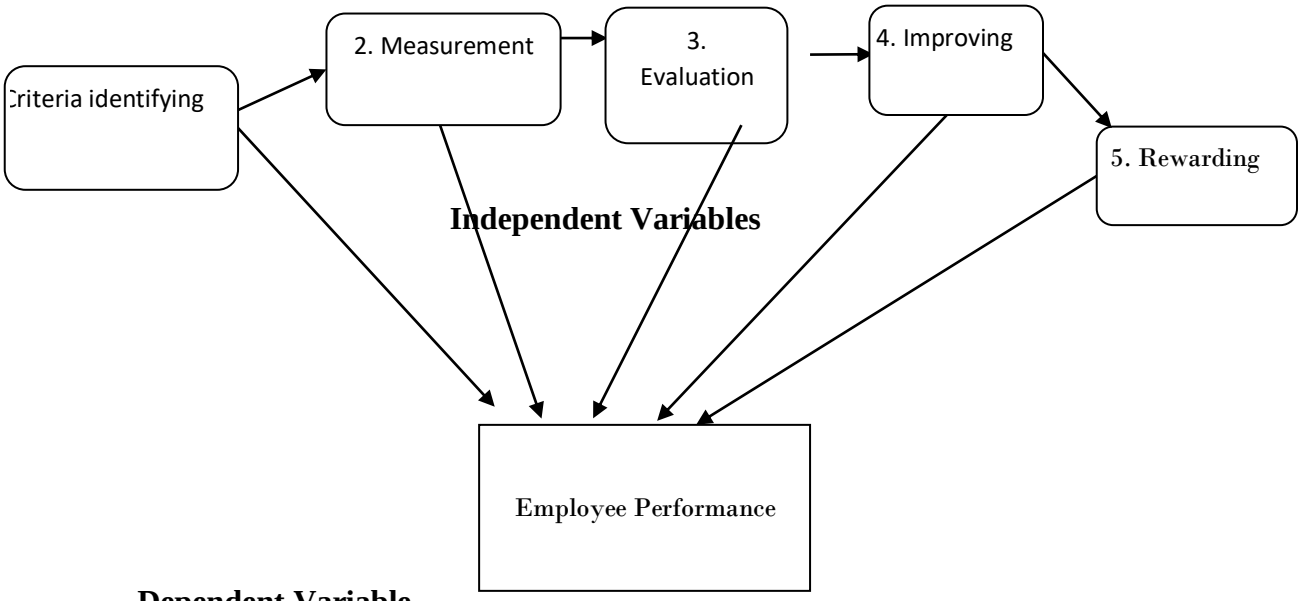
The theoretical consideration on the link between performance constraints and employee performance can limit organizational competence and this leads to employee dissatisfaction and turnover.

Besides the above stated obstacle employees performance is not evaluated with respect to the organizational objectives rather political stands of the employees and positive communication with peers.

In order to avoid job dissatisfaction, employees need adequate remuneration, job security and comfortable working conditions (Jonathan, 2004)

The survey identified the performance planning and setting performance indicators are lacking and performance assessment are not conducted consistent with the study area. It is also mentioned that there are limited prospect for career development, employees were not assessment of performance management practice in Ethiopian country office provided with proper performance feedback and reward as a result of their performance (Denisew, 2014).

2.4 Model Development



Source:-Parasurman (1985)

Figure 2.1 Effects of Independent Variable on Dependent Variable

$$Y = \boldsymbol{\beta_0} + \boldsymbol{\beta_1 X_1} + \boldsymbol{\beta_2 X_2} + \boldsymbol{\beta_3 X_3} + \boldsymbol{\beta_4 X_4} + \boldsymbol{\beta_5 X_5} + \boldsymbol{\varepsilon}$$

Where Y = Employee Performance, X_1 = Criteria Identification, X_2 = Employee Performance Measurement, X_3 = Employee Performance Evaluation, X_4 = Employee Performance Improvement, X_5 = Reward. The averages of the 1 – 5 point Likert scales items of these independent variables were calculated for each public sector employee. $\boldsymbol{\beta_0}$is the Y intercept, $\boldsymbol{\beta_s}$are regression coefficients. Before the analysis the chosen model should satisfy assumptions for multiple linear regression model and model fitness test.

CHAPTER THREE

RESEARCH METHODOLOGY

3. Introduction

This section of the study deals with description of the study area, research design and approach, source and types of data sampling design (target population, sampling technique, sample size determination), data collection tools, reliability and validity, data analysis techniques and model specification and description of study variables.

3.1 Descriptions of the Study Area

The study area is located in Wolkite town, which is the zonal administration town of Guaghe Zone in Sothern Nations, Nationalities, and Peoples Regional State. Wolkite is located 155 km away from Addis Ababa. This town has a latitude and longitude of 8º17'N and 37º47'E respectively and an elevation between 1910 and 1935 meters above sea level. It is surrounded by Kebena and Abeshge woredas, and it was part of the former Goro woredas. Wolkite is one of the 17 towns with electrical power and telephone services in the zone. The town has more than 10 public and private banks. It is connected with all-weather roads to Addis Ababa, Jimma, Hosaena, Butajira, Ziway, Hawassa and the like. Based on the 2007 Census conducted by the Central Statistical Agency, this town has a total population of 28, 866, of whom 15,074 are men and 13,792 women. The inhabitants are dominated by Guraghe ethnic groups and followed by Amharas, Kebenas, Oromos, and others. This Zone has 803 kilometers of all-weather roads and 381 kilometers of dry-weather roads with an average road density of 184 kilometers per 1000 square kilometers (Gurage Zone Socioeconomic Profile, 2018).

Gurage Zone consist thirteen woredas and two administrative towns. Namely: Abeshge, Kebena, Eza, Welene-Gedebano-Kutazer, Sodo, Meskan, Mareko, Gumer, Cheha, EnemornaEner, MihurnaAklil and Endegagn. The two administrative towns are Wolkite and Butajira.

There are twenty eight public sectors in Guraghe Zone. All the public sectors' offices are located in Wolkite. Hence, the study confined only to eight public sectors that include: Education Department, Health Department, Civil Service Department, Agriculture and Natural Resources Department, Finance Department, Animal and fishery Development Department, Administration main Office, Peace and Security Department (GZPS organizational profile, 2018). The geographical location of the Guraghe Zone and Wolkite town are described below in map.

3.2 Research Design and Approach

In this study, the researcher applied a combination of descriptive and explanatory survey research design. This was so because the objective of the study seeks to assess the effect of employee performance management system practice on employee performance its effectiveness and challenge coupled with the benefit drawn. On the other hand investigating the effect of employee PMS on employee performance mixed method approach was employed to address the research objectives of this study. This design is appropriate for this study since the research sought to describe and infer the result to the characteristics of employees' performance in the selected public sectors in Guraghe Zone. A survey was administered to a selected sample from the target population, which was identified by the researcher. A survey was used to collect original data for describing a population too large to observe directly. A survey obtains information from a sample by means of self-report, which was participants' response to a series of questions posed by the researcher.

Furthermore, the method was assumed to enable the researcher to found out the solutions for the existing problems. It was concerned with conditions or relationships that exist, opinions that were held, process that were going on, effects that were evident or trends that were developing.

3.3 Study Population and Sampling Procedures

The population of this study was Gurage Zone Government Organizations which were found at zonal level comprising of 28 sectors with a total of 1052 employees.

The researcher used probability sampling since it gives the population equal chances to be selected as samples. From the probability sampling, simple random sampling was employed. Simple random sampling using lottery techniques was used to identify individual respondents that were included in the survey. It was employed so as to select representative samples. Of the total population that were selected among the 28 public sectors of the zone, eight of them were participated in the study. This was done by the researcher purposively by assuming they are representative since they were performing almost relevant activities. In addition, stratified sampling was used for the study so that sampling was employed based on the sectors functions as economic, political and social sectors. Due to this reason, there were six Political functioning Sectors, 12 Social functioning Sectors and 10 Economical functioning Sectors. Among the three categories 1052 population, 144 of them were taken as sample for the study to ensure that the sample size had a characteristic representation of the target population. The sample comprised of two political, three social, and three economical functioning sectors with samples 27,

46 and 71 respectively. The two selected political functioning departments are the Security Admin. and the Zone Administration, whereas the three selected social functioning sectors are Public Service and Human Resource, Education and Health. While the remaining three Economic functioning sectors are Finance and Economic, Agriculture and Natural Resource and Live- stock and Fishery Deve't

3.4 Sampling Design

3.4.1 Target population

In order to get adequate sample size and faire representative of the study, from a total of 28 Public Sectors, (10 economic sectors, 12 social sectors, and 6 political sectors), 8 sectors will be taken as the subject of the study. 3 sector from economic, 3 sector from social and 2 sector from political sectors.

Table 1: The Three Strata (Economic Social And Political Sectors)

No. of Sector	Economic Sector	Social Sector	Political Sector
1	Trade and Industry	Education	Militia
2	Agri .and Natural Resource	Health	SPDM
3	Livestock and Fishery Resource	Youth and Sport	Security Admin.
4	Revenue Authority	Women and Children	Zonal Council
5	Water, Mining and Energy	Public service and Human Resource	Justice
6	Urban Development. And Housing	Labour and Social Security	Zonal Administration
7	Construction	Environmental Protection	
8	Road and Transport	Cooperative and Union	
9	Rural Entrepreneurship	Culture, Tourism and Government Communication	
10	Finance and Eco. Dev't	Emergency Protection and Readiness	
11		Higher Court	
12		Police	

Source: Gurage Zone Public Service Human Resource Department August /2018/

3.4.2 Sampling Technique

In this study, a probabilistic sampling (proportional stratified random sampling) technique was adopted as an appropriate sampling method for selecting a representative sample of employees in the public sectors. The stratification in this study been based on the type of public sector which was classified as economic, social and political sector. From the above Table the sector stratified in to

three strata; and three economic sector (Finance and Eco. Dev't, Agriculture and Natural Resource and Livestock and Fishery Dev't) three social sector (Education, Health and Public service) and two political sector (Security Admin .and Zonal Admin.) were chosen by lottery method.

3.4.3 Sample Size Determination

Since the target populations are one thousand and fifty two (1052), the study will use the normal approximation to the hyper geometric distribution formula to determine non-uniform quantification than any other formula (Kothari 2004:179). This was given by the formula;

Hyper geometric; $n = \underline{NZ^2pq}$

$e^2 (N-1) + Z^2pq$

Where:

- ✓ n= required sample size,
- ✓ N = population size,
- ✓ p and q are the population proportions (set at 0.5 for this study since it's not known),
- ✓ z = value that specifies the level of confidence in this study's confidence interval when the data is analyzed. (used confidence of 99%, in which case z is 2.58) and
- ✓ e = sets the accuracy of the sample proportions.

(Assuming accuracy of plus or minus 10%, then e is set to 0.10).

$\underline{1052(2.58)^2(0.5)(0.5)}$

$(0.1)^2(1052-1) + (2.58)^2(0.5)0.5$

$\underline{1750.6332}$=143.799805

12.1741

n=144=Sample Size.

Table 2: List Of Selected Sectors

Group of selected sectors	Total no. of sectors	Total Population	Sample of selected sector	Total sample population	Sample proportion
Economic sectors	10	479	3	204	71
Social sectors	12	414	3	132	46
Political sectors	6	159	2	77	27
Total	28	1052	8	413	144

Source: Gurage Zone Public Service and Human Resource Department August /2018/

3.5 Data Collection method and Procedures

In order to get the desired data both qualitative and quantitative data collection method would been used. Data would collected through the use of questionnaires and unstructured interview with all selected public sectors' human resource managers. Secondary data would collected through files, office documents, and policy papers. As a primary data gathering tool, interviews was used, in order to provide different perspectives, views and opinions on the topics investigated in the research. Here, the participants were 8 managers /i.e one Human resource manager from each selected sectors/. The primary data was also be collected from employees of selected sectors through questionnaire. Thus, the questionnaire was developed and distributed to collect the needed data for the study.

A/ Interview

Semi Structured face-to-face interviews were chosen by the researcher. In order to get more views, management bodies were interviewed. Interviews allowed for additional or follow-up questions to get more clarity. The interviews were conducted at the selected public sectors. The main reason for conducting interviews on site was that it was assumed that participants would felt more confident and relaxed in their own surroundings.

As a result, it was assumed that privacy ensured if the interviews were conducted in private offices. The dates and times of the interviews were arranged with the participants directly. At the beginning of the interview, the purpose and procedure of the interview was explained. An assurance of confidentiality of responses and a guarantee of anonymity increased the likelihood that more reliable results were obtained. The interviewees further informed that they were not bound to answer all the questions, and can reserve their comments to any question they might have felt uncomfortable in

answering. The interview was conducted in English. By considering the language proficiency level of interviewees, Amharic language was used so as to gather the required information.

B. Survey Questionnaire

The questionnaire comprised of a combination of open and close-ended questions. The closed-ended questions presented on a five point Likert Scale item design. This was conducted in order to make the questionnaire easy to interpret and simple for the respondents to answer. Questions on the Likert Scale were asked to respondents to indicate the strength of their agreement or disagreement with each -statement on effectiveness of PMSs implementation on a five-point Likert Scale where

1=Strongly Agree 2=Agree 3=Neutral 4=Disagree 5=Strongly Disagree

Source: Jackard & Wan 1996.

The student researcher preferred to use the Likert Scale because as Saunders, Lewis and Thorn hill (2009) described it provides data that can be easily subjected to statistical analysis. Besides, for reasons of efficiency and cost, questionnaire enables researchers to include a much broader range of respondents in their research, and thereby find evidence of patterns amongst bigger population. A pilot test of the questionnaire was employed. Here, the purpose of the pilot test was to ensure that the faults, if any, were corrected, and to ensure that the questionnaire gathered the information that it intends to gather (Churchill, 1991: 64-73). For the pilot test, only 20 respondents were participated. The data obtained was evaluated to ensure that questions were properly answered. Based on the data collected there were some disorganized questions.

Hence, the reliability and validity of the tools were analyzed and necessary modifications were made so as to gather the actual data. However, the findings of the pilot test were not included in the final results.

3.5.1 Validity and Reliability

They are the most important concepts that a researcher has to critically address to assure that the collected data lead to meaningful conclusions. Therefore, the validity and reliability of the survey instruments employed in this study were addressed as follows.

Validity

Validity is "the extent to which the measuring instrument measures the characteristics or dimensions that the researcher intends to measure" (Thatcher, 2010 cited in Shimelis, 2017). Data collection instruments, questionnaire and interview were designed by taking in to consideration of the basic research questions and all items included in the questionnaire and interview were directly derived from them and consistent with the objectives of the study. Based on the definition and different perspectives of validity, the items in the five components of employee performance management system practice were reviewed by three experienced experts. Finally, before the collection of the

actual data, pilot study was held for the questionnaire. Because conducting pilot study facilitates the actual data collection and analysis process. This was done by selecting 20 employees, of which 10 female and 10 male. These 20 participants were selected randomly. But, they were excluded while the actual data collection process and analysis was held.

Reliability

The reliability of an instrument, as defined by Twycross and Shields (2004), is "the consistency, stability and repeatability of results, i.e. measurements are free from random error, provide consistent data". Therefore, the result of a researcher is considered reliable if consistent results have been obtained in identical situations but different circumstances. The researcher used this test to ensure the internal consistency of the items in the questionnaire. To measure the reliability as indicated in (Baharin et al., 2015), this study used the Cronbach alpha values. The Cronbach alpha provides a coefficient of inter-item correlations. This is a measure of the internal consistency among the items in the tool. It is the average correlation among all the items in question, and is used for multi-item scales/questionnaire. The reliability test was held using the rule stated in (Baharin et al., 2015). That is, Cronbach's Alpha value that ranges from 0.9 – 1.0 taken as excellent, 0.8 - 0.89 as very good, 0.7 - 0.79 as acceptable, 0.6 - 0.69 questionable while 0.5 - 0.59 as a poor and the value less than 0.5 as unacceptable. According to (Sekana and Bougi, 2010; cited in Baharin et al., 2015), the closer Cronbach's alpha is to 1.00, the higher the internal consistency reliability will be.

As it has been set in the earlier sections, the general objective of this study was to assess the effect of employee performance management system practice on employee performance in the case of selected public sectors in Guraghe Zone. Therefore, in order to achieve this objective, three specific objectives were designed using questionnaire on which descriptive and inferential statistical analyses were employed. But, the validity of the inferences drawn from these statistical analyses using the items in the questionnaire depends on the consistency or dependability of the measuring instrument – each item. In this regard, in order the analysis to be valid and the statistical analyses explore the effects of employee performance management system practice on employee performance; it should satisfy the reliability test. Therefore, the reliability of the items was checked using pilot study before running the actual study. The reliability test for the whole items in the questionnaire was done using SPSS version 20 software and the output attached in the Appendices part.

As indicated in Table 3 below, the Cronbach's Alpha result shows that the reliability of the five variables (independent variables) and the dependent variable (employee performance), filled by the

sampled employees are ranges from 0.723 to 0.939. This implies that the reliability of the instrument was more than the acceptable standard.

Table 3: Reliability Test Results of The Independent And Dependent Variables

Variable	Cronbach's Alpha	N of Items
CI	**.769**	**6**
EPM	**.760**	**6**
EPE	**.723**	**7**
EPI	**.939**	**5**
R	**.858**	**6**
EP[Dependent]	**.845**	**7**

Source: SPSS output (2019)

Therefore, the above reliability test result indicates that all the items in the questionnaire were suitable and employed to conduct the actual study.

3.6 Method of Data Analysis

The quantitative data gathered through questionnaires from the selected public sectors were analyzed by using descriptive statistics such as percentage and presented using table. The various characteristics of the sample population such as sex, age of employees, educational level, and working unit currently working, type of sector and work experience were also presented and analyzed both quantitatively and qualitatively. In addition, the interview results analyzed for triangulation of the questionnaire. Moreover, the collected secondary data also analyzed accordingly to support the quantitative data analyses.

To analyze the second research question and to test the first hypothesis Pearson correlation coefficient was employed. The strength of the relationship between the independent variables and the dependent variable were measured by their correlation coefficients. These correlation coefficients symbolized by **r.** It can assume values between and including – 1 and + 1. The closer the value of the correlation coefficient to + 1 or – 1, the stronger the relationship between the variables would be. A value of + 1 or – 1 indicates a perfect relationship. A positive relationship between two variables means as the independent variables increases the dependent variable also increases. A negative relationship between two variables means as the independent variables increases the

dependent variable decreases. In this study, as the employee performance management system such as criteria identification, employee performance measurement, employee performance evaluation, employee performance improvement, and reward practices increases, performance of employee also increases.

To analyze the third basic research question and to test the second hypothesis, multiple regression analysis has been used. That is to examine whether there was statistically significant effect of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone.As (Heiman, 2011) with α = 0.05 level of precision has been used to determine whether groups of scores were significantly different in their contribution on the dependent variable or not. Moreover, as Abdel – Salam (2008) stated Multiple Linear Regression Model is a statistical tool that allows us to examine how multiple independent variables are related to a dependent variable.

The model: $\boldsymbol{Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_k x_k + \varepsilon}$is called a Multiple Linear Regression Model with k – independent variables.

Where the parametersβ_j, j = 0, 1, 2...k, are called the ***regression coefficients***. This model describes a hyper plane in the k – dimensional space of the independent variablesx_j. The parameter β_j represents the expected change in the dependent variable Y per unit change in x_j when all of the remaining independent variables x_i $(i \neq j)$ are held constant. For this reason the parametersβ_j, j = 1,2,…,k, are often called ***partial regression coefficients*** and $\varepsilon$is called the ***error term or residuals***. Multiple Linear Regression Models are often used as ***empirical models or approximating functions.***

On top of these, all the collected quantitative data were analyzed using SPSS version 20 software.

Assumptions for Multiple Linear Regression Model:

1. For any specific value of the independent variable, the values of the dependent variable are normally distributed. (This is called the *normality* assumption.)
2. The variances (or standard deviations) for the dependent variables are the same for each value of the independent variable. (This is called the *equal variance* assumption.)
3. There is a linear relationship between the dependent variable and the independent variables. (This is called the *linearity* assumption.)
4. The independent variables are not correlated. (This is called the *non-multicolinearity* assumption.)

5. The values for the dependent variables are independent. (This is called the *independence* assumption.)

As stated in (Pallant, 2005, p. 143, Abdel – Salam, 2008; Bluman, 1998, p. 503). Assumtion tested in chapter four.

3.7 Ethical Consideration

According to Fox and Bayat (2013: 148), ethical considerations defined as "conforming to the standards of conduct of a given profession or group". The central ethical demands in research particularly in human research, as Graziano and Raulin (2005: 142) pointed, participants should have reasonable knowledge about the study in which they participate and must be protected from harm, abled to given informed consent, and were freed to refuse or withdraw at any time. Approval and permission letter were granted from Wolkite University. Additional permission letter were insured from Guraghe zone public service sector. Ethical principles of voluntary participations and confidentiality were kept throughout the study. In doing so, the researcher were ensured that no one were harmed or suffered by adverse consequences from the research activities.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

This part of the research deals with the results, analysis and interpretations of the data gathered from selected public sectors employees in accordance with the objectives of the study. Results and analysis were made by making use of the data gathered by the three tools. These were questionnaires, interview and document review. Among these data collection tools, the main data collection tool was structured questionnaire.

Therefore, based on the responses obtained from the respondents' descriptive statistics analysis; interview and document review results are discussed to support the data analyzed by descriptive and inferential statistics such as Pearson correlation and multiple linear regression analyses were also discussed and interpreted.

4.1 Demographic Characteristics of the Respondents

Under this section, the gender, age, education level of respondents, work unit currently working they are and type of sector they are serving in as well as their work experience were discussed and interpreted below the following table and figure.

Table 4: Demographic Characteristics of Respondents

Items		Frequency	Percent
Gender	Female	62	43.1
	Male	82	56.9
Age	18-30	16	11.1
	31-40	85	59
	41-50	37	25.7
	Above 51	6	4.2
Education Level	High school	1	0.7
	Diploma	7	4.9
	Bachelor Degree	107	74.3
	Master's Degree and Above	29	20.1
Currently working	Managerial	81	56.3
	Non Managerial	63	43.7
Type of Sector	Economic	71	49
	Social	46	32
	Political	27	19
Work Experience	1-5 years	5	3.5
	6-10 years	33	22.9
	11-15 years	61	42.4
	16-20 years	20	13.9
	Above 21 years	25	17.4

Source: SPSS output (2019)

- **General Information**

The general information for the study comprised of the gender of respondents, their age bracket, work experience and their educational level.

- **Gender of Respondents**

The research intended to identify gender of respondents. The findings presented in Table 4. showed that 56.9% of the respondents were males as compared to 43.1% females. Thus, the findings indicate that most of the respondents were males.

- **Age of Respondents**

The research intended to identify the age bracket of respondents. The findings presented in Table 4 showed that 11.1% of the respondents were between the age of 18-30 years, 59% were aged between 31-40 years, 25.7% were aged between 41-50 years, 25.7% were aged between 51-60 years and

4.2% were above 60 years old. Thus, the findings indicate that most of the respondents were more than 31-40 years old.

- **Work Experience of Respondents**

The researcher intended to investigate the work experience of the respondents. The findings presented in Table 4 showed that 3.5% of the respondents had worked for 1-5 years, 22.9% had worked between 6-10 years, 42.4% had worked between 11-15 years, 13.9% had worked between 16-20 years, 17.4% had worked above 21 years on the target sector the findings indicate that most of the respondents work experience were more than 11-15 years.

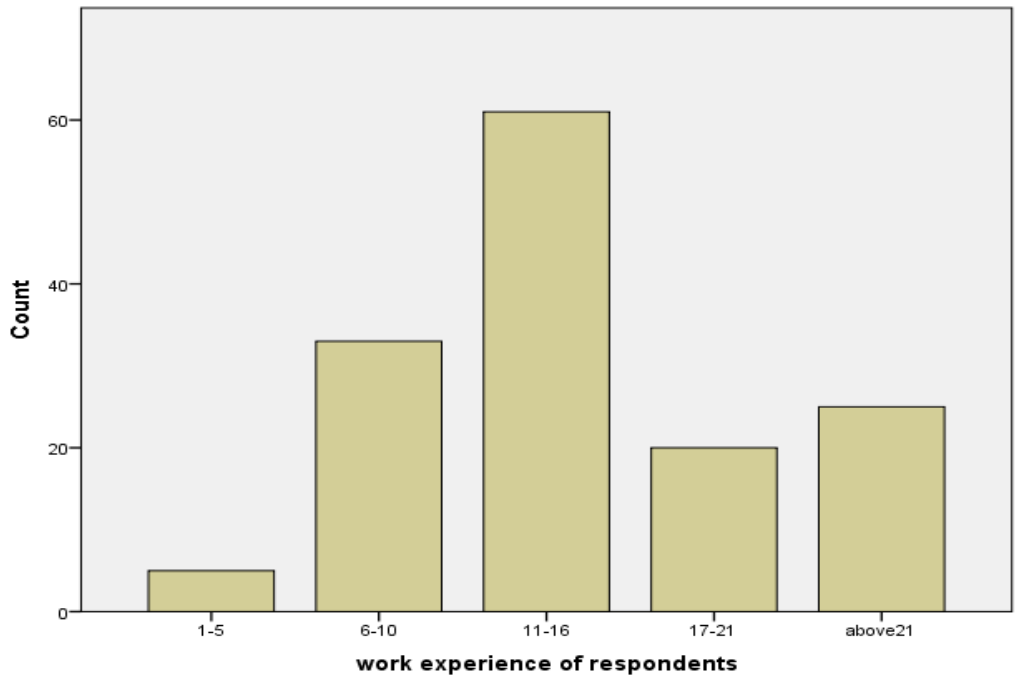


Figure 4.1 Work Experience of Respondents

- **Work Unit Currently Working**

The researcher intended to investigate the work unit currently working of the respondents. The findings presented in Table 4.showed that managements are 56.3% and non-managements were 43.7%. Thus, the findings indicate that most of the respondents were manager in the sector.

- **Educational level of respondents**

The researcher sought to find out the educational level of the respondents who participated in the study. The findings in Table 4. established that 0.7% of the respondents had high school, 4.9% had diploma level of education , 74.3% of the respondents had bachelor degree level 20.1% of the respondents had master degree and above education level. Thus, the findings indicate that almost all of the respondents were significantly educated.

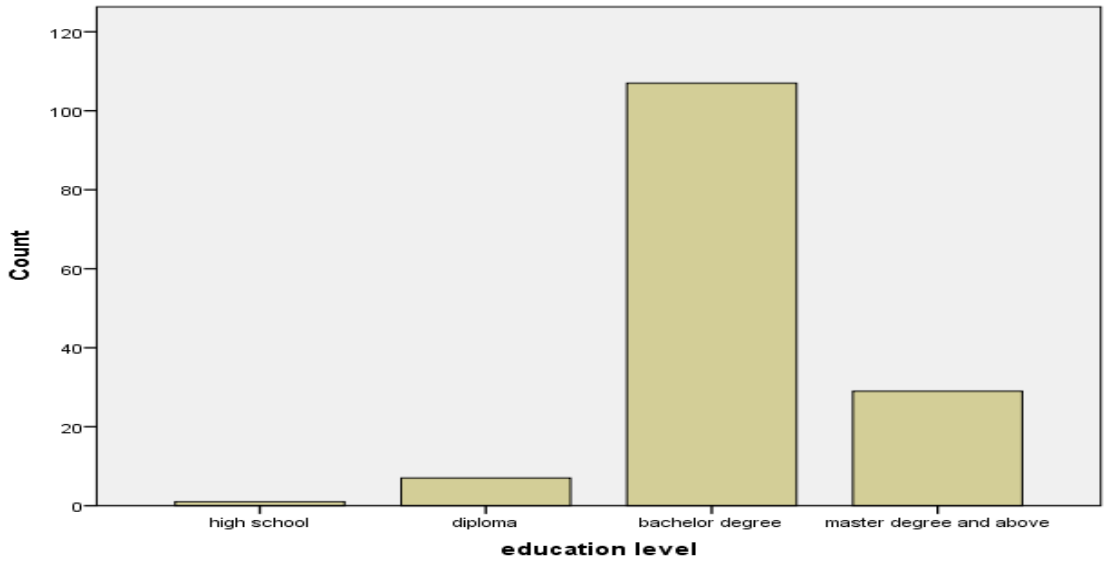


Figure 4.2 Education Levels of Respondents

4.2 Results and Discussions of Descriptive Statistics

Descriptive Analysis of Respondents for Major Processes of PMS on PM

In order to see the general perception of the respondents regarding the processes of performance management system in the subject organization, the researcher was included the measures stated in the coming tables followed by analysis and interpretation supplemented using frequency table, mean and standard deviation. In order to simplify interpretation of the results, ratings of agree and strongly agree were grouped as agreement and ratings of disagree and strongly disagree were grouped as disagreement

Table 5: Descriptive Statistics of the Dependent Variable (Employee Performance) and the Five Independent Variables of employee performance management system.

Descriptive Statistics

	Mean	Std. Deviation	N
EPA	4.0486	.53935	144
CIA	3.9502	.62519	144
EPMA	3.9757	.18381	144
EPEA	4.0546	.26336	144
EPIA	3.9833	.65227	144
RA	3.9780	.45983	144

Source: SPSS output (2019)

A likert scale of 1-5 where 5means strongly disagree, 4 implies disagree, 3 implies natural, 2 agree and 1 implies strongly agree. For interpretation purposes a mean response of < 1.5 implies strongly agree, while a mean response of 1.5-2.49 implies agree. A mean response of 2.5-3.49 implies neither agree nor disagree (neutral), a mean response of 3.5-4.49 means disagree and finally a mean response of > 4.5 infers strongly disagree. Source: Jackard & Wan 1996

As shown table 5 the mean score value and standard deviation of EPIA(3.9833,0.65227) most of the respondent disagree that the public selected sector that used to had employees performance development system to request skill, behaviors and knowledge and key competencies that would been required to achieved the objectives and target set. This implied the selected public sector not differentiated performance gap and not discussed with employees. This oppose with Onyango and Wanyoike (2014) who found that there is a relationship b/n employee improvement and employee performance.

As shown table 5 the mean score value and standard deviation of RA (3.9780,0.45983)most of the respondent disagree that the current reward system influences to the performance of employees by recognizing of reward of job promotion, fairness of wage and variation of reward type. From this and interviewed there were no any reward to develop employees performance. This is in oppose with the finding & Njanjia Maina,Kibet and Njagi (2013) who found that there is a relationship b/n Reward system and employee performance.

As shown table 5 the mean and standard deviation dependent variable EPA (4.0486, 0.53935) most of the respondent disagreed that the current PMS enhanced employees performance. This shown that there were no PMS rather there were performance appraisal twice annually that was used for legislation purpose only, not for the performance improvement. As oppose to Lathan et al. (2005) and Ken Sheridan (2009, Pers.comm.19 sep 2009), the cultural transformation to performance based

can take years to achieve and requires the organization to commit the necessary resource. A PMS can be a critical tool for organization to achieve the transformation.

From the above table 5 the grand mean and standard deviation CIA were (4.0486,0.53935) this shown that most of the respondent disagree that with the supervisor and subordinate are involved in a joint participative process and create aware on starting point of criteria identification at planning stage. This Oppose to Rogers and Hunter, (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivities gains will correlate with the extent of top management support for and employee's participation in the process of setting objectives. It is motivational process which also gives the individual the feeling of being involved and creates a sense of owner ship for employees. At the same time, part of the planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviors and knowledge and key competencies that will be required to achieve the objectives and targets set. In this planning phase the supervisors and subordinates are involved in a joint participative process and set organizational goals, as well as a specific goals for an individual. Objectives, on the others hand, also create the environment in which an individual will be measured according to his or her own performance and output, with set standard for evaluation (Nyembezi, 2009).

The grand mean and standard deviation EPMA were (3.9757, 0.62519) shows that most of the respondent disagreed that there is on job measurement, leads to feedback to been communicate, convince and develop the performance of employees rather than judgmental and to maintain its effectiveness, timely and correct feedback should been given to employees with positive approach. According to the interview and the respondent there were no any feedback or measurement on the job communication. This opposes to Schaufeli and Salonova (2007) suggest that positive feedback promotes engagement by affecting the socio-emotional climate in organizations.

From the above table 5 the grand mean and standard deviation of EPEA (4.0546, 0.26336) most of the respondent disagreed that the current evaluation system were fair and focus on evaluating employees behavior and work performance and not the personality of employees. From this, interview and observation shown that PMS were not a tool that were not well known by Gurage zone selected public sector. The most known types of evaluation which much also practiced in these sector were performance appraisal which were twice annually. This is in opose with Gichuhi,Abaja

and Ochieng (2013) that there is a relationship b/n performance evaluation system and employee performance.

Standard deviation is most widely used a measure of dispersion of a series which the extent to which shows the extent of which values of a variable differ from a fixed value such as the mean. The result shows that the Standard deviations of all the variabls were < 1.

4.2.1 Descriptive Statistics of the Independent Variables Criteria Identification

Table 6A: Results of the respondents on Criteria Identification

No.	Statement	Mean	St.d.
1	I understand the criteria used to be nominated for the excellence award.	3.68	.735
2	Criteria identification set during the performance planning stage are mutually agreed between employee and a manager	4.25	.714
3	I clearly understand the competency criteria	3.81	.729
4	The current identified evaluation criteria is effective	4.10	.662
5	The evaluation criteria is only based on work plan of the sector	4.22	.642
6	Criteria identification is not biased by political status.	4.32	.696
	Grand Mean	**4.06**	**.47469**

Source: SPSS output (2019)

As it has been seen from Table 6A, the mean score value, 3.68, with standard deviation of .735 indicated that most of the respondents were disagreed, meaning most of the participants of this study did not understand the criteria used to be nominated for the excellence award. Regarding the Criteria identification set during the performance planning stage are mutually agreed between employee and a manager, the mean score was 4.25 with standard deviation of .714. These numerical figure indicated that the employee and the manager were not in agreement while setting the performance planning stage, because 4.25 indicated that the majority of the respondents were in favor of disagreement and in strongly disagreement and as to the standard deviation, .714, indicated that the deviation/dispersion of the data from the mean was less than one, meaning most of the participants were not in different in responding to the indicated item(2), i.e. their responses were consistent. …..Standard deviation is most widely used a measure of dispersion of a series which the extent to which shows the extent of which values of a variable differ from a fixed value such as the mean. The result shows that the Standard deviations of all the statements (items) were < 1.

Employee Performance Measurement

Table 7B :Results of Respondents on Employee Performance Measurement

No	Statement	Mean	St.d.
1.	My appraiser is an appropriate person to measure performance in terms of qualification, closeness, etc.	3.95	.463
2.	My work progresses are regularly measured by My manager.	4.00	.473
3.	I receive feedback on My good performance on the job.	4.01	.450
4.	I receive feedback on My poor performance.	3.97	.449
5.	The feedbacks on the job on received help Me to improve My performance.	3.95	.448
6.	I believe My manager is capable of providing constructive measure.	3.98	.522
	Grand Mean	**3.97**	**.18381**

Source: SPSS output (2019)

As shown table 7B the mean value and standard deviation (3.95, 0.463) most of the respondent disagreed that their appraiser were an appropriate person to measure performance in terms of qualification, closeness etc. as indicated with interview understood by his/her political affiliation not in performance. Mean value and standard deviation (4.0, 0.47) most of respondent disagreed that their work progress were regularly measured by their manager. The mean value and standard deviation (4.01, 0.450) and (3.97, 0.449) most of respondent disagreed that they received good and poor performance feedback and mean value and standard deviation (3.95, 0.448) most of respondent disagreed that the feedback on the job received helps them to improved their performance and mean value and standard deviation (3.98, 0.522) most of respondent disagreed that they believed their managers were capable of providing constrictive measure. Generally there were no measure on job or feedback at all in Guraghe zone selected public sector.

Employee Performance Evaluation

Table 8C: Results of Respondents on Employee Performance Evaluation

No	Statement	Mean	St.d.
1	The evaluation process is undertaken based on well-organized data of the employee.	4.26	.648
2	The current performance evaluation process is effective.	4.00	.458
3	The performance evaluation is based on work plan and work performance.	4.08	.556
4	In My sector performance evaluation helps to identify competencies that acquire personal improvement.	3.90	.492
5	There is a transparency when evaluating employees.	4.01	.522
6	Employees feel happy by the result of appraising their performance.	3.99	.409
7	There is no any political intervention when evaluating employees.	4.15	.567
	Grand Mean	**4.05**	**.26336**

Source: SPSS output (2019)

As shown table 8C the mean value and standard deviation.(4.260.648) most response dent ds greed that the evaluation process was undertaken based en well-organized data of the employs. From the mean value and st.d (4.00, 0.458) most respondent disagreed that the current performance evaluation process were effective from the above and interview most respondent disagreed that the performance evaluation was based work plan and work performance. As the mean value 4.08 were disagreed that the current evaluation helped to identify competences that acquire personal improvement. As the mean value and st.d.(3.90, .492) As the mean value and st.d.(4.01, .522) most respondent disagreed that there were transparency when evaluating employees. As the mean value and st.d. (3.99, .409) most respondent disagreed that employees felt happy by the result of appraising their performance and as the mean value and st. d. (4.15, .567) most respondent disagreed that there were no any political intervention when evaluating employees.

Regarding the results obtained from the analysis on transparency when evaluating employees, the finding of this study is concurred with the finding of the study by Muthoni(2015) revealed the

existence of limited transparency and minimal communication between the managers and the employees

Employee Performance Improvement

Table 9D: Results of Respondents on Employee Performance Improvement

No	Statement	Mean	St.d.
1.	Improvement needs are discussed with employee.	3.96	.747
2.	Improvement incorporates the interest of individual performance gap.	3.99	.709
3.	There are corrective measures for under-performance.	3.97	.704
4.	There is possible solution to improve employee performance.	3.93	.781
5.	In my sector performance improvement is effective.	4.08	.690
	Grand Mean	**3.98**	**.65227**

Source: SPSS output (2019)

As shown Table 9D the mean value and st.d. (3.96, .747) most of the respondent disagreed that improvement needed were discussed with employees. As the mean value and st. d.(3.99, .709) most respondent disagreed that improvement incorporated the interest of individual performance gap. Most of the respondent disagreed that there were a corrective measures for under-performance. As the mean value and st.d. (3.97, .704) most of the respondent disagreed that there were possible solution to improve employee performance and as the mean value and st. d. (3.93, .781) most respondent disagreed that in their sector performance improvement were effective.

Reward

Table 10E: Results of Respondents on Reward

No	Statement	Mean	St.d.
1	There is a reward for the highest performance appraisal.	3.96	.892
2	Rewards are linked to the performance management system.	3.90	.707
3	In My sector a positive performance appraisal leads to reward.	3.91	.801
4	I receive/qualified reward bonus.	4.06	.645
5	My sector is able to satisfy the employees.	3.99	.674
6	Employees are motivated to stay with this sector.	4.06	.764
	Grand Mean	**3.99**	**.45983**

Source: SPSS output (2019)

As shown Table10E most of the respondent disagreed that there were reward for the highest performer as the mean value and st. d. (3.96, .892). Most respondent were disagreed that rewards were linked to the PMS as the mean value and st., d.(3.90, .707). Most of the respondent disagreed that in their sector a positive performance appraisal leads to reward as the mean value and st., d.(3.91, .801). From Teble10E employees were disagreed that they receive reward bonus as the mean value and st. d. (4.06, .645). Most of the respondent disagreed that their sector were able to satisfied the employees as the mean value and st., d.(3.99, .674) and also most respondent disagreed that employees were motivated to stay with this sector as the mean value and st. d. (4.06, .764).

As to the overall employee performance management system, the result of this study showed that the system was not as such effective which was shown by the mean scores of the five independent variables. So in this regard these findings are supported by the findings of the study by Muthoni (2015) who conducted on the effect of performance management system on employees' performance pointed out that employees felt the great need for performance management system in FAO, Food and Agriculture Organization.

Descriptive Statistics of the Dependent Variable

Table 11F: Results of Respondents on Employees' Performance

No	Statement	Mean	St.d.
1	My performance is improved because of my sector good performance management system.	4.21	.718
2	The Performance management system helps to identify the strength and weakness of the employee's.	3.87	.863
3	The current level of employee productivity is high.	3.99	.748
4	Customers are satisfied by the current service	4.06	.727
5	Quantity/quality of product is improved through time.	4.13	.692
6	The level of employee productivity in the sector is high as compared to the beginning.	4.13	.698
7	The ability of the employee to be innovative is high.	3.97	.788
	Grand Mean	**4..05**	**.53935**

Source: SPSS output (2019)

As shown table 11F the mean and standard deviation (4.21, 0.718) most of the respondent disagreed on their performance was improved b/c of sectors performance good PMS. This implies that there was no any competency criteria rather performance appraisal twice annually used for legislation. In the interview the HRM had no impact rather than dispatch the format and after filed the format collected and documented.

As shown table 11F the mean and standard deviation (3.87, 0.86) most the respondent disagreed that the current PMS helps to identify the strength and weakness of the employee's. As the researcher seen with interview and shown table 11F there is no PMS rather than performance appraisal not depended on performance and more of subjective.

As shown table 11F the mean and standard deviation (3.99, 0.748) most respondent disagreed that the current level of employee productivity was high. As indicated there was no document in the sector which showed as the level of productivity of the employees, the HRM disagreed that the level of productivity employees was high in the time of interviewed. As indicated from the table 11F mean value and standard deviation (4.06, 0.727) most of the respondent disagreed that customers

were satisfied by the current service. It showed that unsatisfied employees could not satisfy the customer.

As indicated from the table 11F the mean value and standard deviation (4.13, 0.692) most of the respondent disagreed quality and quantity of product was improved through time. Implies without any competency employees couldn't be competent.

As we seen from the table 11F the mean and standard deviation (4.13, 0.698) most respondent disagreed that the level of employee productivity in the sector was as high as compared to the beginning. And the mean value and standard deviation (3.97, 0.788) most respondent disagreed that the ability of the employee to been innovative were high. Generally there were not managed the employee performance in Gurage zone selected public sector

4.3 Results and Discussions of Correlation Analysis

Table 12: The Correlation Matrix of the Dependent and Independent Variables

Correlations							
		EPA	**CIA**	**EPMA**	**EPEA**	**EPIA**	**RA**
EPA	Pearson Correlation	1					
	Sig. (2-tailed)						
CIA	Pearson Correlation	.402**	1				
	Sig. (2-tailed)	.000					
EPMA	Pearson Correlation	.220**	.557**	1			
	Sig. (2-tailed)	.008	.000				
EPEA	Pearson Correlation	.454**	.116	.038	1		
	Sig. (2-tailed)	.000	.167	.652			
EPIA	Pearson Correlation	.520**	.084	.026	.401**	1	
	Sig. (2-tailed)	.000	.317	.659	.000		
RA	Pearson Correlation	.480**	.009	-.107	.387**	.548**	1
	Sig. (2-tailed)	.000	.514	.200	.000	.000	
	Number of Participants[N]	144	144	144	144	144	144
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: SPSS output (2019)

One of the objectives of this study was to test$\boldsymbol{H_{O_1}}$**:** There is statistically significant relationship between employee performance management system practice and employee performance in the selected public sectors in Guraghe Zone. So, in order to test this hypothesis, Pearson correlation coefficients and t – test was used. Concerning the interpretations of the Pearson correlation coefficients, different authors suggested different interpretations of the coefficients; however, in this study, the researcher used by Taylor(1990) cited in Engida and Zeytu (2017) who was roughly categorized r values as, $r \leq 0.35$ (or - 0.35) are generally considered to represent low or weak correlation, values from r = 0.36 to r = 0.67 or r = - 0.36 to r = - 0.67 as moderate correlations, values from r = 0.68 to r = 0.89 or r = - 0.68 to r = - 0.89 as strong or high correlations, and as Beaumont(2012) indicated that r values very close to 1 as very high positive correlation. Table 12 show the results of the correlation analysis the output of the hypothesis test at p** < 0.01 (2 – tailed) precision level. It revealed the significant correlations of all employee performance management system practice and employee performance, because their Pearson correlation coefficients with p – values are less than 0.01. Thus, since the p – values for CIA, EPMA, EPEA, EPIA and RA are all less than 0.01, the null hypothesis $\boldsymbol{H_{O_1}}$was accepted. Meaning there was statistically significant positive correlation between these five independent variables and the dependent variable, employee performance. In this regard, the findings of this study are against with the findings of the study by (Ying, 2012) that was conducted the impact of performance management system on employee performance investigated that performance management system had a positive but insignificant relationship with employee performance. But it is in line with the study by Meklit (2017) on the effect of employee performance system: the case of justice for all – prison fellow Ethiopia and investigated significant correlation between reward system and employees' performance

As to the strength of the correlation between the five significant independent variables and employee performance, moderate positive correlations between CIA, EPEA, EPIA, RA and EPA were observed, because their correlation coefficients were r = .402**, .454**, .520**, .480** respectively which are between .36 and .67 inclusive, whereas, the correlation between EPMA and EPA was low/weak, because the correlation coefficient was .220**. Regarding the results of the findings of this study on the relation between reward and employees' performance , despite the moderate relation(.480**), it is in line with the findings of (Wambui and Kwasira, 2015) who conducted a study on the Influence of Compensation and Reward on Performance of Employees at Nakuru County Government indicated that there was a weak positive relationship compensation and reward on employee performance(.290**) in the county government of Nakuru.

4.4 Results and Discussions of Regression Model Evaluation and Analysis

4.4.1 Multiple Linear Regression Model

As aforementioned, one of the objectives of this study was to examine whether there was statistically significant effect of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone or not. To investigate the relationship the researcher used multiple linear regression model:

$$Y = \boldsymbol{\beta_0} + \boldsymbol{\beta_1 X_1} + \boldsymbol{\beta_2 X_2} + \boldsymbol{\beta_3 X_3} + \boldsymbol{\beta_4 X_4} + \boldsymbol{\beta_5 X_5} + \boldsymbol{\varepsilon}$$

Where Y = Employee Performance, X_1 = Criteria Identification, X_2 = Employee Performance Measurement, X_3 = Employee Performance Evaluation, X_4 = Employee Performance Improvement, X_5 = Reward. The averages of the 1 – 5 point Likert scales items of these independent variables were calculated for each public sector employee. $\boldsymbol{\beta_0}$is the Y intercept, $\boldsymbol{\beta_s}$are regression coefficients. Before the analysis the chosen model should satisfy assumptions for multiple linear regression model and model fitness test.

4.4.2 Evaluation of Multiple Linear Regression Model Assumptions

In order a multiple linear regression model shows the relationship between the dependent variable and multiple (two or more) independent variables and the validity of the inferences drawn from this model analysis depends on its assumptions being satisfied. In this regard, in order the analysis to be valid and the regression model explore the relations and examine effects of the independent variables on the dependent variable, it should satisfy all the multiple linear regression model assumptions. Therefore, the assumptions were checked before running the regression analysis using SPSS version 20 software. The diagnostic test for the whole regression model is attached in the Appendix part. In this section, the evaluation of the assumptions of multiple linear regression model and model fitness test analyses are presented using the outputs of the SPSS.

Normality assumption: For any specific value of the independent variable, the values of the dependent variable are normally distributed.

This assumption was checked graphically, most popular (Pallant, 2005). Data is normal if the data follows a straight line or if it goes with slight deviation from straight line ups and down. The normality plot graph of sampled data of EP, employees' performance is shown below

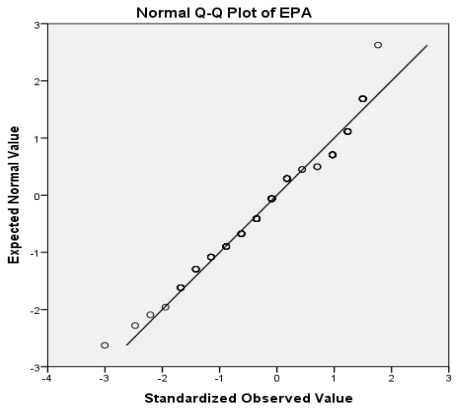


Figure 4.3 Normality Q – Q plot graph for EP, Employees' Performance

As it can be seen from the above normal Q – Q plot and as normality checking mechanism indicated in (Abdel – Salam, 2008, p.15/42), except at the right top and bottom left of the Q – Q plots are slightly going on and off from the straight line but to some extent resembled to it. Therefore, this shows that the normality assumption is nearly satisfied.

Linearity assumption: There is a linear relationship between the dependent variable and the independent variables. In other words, the value of Y is proportional to the independent variable X. Since the goodness of the model depends on how well it predicts Y, the linearity of the response(Y) and Predictors(X), p – p plot graph could be implemented. As indicated in (Torres – Reyna, 2007, p. 16), if the whole plots show 45^0 pattern, it indicates that the model seems to be doing a good job in predicting Y. as it can be seen in the graph given below, the plots form 45^0 pattern. Therefore, the linearity assumption was met.

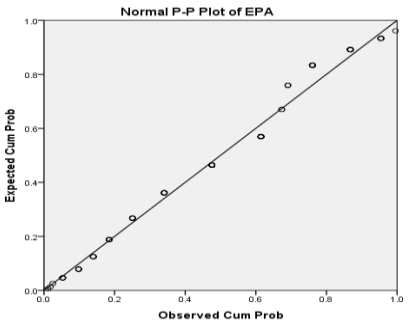


Figure 4.4 Linearity p – p plot graph for EP

Homoscedasticity (equal variance assumption): For every value of the independent variable (X), the distribution of the dependent variables (Scores) must have approximately equal variability. To test this assumption regression standardized residuals and regression standardized predicted value

plots were used, because, they detect model lack of fitness and unequal variances. As indicated in (Abdel – Salam, 2008, p. 16/42; Torres – Reyna, 2007), any trends or patterns in the plots indicated lack of fitness and unequal variances which lead to a potential problem in the model. The scatter plot for employees' performance is given below in Figures 4.5.

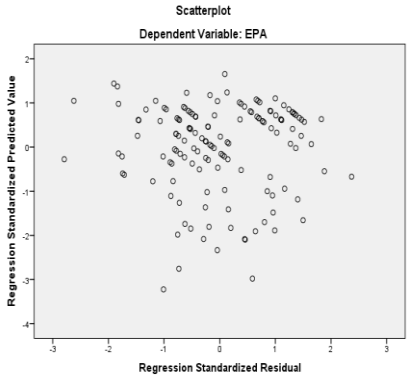


Figure 4.5: Scatter plot for homogeneity of variance for EP

As can be seen from the above scatter plot, even though most plots are concentrated towards the upper central part, they do not form a certain pattern and there are some plots dispersed out from the center. This dispersion can show to some extent the homogeneity of the variances. Meaning, nearly it satisfied the equal variance assumption.

Non multi co-linearity assumption: The independent variables are not very strongly inter - correlated. That is, the predictor variables should not have a strong relationship with each other. Multi co-linearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is nearly linear combinations of the other independent variables (Keith, 2006 cited in plots, 2011).

Table 13: Non – multi co-linearity test of the independent variables, CI, EPM, EPE, EPI and R

Independent Variable		Tolerance	VIF
CI		.680	1.472
EPM		.675	1.481
EPE		.791	1.264
EPI		.653	1.532
R		.650	1.539

The five independent employee performance management system practices components in the model should not be highly correlated. To test this assumption the researcher used the more precise approach, assessing the tolerance and its reciprocal values (VIF, variance inflation factor) in the output results of the regression analysis for model fitness. The tolerance value is the indication of the percent of variance in the predictor that can't be accounted for by the other predictors, very small value indicated that a predictor is redundant. If the tolerance value of each predictor is greater than 0.10, then it indicates the non – multi co-linearity for each predictor if not it shows the existence of multi co-linearity. As (Diem Ngo, 2012, p.9; Pallant, 2005, p. 150; Torres – Reyna, 2007, p.21) showed that, if the VIF value of each predictor is less than 10, then it indicates the non – multi co-linearity of the predictors if not it suggested a problem. When such situation, tolerance less than .10 and VIF is greater than 10, is happened the regression model estimates of coefficients became unstable and the standard errors for the coefficients could get inflated. In other words the model loses its statistical validity. As it can be seen in the above Table 13, there was no multi co-linearity amongst the independent variables CI, EPM, EPE, EPI, and R in the models for the employees' performance. Therefore, the non – multi co-linearity assumption was met.

Thus, as the four model assumptions test indicated in the above output results of the SPSS, all assumptions were met and hence the multiple regression model for the employees' performance in the selected public sectors with the five independent variables was ready to be tested for model fitness test.

4.4.3 Model fitness and Significance of the independent Variables as a Whole

Model fitness test is a statistical test to check whether the regression model is fit for the data or not. To test the model fitness, the overall steps for testing multiple linear regression model, F – test analysis of variance [ANOVA] for the overall models fitness test and t – test for the significance of an individual coefficients in the regression models with 5 % level of significance were used(Engida & Zeytu, 2017). Therefore, the significance of the independent variables as a whole is summarized in table 14 below

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.706[a]	.498	.480	.38883	.498	27.429	.000

a. Predictors: (Constant), RA, CIA, EPEA, EPMA, EPIA

b. Dependent Variable: EPA

Table 14: Model Summary

In the above Table 14, the R value tells us that, the strength of the relationship between the independent variables, employee performance management system likert scales average CIA, EPMA, EPEA, EPIA, and RA and the dependent variable employee performance. So, the numerical value .706 indicates the existence of strong positive relationship between the dependent variable – employee performance and the predictor variables CIA, EPMA, EPEA, EPIA, and RA.

The R square value, .498, indicated that the percentage of variation of the dependent variable was directly attributable to the independent variables. This means the model explained 49.8% of the variance/changes in the employee performance. Therefore, as (Pallant, 2005) indicated that, the explaining capacity of the model with the five variables was 49.8%.

The Adjusted R square value tells us that, the most useful measurement of the success of the model, which is better than the R square value. Because R square value tends to somewhat over – estimate the success of the model when applied to the real world, and also the Adjusted R square value takes in to account the number of variables (the five independent variables) in the model and the number of observations (participants – sampled public sector employees) upon which the model was based on (Diem Ngo & Puente, 2012). Therefore, the adjusted R square value for employee performance was .480. So, one can say that employee performance model had accounted for 48.0% of the variance in explaining the performance of the employees.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.735	5	4.147	27.429	.000[b]
	Residual	20.864	138	.151		
	Total	41.598	143			

a. Dependent Variable: EPA

b. Predictors: (Constant), RA, CIA, EPEA, EPMA, EPIA

Table 15: ANOVA output part I

As can be seen from the above Table 15, the F calculated value with its degrees of freedom (5, 138) for employee performance as a whole is .000 < 0.05 implies that with the confidence (1 - α) very close to 100%. Therefore, it could be said that at least one of the coefficients $\beta_1, \beta_2, \beta_3, \beta_4, and \beta_5$ was significant for the model – for the employee performance. In other words, the variable Y was better if it was a function of at least one of the variables X_1, X_2, X_3, X_4, X_5 rather than only withβ_0.Therefore, X_i and Y were linearly related and that the model was fit the data. In other words, the employee performance management system– the five independent variables and employees' performance – the dependent variable were related. Hence, the regression model could predict the effect of employee performance management system practice on employees' performance.

4.4.4 Significance of each Regression Coefficients: Significance of each independent variable

To identify which regression coefficient (or independent variable) was significant for the model (for the dependent variable), the output of the coefficients table of the SPSS was used. The test of significance was conducted by the t – p – value.

Table 16: ANOVA output part II: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations
		B	Std. Error	Beta			Zero-order
1	(Constant)	-1.870	.898		-2.081	.039	
	CIA	.368	.083	.324	4.427	.000	.402
	EPMA	.155	.215	.053	.719	.473	.220
	EPEA	.428	.139	.209	3.082	.002	.454
	EPIA	.221	.062	.267	3.580	.000	.520
	RA	.300	.088	.256	3.419	.001	.480

a. Dependent Variable: EPA

Source: SPSS outputs

According to the result obtained from the SPSS, in Table 16 above, under the Sig. column , the p – values of all the independent variables, except EPMA are less than 0.05, indicated that they are statistically significant for the model, because their level of confidence are greater than 95%[(1 – p)100%]. For instance, for EPEA, p – value = .002 which leads to have a confidence level of (1.002)100% = 99.8% which is greater than 95%. Meaning, the above four independent variables – CI, EPE, EPI, and R had significant effect on the employees' performance.

In general, the information contained and discussed in sections 4.4.3 and 4.4.4 characterized the goodness and the usefulness of the model to predict the effects of employees' performance based employee performance management system practices such as criteria identification, employee performance measurement, employee performance evaluation, employee performance improvement, and reward. Therefore, the regression model (4.4.1) becomes the predictor model with equation:

Predictor model: $\widehat{\boldsymbol{Y}} = -\mathbf{1.870} + \mathbf{0.368}\boldsymbol{X_1} + \mathbf{0.155}\boldsymbol{X_2} + \mathbf{0.428}\boldsymbol{X_3} + \mathbf{0.221}\boldsymbol{X_4} + \mathbf{0.300}\boldsymbol{X_5}$

(4.4.2)

Predictor model using unstandardized Beta values (using employees' performance management system practice components):

$$\widehat{\boldsymbol{Y}}(\mathbf{EPA}) = -\mathbf{1.870} + \mathbf{0.368}(\mathbf{CIA}) + \mathbf{0.155}(\mathbf{EPMA}) + \mathbf{0.428}(\mathbf{EPEA}) + \mathbf{0.221}(\mathbf{EPIA}) + \mathbf{0.300}(\mathbf{RA}) \quad \textbf{(4.4.3)}$$

Predictor model using standardized Beta values:

$$\widehat{Y(\mathbf{EPA})} = \mathbf{0.324(CIA)} + \mathbf{0.053(EPMA)} + \mathbf{0.209(EPEA)} + \mathbf{0.267(EPIA)} + \mathbf{0.256(RA)}$$

(4.4.4)

Predictor Model Interpretation

The predictor model (4.4.3),$\beta_i's$, the unstandardized beta coefficients tell us about the causal (effect) relationships between the outcomes, employees' performance and the five employees' performance management system practice components independent variables average values. As all are positive, so are the relationships. That is, as the mean score of each employee's performance management system practice components (independent variables) increases, the mean score of the employee performance also increases. In addition, these β values give us also an idea of influence each employees' performance management system practice components has on the employee's performance if the effects of the other variables are held constant. For example, CIA ($\beta_1 = .368$): as the mean score of the criteria identification items increases by one unit, the mean score of employee' performance increases by .368 units.

The predictor model (4.4.4), $Beta_i$'s, the standardized beta coefficients tell us about the contributions of each employees' performance management system practice to the outcome, employee's performance. In other words, the Beta weight is the average amount the dependent variable – the employee's performance increases when the independent variable increases by one standard deviation while all other independent variables held constant. Therefore, the highest contributor for the employee's performance was the mean score of criteria identification items (.324) which were stated in the questionnaire and the lowest contributor was by employee performance measurement items mean scores (.053). For example, when the independent variable, criteria identification, mean scores increases by one standard deviation, the performance of employee increases by 32.4%.

4.4.4 Results and Discussions of Regression Analysis

One of the objectives of this study was to examine whether there is statistically significant effect of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone. Therefore, to answer the second basic research question,

i.e., to test the hypothesisH_{0_2}: There is statistically significant effect of each employee performance management system practice on the performance of employee in the selected public sectors in Guraghe Zone. The researcher used the ANOVA Tables 14 and 15. In Table 16 above, the F – p – value (.000) indicated that the multiple correlation coefficient R = 0.706 was significant. Meaning, the contribution of at least one of the five employee performance management system, criteria identification, employee performance measurement, employee performance evaluation, employee performance improvement, and reward had significant effect on the performance of employee. As indicated in Table 4.7, statistically CI, EPE, EPI, and R had significant effect on employees' performance, because their sig. values are .000, .002, .000 and .001 respectively which are less than .05(level of precision). This result led us to accept the stated null hypothesis on these variables. Therefore, it could be inferred that these four independent variables had positive and significant effect on the performance of employees. Regarding the remaining one independent variable, EPM, had positive but insignificant effect on the employees' performance, since its sig. value is .473. This result led us to reject the null hypothesis on this variable. Hence, it could be inferred that this variable had positive and insignificant effect on the employees' performance. However, it should be noticed that insignificant to the dependent variable does not mean that it has no effect totally, because it has certain contribution to the dependent variable. Regarding the results and findings of this study on reward system, it is in line with the finding of the study conducted by Evans et al. (2016) on effects of performance management process on employee productivity and investigated that reward system affected employees' performance. Moreover, it is also concurred with Meklit (2017) who conducted a study on the effect of performance management system on employee performance and confirmed the existence of significant relationship between employees' performance with reward system, performance planning and performance feedback. Furthermore, the finding of this study on performance management system is in line with the finding of Calisti (2014) and investigated the impact of PMS on the performance of employees. Concerning employee performance evaluation system, the finding of this study is concurred with the finding of Leila et al.(2011) and they investigated and confirmed that the total results on performance evaluation were average and high, the effect of annual performance evaluation on job motivation were high. They pointed out that performance evaluation was the major factor on motivation of an employee. In order to compare the extent of the contribution of each of the five variables to the employees' performance, standardized coefficients, Beta values were used (Table 16), because, it gives a measure of the contribution of each independent variable. A large value indicates that a unit change

in this predictor variable has a large effect on the dependent variable. For instance, a unit change in the criteria identification variable could bring a .324 change on the dependent variable – employees' performance. Therefore, the highest contribution for the employee performance was the employee performance improvement variable (0.13884). The lowest contribution was by employee performance measurement variable (0.01166). The percent of the effect of each employee performance management system practice variables (CI, EPM, EPE, EPI and R) was obtained by the equation that links R^2 = 0.498 as indicated in (Beaumont, 2010) analysis:

$$\boldsymbol{R^2_{0(CI)(EPM)(EPE)(EPI)(R)} = \beta_{CI} r_{0CI} + \beta_{EPM} r_{0EPM} + \beta_{EPE} r_{0EPE} + \beta_{EPI} r_{0EPI} + \beta_R r_{0R},}$$

Where, βs are the coefficients of independent variables – employee performance management system practice variables, r_s are the zero order correlations which had been taken from the output of the coefficients' Table 16, Zero order is the Pearson correlation between each predictor and dependent variable (Brooks, 2008, p.6).The value of R^2 could be expressed as the sum of the product of each of the employee performance management system practice variables standardized Beta values by zero order correlation coefficient values respectively as:

0.498× 100% = (.324×.402 + .053× .220 + .209× .454 + .267× .520+ .256×. 480) 100%

49.8% ≈ 13.02% + 1.16% + 9.48% + 13.88% + 12.28%

Therefore, the contribution or the effect of employees' performance improvement increased the employees' performance by 13.88% which was the highest effect on employees' performance. Whereas criteria identification, reward, and employees' performance evaluation uplift the performance of employees by 13.02%, 12.28% and 9.48% respectively, but employees' performance measurement has 1.16% contribution for the performance of employees in the selected public sectors, even though it was insignificant for the employees' performance model. From these percentages, one can infer that different types of employee performance management system practices and encouragement mechanisms were inevitable for the betterment of employees' performance effectively in the public sectors. The remaining 50.2% of the performance of the employees might be affected by other variable(s) on employee performance management system, factors, the overall working environment conditions, challenges like absence of training and development caused by lack of budget, inappropriate employee perception towards the system and inadequate commitment from human resource department, as pointed out by (Thitina, 2016) etc. which were not included in this study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this section, the researcher provides a discussion on the finding of the research as compared to the findings in the literature review, the summary of the study and recommendations for further improvement on identifying the measures to be taken in investigating the assessment effect of employee performance management system practice on employee performance. The research is concluded based on the conclusions drawn from the research objectives.

5.1 Summary of the findings

In order to achieve the proposed objectives, mixed method approaches were adopted. However, by considering the nature of the data, quantitative approach was dominantly used. To collect the necessary data the study mainly used structured survey questionnaire. To this end, the collected data from the sample of 144 employees selected from selected public sectors were analyzed using descriptive statistics, correlation matrix and multiple linear regression analysis using the five employee performance management systems such as criteria identification, employee performance evaluation, employee performance improvement, employee performance measurement, and reward systems. In doing so the analyses were made in accordance with the stated research questions, hypotheses and the research objective formulated in the study. The major findings of the study have shown that the mean score of the five independent variables were at least 3.97 out of five by employee performance management system implying that these EPI influences performance of employees at high level. The major finding of this study Employees also felt that there was limited transparency and minimal communication and employees were not participates and create aware on starting point of criteria identification at planning stage. The result indicated that selected public sectors employees were not given any fed back concerning their work performance and viewed the system to be bias. , lack of improvement/development of employee performance, lack of reward and lack of ownership of the system by line manager and subjective decision of evaluators, in appropriate employee perception towards the system and in adequate commitment from the HRM was pointed out. Because almost majority of the participants have shown their agreement as disagree and strongly disagree in most of the items in the survey questionnaire interview and in observation.

Concerning the relationship between the five employee performance management system and employee performance, statistically significant positive correlation were observed between the five independent variables, CI, EPM, EPE, EPI, and R and the dependent variable, EP, employee performance the selected public sectors of Guraghe Zone. Because their sig. p – values were .402**, .220**, .454**, .520**, and .480** respectively. As to the strength of the correlation, moderate positive correlations were observed between CIA, EPEA, EPIA, RA with EPA, however, the finding of the study revealed weak or low correlation between EPMA and EPA.

As to the effect of the employee performance management system practice on the employee performance, the finding of the study shown that CI, EPE, EPI, and R had positive and significant effect on EP because their sig. p – values were less than .05, level of precision, whereas, EPM system practice had positive and insignificant (.473) effect on the employees' performance. Moreover, the five predictor variables, in combination, accounts for up to 49.8% of the variations/changes in the employee performance. In other words, the coefficient of determination obtained .498 implies that the regression model accounts for up to 49.8% of the changes in the employees' performance of the selected public sectors of Guraghe Zone. The remaining 50.2% of the performance of the employees might be affected by other variable(s) on employee performance management system practice, factors, or by the overall working environment conditions, challenges like absence of training and development caused by lack of budget, inappropriate employee perception towards the system and inadequate commitment from human resource department, etc. which were not included in this study. Generally Performance management system is not a tool that is not well known by Gurage zone public selected sectors, the most known type of evaluation which much also practiced in thus sector is performance appraisal which is twice annually.

5.2 Conclusion

Based up on the above finding the researcher concluded that Performance management systems give direction on what to be done. The mode of doing it and give indicators for the outcomes. Performance management systems improve both quality and quantity of work done bring all activities in line with organizational goals. Performance management system links the employee performance and success of the sector, as result and developing employee's skill and competence. Criteria identification, measurement, evaluation, improvement and reward has been most important aspects for performance management systems. Performance management system is not a tool that is

not well known by Gurage zone public selected sectors. The most known type of evaluation which much also practiced in thus sector is performance appraisal which is twice annually.

Many of the reason public sector report disappointing result from the performance management system can be attributed to either implementation or execution, in line managers and employees not taking owner ship of the process and treating the PMS as a compliance activity rather than an opportunity to improve performance. Although from the observation, it has been revealed that PMS has a lot of benefits to employees and the sectors as large but it has not yet been utilized to maximum point of getting the benefits out of it.

The public sector implementing PMS must take a holistic approach remembering that PMS involves far more than performing twice annual appraisal and expecting performance to improve as result. As stated by Lathan et al. (2005) and Ken Sheridan (2009, Pers.comm.19 sep 2009), the cultural transformation to performance based can take years to achieve and requires the organization to commit the necessary resource. A PMS can be a critical tool for organization to achieve the transformation

5.3 Recommendation

In line with the conclusion, the study recommended the following. The public sector view PMS as holistically, encompassing all the elements public sector culture. Without this capability, PMS likely to become compliance activities rather than adding value to the selected public sectors and individual employees. Sensitization to all employees are taken in to account to create awareness on the implication of PMs. The study recommends that the public sectors make the employees to participates and create aware on starting point of criteria identification at planning stage. This gives the employees a clear image of what the letter holds and on how to drive to achieving the objective of the public sector. The principles of proper documentation is considered on important principle for effective working of the plan. The plan be drawn and documents shall be prepared. It should be communicated for all concerned who have been identified. The development, recognition compensation and reward plan should be in black and white. Proper records are to be maintained. Further, proper documents of performance appraisal are needed for further remedial action. It these are not prepared then whenever confusion is there the documentary evidence cannot be given and management has nothing to refer in case of doubles a rise regarding past decision taken.

The study recommends that the public sector should be reward the employees for greater performance levels for every opportunity, possible; the managers should formally recognize good employee efforts for enhanced work performance. The reward system should be varied to encourage the staff to be creative to meet the sector goals. The study recommends that there should be effective measure (feedback) used by the sector target. The purpose of the feedback should be communicate, convince and develop the performance of employees rather than judgmental. To maintain its effectiveness, timely and correct feedback should be given to employees with positive approach. It should be in position motivate the employees this should be taken by them willingly and should take own responsibility for overcoming problems and development performance, it should be totally interactive. The study recommends that employee improvement offered by sector designed through considering employees performance gap and the present and future needs of the employees and facilitate the learning of these skill, a good training or coaching course should improve the quantity and quality of sectors output: increases the chance of sectors success: decrease sectors costs and expense. The study recommends that the assessment of individual performance also needs to focus on evaluating employee behavior and work performance and not the personality of the employee.

, The study recommend that coefficient of determination obtained .498 implies that the regression model accounts for up to 49.8% of the changes in the employees' performance of the selected public sectors of Guraghe Zone, the uncovered 50.2% factors left for other researcher.

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Appendices

Appendix A

Wolkite University

Department of Management College of Business and Economics

Questionnaire to be filled by: Employees only

Dear Respondents:

The purpose of this questionnaire is to collect primary data for conducting a study on the topic, "Assessment of the Effect and practice of Employee Performance Management System on Employee Performance" as partial fulfillment to the completion of the master's program in Business Administration at Wolkite University. In this regard, I kindly request your time to provide me with reliable information so that the findings of this study would meet the intended outcome. I strongly assure you for the confidential treatment of your answers. I would like to thank your voluntary participation for the success of my research study.

Directions • No need to write your name. Put a tick mark **(**√) against the appropriate box for **closed ended items** only. Also, please write opinion on the blank space provided for each of **open-ended** questions.

Part One: Demographic Data

1. Gender: Male ☐ Female ☐
2. Age (in years): 18-30 ☐ 31-40 ☐ 41-50 ☐ above 51 ☐
3. Work experience (in years): 1-5☐ 6-10 ☐ 11-16 ☐ 17- 21 ☐
   above 22 ☐
4. Educational level: Elementary ☐ High school☐ Certificate☐ Diploma☐
   Bachelor Degree ☐ Masters & above ☐
5. What are the terms of your engagement with your Organization?
   Permanent ☐ Contractual ☐
6. In which work unit are you currently working?
   Management ☐ Non-management ☐

Part two: Questions related to Employee performance management practice

1. Do you think employ performance management system helps to identify the strength and weakness of employee performance?----------
   ----
   ----

2. In your opinion, do you think the current employee performance practice is fair?

   A. If **yes** why?----------

   B. If **Not**, why? Please explain. ----------

   ---

3. What do you think the management of your sector should do to improve performance management?…….....….
.....

Part Three: Instruction: Kindly put a (√) mark with the option that reflects your level of agreement with the given statement. In scale; strongly agree=1, agree=2, neutral=3, disagree=4 and strongly disagree=5

I. Criteria Identification

No.	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	I understand the criteria used to be nominated for the excellence award					
2.	Criteria identification set during the performance planning stage are mutually agreed between employee and a manager					
3.	I clearly understand the competency criteria					
4.	The current identified evaluation criteria is effective					
5.	The evaluation criteria is only based on work plan of the sector					
6.	Criteria identification is not biased by political status.					

II. Employee Performance Measurement

No	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	My appraiser is an appropriate person to measure performance in terms of qualification, closeness, etc.					
2.	My work progresses are regularly measured by My manager.					
3.	I receive feedback on My good performance on the job.					
4.	I receive feedback on My poor performance.					
5.	The feedbacks on the job on received help Me to improve My performance.					
6.	I believe My manager is capable of providing constructive measure.					

III. Employee Performance Evaluation

No.	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	The evaluation process is undertaken based on well organized data of the employee.					
2.	The current performance evaluation process is effective.					
3.	The performance evaluation is based on work plan and work performance.					
4.	In My sector performance evaluation helps to identify competencies that acquire personal improvement.					
5.	There is a transparency when evaluating employees.					
6.	Employees feel happy by the result of appraising their performance.					
7.	There is no any political intervention when evaluating employees.					

IV. Employee Performance Improvement

No	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	Improvement needs are discussed with employee.					
2.	Improvement incorporates the interest of individual performance gap.					
3.	There are corrective measures for under-performance.					
4.	There is possible solution to improve employee performance.					
5.	In my sector performance improvement is effective.					

V. Reward

No	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	There is rewards for the highest performance appraisal.					
2.	Rewards are linked to the performance management system.					
3.	In My sector a positive performance appraisal leads to reward.					
4.	I receive/qualified reward bonus.					
5.	My sector is able to satisfy the employees.					
6.	Employees are motivated to stay with this sector.					

VI. Employee Performance

No	Statement	Rating				
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
1.	My performance is improved because of my sector good performance management system.					
2.	The Performance management system helps to identify the strength and weakness of the employee's.					
3.	The current level of employee productivity is high.					
4.	Customers are satisfied by the current service					
5.	Quantity/quality of product is improved through time.					
6.	The level of employee productivity in the sector is high as compared to the biginning.					
7.	The ability of the employee to be innovative is high.					