



SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON
EMPLOYEE MOTIVATION: THE CASE OF WOLKITE UNIVERSITY**

FISSHA AMDE

APRIL, 2024

WOLKITE, ETHIOPIA

WOLKITE UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON
EMPLOYEE MOTIVATION: THE CASE OF WOLKITE UNIVERSITY**

**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES, IN
PARTIAL FULFILMENT OF THE REQRUMENT FOR THE DEGREE OF
MASTER IN BUSSINES ADMINISTRATION**

FISSHA AMDE

ADVISOR: ABAS Mohammed (Ph. D.)

APRIL, 2024

WOLKITE, ETHIOPIA

DECLARATION

I, Fissha Amde, hereby declare that this MBA thesis entitled “The effect of performance management system on employee motivation: the case of wolkite university’ ’is my original work and has not been presented for a degree in any other university, and all sources of material used for this thesis have been properly acknowledged. This thesis has been carried out by me under the guidance and supervision of Abas Mohammed(PhD)

Fissha Amde

Signature

Date

ADVISORS APPROVAL SHEET

This is to certify that the thesis entitled “The effect of performance management system on employee motivation: the case of wolkite university.” submitted in partial fulfillment of the requirements for the degree of Master of business Administration, the Graduate Program of the school of graduate study, and has been carried out by Fissha Amde Id. No BEGW049/14, under my supervision. Therefore, I recommend that he has fulfilled the requirements and hence hereby can submit the thesis to the School of graduate study.

Name of Advisors

Signature

Date

Abass M (PhD)



**SCHOOL OF GRADUATE STUDIES
WOLKITE UNIVERSITY
EXAMINERS' APPROVAL SHEET**

We, the undersigned, members of the Board of Examiners of the final open defense by **Fissha Amde** have read and evaluated his thesis entitled “**The effect of performance management system on employee motivation: the case of Wolkite university**”, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree Master in Business Administration.



Gebre S (PhD) _____

Name of external examiner Signature Date

Name of internal examiner Signature Date

Name of chairperson Signature Date

SGS Approval Signature Date

Final Approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the School of Graduate Studies (SGS) through the School Graduate Committee (DGC/SGC) of the candidate’s department.

Thesis approved by

DGC/ SGS Approval Signature Date

ACKNOWLEDGEMENT

Above all, my deepest Gratitude goes to the Almighty God for giving me the ability and all those exertions to complete this study. Next, I would like to extend my deepest indebtedness to my advisor Abas Mohammed (PhD) for his heartfelt support from the very beginning up to the final writing of report. He sacrificed his precious time, forwarded positive criticism, suggestions, valuable guidance and comments, my debts are innumerable

TABLE OF CONTENTS

ACRONYMS	ix
ABSTRACT	x
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the problem	3
1.3 Research Questions	5
1.4 Objective of the study	5
1.4.1 General Objective of the Study	5
1.4.2 Specific objective of the study	5
1.5 Hypothesis	5
1.6 Significance of the Study	6
1.7 Scope of the Study	6
1.8 Limitation of the study	6
1.9 Operational definition of key words and Concepts	7
1.10 Organization of the Study	7
CHAPTER TWO	8
REVIEW OF RELATED LITERATURE	8
2.1 Introduction	8
2.2 Theoretical Framework	8
2.2.1 Performance Management	8
2.2.2 Motivation	17
2.2.3 Dimensions of motivation	19
2.2 Empirical Review	21
2.3 Conceptual Framework	24
CHAPTER THREE	25
RESEARCH METHODOLOGY	25
3.1 Introduction	25

3.2 Description of the study Area	25
3.3 Research Design	27
3.4 Research Approach	27
3.5 Source and Types of Data	27
3.5.1 Study Population	28
3.5.2 Sample size and Sampling Techniques	28
3.6 Data Collection Methods	29
3.7 Diagnostic test.....	29
3.8 Methods of Data Analysis	30
3.9 Model specification for performance management.....	30
CHAPTER FOUR.....	34
RESULTS AND DISCUSSION	34
4.1 Demographic Characteristics of the respondents	34
4.2 Diagnostic Tests	38
4.2.1 Diagnostic test for Logit regression	38
4.3 Analysis of correlation	40
4.3 Estimation Result for performance management on employee motivation.....	41
CHAPTER FIVE	44
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	44
5.1. Summary of findings	44
5.2. Conclusions	45
REFERENCE.....	48
Appendix 1:- Questionary.....	53
Appendix 2 Econometric test result.....	59

List of Table

Table 1 Sample Size Distribution.....	28
Table 2: Summarization of Continues Variables.	34
Table 3 <i>Descriptive Statistics of Categorical Variables</i>	35
Table 4 Pairwise correlation result.....	41
Table 5:- <i>The Logit regression Model Result</i>	41

LIST OF FIGURES

Figure 1: Conceptual Framework of Employee Motivation.....	24
Figure 2:- Evaluation/review is conducted.....	38

ACRONYMS

HRM: Human resource Management

HRD: Human resource department

PMS: Performance management system

ABSTRACT

The main objective of the study is to identify the effect of performance management system on employee motivation in Wolkite University. The study was done based on primary data sources. The questionnaire was designed to collect the relevant data from the respondents. During the research process, the population of study comprises all teachers, administration employee and all lab assistant except the top management body of the university. In course of investigation, instrument used were the questionnaire were distributed to 345 respondents of which 340 were retrieved. Descriptive, pairwise correlation and Logit regression analysis were conducted to get the relationship and impact of performance management system on employee motivation. The correlation analysis result indicates Planning, feedback and evaluation has positive and significantly correlated with employee motivation. The result Logit regression revealed that performance planning, feedback performance and performance evaluation have positive and significant effect on employee motivation. The rewarding systems found not have significant effect on employee motivation. The study recommends that the organization will make scientific or similar evaluation method and the managers may training to raise performance management.

Key Words: Performance Management, Performance planning, performance Evaluation, performance Feedback, Reward system

CHAPTER ONE

INTRODUCTION

The chapter concerned with the problems and its approach. Its contents are: background of the study, statement of the problem, Research Questions, objectives of the study, hypothesis of the study, significance of the study, scope of the study, operational definition of key terms and organization of the study was included.

1.1 Background of the Study

Employees are central to the success of any organization, as they are the key resource in ensuring that strategic activities are executed with a high degree of diligence and timing. To this end, performance management systems are tools and mechanisms that enable organizations to evaluate the performance of employees and which have the potential to impact employee job satisfaction in either a positive or a negative way, depending on the manner in which the system is implemented (Demartini, 2014).

Human resources are one of the most important elements for any organization. Without these elements or poor quality, the company found it difficult to run and operate properly. Every organization's success mostly relies on its employees. Therefore, the organization must motivate, train, and develop employees so that they can retain quality employees. Employees play an important role in the customer perception about the company. So, companies should move their attention toward the employee motivation (Ahmad, 2012).

Armstrong (2009) states that Performance Management is based on the principle of performance by agreement or contract rather than management by command. It emphasizes development and the initiation of self-managed learning plans as well as the integration of individual and corporate objectives. It can, in fact, play a major role in providing for an integrated and coherent range of human resource management processes that are mutually supportive and contribute as a whole to improving organizational effectiveness.

The performance of workers has become important due to the increase concern of human resources experts about the level of output obtained from workers due to poor remuneration. The attitude is also a social concern and is very important to identify problems that are obtained in industrial setting due to nonchalant attitudes of managers to manage their workers by rewarding them well to maximize their productivity. A very few organizations believe that the employees of any organization are its main assets which can lead them to success or if not focused well, to decline. Unless and until, the employees of any organization are satisfied with it, are motivated for the tasks fulfillment and goals achievement and encouraged, none of the organization can progress or achieve success. Appropriate reward package can jeer up or influence workers to develop positive attitude towards their job and thereby increase their productivity (Moeed et.al, 2017).

The term motivation is derived from the Latin word '*movere*' which means to move (Baron, Henley, Mc Gibbon and McCarthy, 2012). Certo (2016) describes motivation as giving people incentives that cause them to act in desired ways. Motivation has also been described as the process of arousing and sustaining goal-directed behavior (Nelson, 2013).

It is commonly agreed that there are two types of motivation, namely extrinsic and intrinsic. Intrinsic motivation is that behavior which an individual produces because of the pleasant experiences associated with the behavior itself (Mosley, Pietri and Mosley Jnr, 2012). They stem from motivation that is characteristic of the job itself. Examples are receiving positive recognition, appreciation, and a sense of achievement and meeting the challenge. According to Beer and Walton (2014), intrinsic rewards accrue from performing the task itself, and may include the satisfaction of accomplishment or a sense of influence. Mosley, Pietri and Mosley Jnr. (2012) describe extrinsic motivation as the behavior performed, not for its own sake, but for the consequences associated with it. Examples include salary, benefits and working conditions.

The factors that enhance employee motivation are fair pay, incentives, special allowances, fringe benefits, leadership, encouragement, trust, respect, joint decision making, quality of supervision, adequate working relationships, appreciation, chances for growth, loyalty of organization, identification and fulfillment of their needs, recognition, empowerment,

inspiration, importance attached to their job, safe working conditions, training and information availability and communication to perform actions, (Aguinis, 2009). Those are come from good efficiency of task called Performance management.

Employee perceived reactions including perceived satisfaction, perceived acceptability, perceived utility, perceived fairness and perceived accuracy of performance are significantly important to determine the employee work motivation. While perceived ineffectiveness of performance has no significant influence in determining the employee motivation,

Therefore, this research investigated the effect of performance management system, a better understanding of its impact is critical. As a result, the need to conduct this research initiated in light of this perspective. The overall purpose of this study is to assess the existing effect of Performance Management system on Employee Motivation in Wolkite University.

1.2 Statement of the problem

The overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business (Aguinis, 2009). Currently, companies need to think and act globally aligning their strategy with the rapidly changing environment and the stiff competition on the most valuable resource, the human resource. Competitor may easily imitate other resources except the human resources which is unique and source of sustainable competitive advantage. For the organization, job satisfaction of its workers means a workforce that is motivated and committed to high quality performance and this should have an effect on increased productivity; the quantity and quality of output(Lalita, 2013).

Employee's performance system is a veritable tool for employee productivity. The essence of performance appraisal is to checkmate the contribution made by every employee and to know how well they are going on with their task. Evaluation of employee's performance system help to identify the skilled and performing employee of an organization to increase

their salary and other benefits that can make them satisfied on their job (Lawler & McDermott, 2013).

Motivation can be considered as an intangible force which affects the employee direction, intensity, and persistence of voluntary behavior (McShane and Glinow, cited in Ezenwakwelu, 2017). This research aspires to study the effect of performance management on employee motivation. As stated in the above paragraph, there are different factors which can influence employee motivation, among them performance management system is the major one. Motivation can be considered as positive factor which trigger the employee to invest his/her effort for the attainment of the organization goal.

The challenges facing organizations are heightened by the rapidly changing and increasingly competitive environment. As organizations work hard to gain a competitive advantage over their rivals, they look to their management information systems to assess their internal strengths, weaknesses, opportunities and threats from their immediate environment. This requires organizations to have a thorough understanding of their core operations and factors that impact on it. To be able to do this, organizations require an effective performance management system to allow them to plan, implement and assess their progress towards the achievement of set objectives. (SunithaKumaran and Sangeetha, 2013).

Although there are few researchers who have tried to study the issue, as mentioned above, their Sectorial focus was mostly on the business and profit maker organizations. Nowadays, higher institutions are equally exerting strong influence for the economies of a given country just as much as business sector. Hence, this study has paramount contribution in indicating the effect of performance management system on the employees' motivation that exists in Wolkite University. This is to mean that employee's performance is increased as performance management system is found to be effective. As a result, studying the effect of the existing performance management system of Wolkite University on the motivation of its employees' is the aim of this study. On the other hand, according to Aktaruzzaman and Abdur (2021) rewarding system is not significantly influence employee's satisfactions whereas Danish and Usman (2010) cited in Konjit (2018) found

that rewarding were positively related with motivation. Therefor the researcher wants to see what the reality is in the university.

1.3 Research Questions

To seek reliable answers for the effect of performance management on employee motivation in Wolkite University, the following research questions were set:

- What is the effect of Performance planning on employee motivation?
- What is effect of Feedback on employee motivation?
- When does the effect of performance Evaluation on employee Motivation?
- What is the effect of Performance Reward on employee motivation?

1.4 Objective of the study

1.4.1 General Objective of the Study

The general objective of the study is to assess the existing effect of Performance Management on the Employee Motivation in Wolkite University.

1.4.2 Specific objective of the study

- To assess the practice of performance management system at Wolkite University.
- To determine the effectiveness of performance management system to employee Motivation.
- To examine the relationship b/n performance management & employees motivation.

1.5 Hypothesis

The study tested by the following hypothesis to get answers of the research questions:

H1: Performance planning has positive and significant effect on employee motivation.

H2: Feedback has positive and significant effect on employee motivation.

H3: Performance evaluation has positive and significant impact on employee motivation.

H4: Reward has positive and significant effect on employee motivation.

1.6 Significance of the Study

The study deals with the effect of performance management system on employee motivation: the case of Wolkite University. It enables the management bodies (board of directors) to understand the management performance of wolkite university. The findings of this study may have importance to the management body of Wolkite University to change attitude of managers in way of employee's motivation.

This study also initiates organization leadership to plan effective and efficient employees motivation in performance management system.

The study as a whole will have great contribution to the supervisory authority, policy makers and other university understand about the effect of performance management system on employee motivation.

1.7 Scope of the Study

The scope of the study accommodates of four exceptional dimensions. The dimensions include conceptual scope, time scope, geographical scope, and methodological scope. The conceptually scope of this study be restricted to performance management system on employee motivation in wolkite university. This study also considered and addressed one (1) dependent variable, 1 independent variable was considered. Geographically the studies paper can be delimited on wolkite university on 2024.

1.8 Limitation of the study

The problem encountered during the study was the respondents took so much time to send back the questioner and that brought lag of time in finalizing the study. Accordingly, as this paper focuses on assessing the performance management system and its effect on employee motivation. The study only covers permanent employees of the university as the performance management system and not includes temporary workers. Data was collected from employees limited to questionnaire and interviews due to shortage of time.

1.9 Operational definition of key words and Concepts

Performance: According to Herzberg (1959) performance is: let an employee do what I want him to do.

performance management: Armstrong (2009) defines performance management as a systematic process for improving

Organizational performance by developing the performance of individuals and teams.

Motivation: describes motivation as giving people incentives that cause them to act in desired ways (Certo :2016).

Management: is the act or art or manner of holding, controlling and directing (Lee C. Delghton, 1971: 642).

Employee: The term employee is being defined in Employment and Labour Relations Act (2004), as an individual who has entered into a contract of employment; or has entered into any other contract under which; the individual undertakes to work personally for the other party to the contract; and the other is not a client or customer of any profession, business, or undertaking carried on by the individual.

Employees Motivation: Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare et al, 2009).

1.10 Organization of the Study

The study was organized into five Chapters. The first chapters contain introductory part that is the problem and its approach. It discussed on the background of the study, statement of the study, objective, hypothesis, significant, delimitation, Operational definition of key words and terms and Organization of the study. Review of related literature was provided in chapter two. The third chapter deals with Research Methodology. Chapter Four describe about Results and Findings. Chapter five is the last chapter. It discuss on the summary of the findings, conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter focus on review of various literature and research findings which have relevance to the study. According to various literatures the effect of Performance Management on the Employee Motivation is related to the initiation of employee to achieve the organization plan in given year. Therefore, Employee Motivation has its own effect in managing Employee and efficiency of plan implementation.

2.2 Theoretical Framework

2.2.1 Performance Management

2.2.1.1 Definition of performance management

Performance can be defined as an outcome or accomplishment achieved by a person or a team (Armstrong, 2009). It is the accomplishment or outputs/outcomes of a task undertaken but also states that performance is about doing the work effectively 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 is an evaluation of the results of a person's behavior. All things however, are not always equal because so many factors affect performance factors such as personality, the difficulty of the task, availability of resources and working conditions. To attain high levels of performance as an employee and manager, you must be sure that you and your employees have the ability, motivation and the resources to meet objectives (Lussier, 2005).

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment (Ramlall

2008). Good job performance and productivity growth are also important in stabilizing our economy; by means of improved living conditions, high wages, increase in the availability of goods for consumption, etc (Griffin et al 1981) Griffin et al. also argue that therefore research of individual employee performance is important to society in general.

Gifty. et. al (2012). Performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements.

Hatry (2006, 14-16) Performance measurement is defined as “the regular measurement of the results (outcome) and efficiency of services or programs,” this implies the steady measurement of progress towards accurate outcome (it is a fundamental component of any attempts at managing for results), a customer tailored procedure that focuses on maximizing benefits and minimizing negative cost for customers of services and programs. When performance is not measured or is measured incorrectly, those using the information was misinformed and bad verdict likely followed, therefore, the old adage “garbage in garbage out” provides more credence. Performance measurement offers general information that can be exploited for decision making purpose both for management and for all levels of employees. Performance measurement system can become the instrument panel. This instrument panel is used for strategic management, day to day running of the organization and planning, implementing improvements and changes (Andersen & Fagerhaug, 2002).

Performance management is a continuous process. However, when a system is first implemented, the process follows the following stages (Aguinis, 2009 ; Grote, 1996): (1) pre - requisites, (2) performance planning, (3) performance execution, (4) performance assessment, (5) performance review, and (6) performance renewal and reconstructing (James & Manuel, 2009).

2.2.1.2 Performance Management System

Performance management shows a direct link between employee performance and organizational goals and makes the employees' contribution to the organization explicit (Aguinis, (2007) cited in Meklit (2017)). It is strategic tool that organization can adopt in attracting and retaining dynamic, creative employees that today cannot be fitted in to mere theoretical model. Performance management is used to mean a system that “aims to react to the, outcome measure using it in order to manage the performance” (Radnor & McGuire, 2004)

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

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

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

regular discussions throughout the performance cycle which include coaching, mentoring, feedback and assessment (Maina, 2015& Lee, 2006)

2.2.1.3 The Objectives of Performance Management

The overall objective of performance management is to develop and improve the performance of individuals and teams and therefore organizations. It is an instrument that can be used to achieve culture change in the shape of the creation of a high-performance culture. It aims to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly it is also about ensuring that the support and guidance people need to develop and improve is readily available. (Armstrong, 2006)

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

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

2.2.1.4 Purpose of Performance Management

Measurement of performance is any procedure that involves setting work standards, assessing the employee's actual performance in relation to these standards and providing feedback to the employee with the aim of motivating them to eliminate performance deficiencies or to continue to perform above these standards (Dessler, 2002).

The overall objective of performance management is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly, it is also about ensuring that the support and guidance people need to develop and improve is readily available (Armstrong, 2009).

The aim is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Importantly, performance management is concerned with ensuring that the support and guidance people need to develop and improve are readily available, (Armstrong, 2009).

Performance is about upholding the values of the organization – 'living the values' (an approach to which much importance is attached at Standard Chartered Bank). This is an aspect of behavior but it focuses on what people do to realize core values such as concern for quality, concern for people, concern for equal opportunity and operating ethically. It means converting espoused values into values in use: ensuring that the rhetoric becomes reality, (Armstrong, 2009).

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. And performance management effectiveness increases when there is ongoing feedback, behavior-based measures are used and preset goals and trained raters are employed (Lawler, 2003).

2.2.1.5 Characteristics of Performance Management

Performance management is a planned process of which the primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards and performance measures or indicators. It is based on the agreement of role requirements, objectives and performance improvement and personal development plans. It provides the setting for ongoing dialogues about performance and continuing review of achievements against objectives, requirements and plans. But it is also concerned with inputs and values. The inputs are the knowledge, skills and behaviors required to produce the expected results. Developmental needs are identified by defining these requirements and assessing the extent to which the expected levels of performance have been achieved through the effective use of knowledge and skills

and through appropriate behaviour that upholds core values. Performance management is a continuous and flexible process, which involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results. It is based on the principle of management by contract and agreement rather than management by command. It relies on consensus and co-operation rather than control or coercion. Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process, in which performance improves over time. It provides the basis for regular and frequent dialogues between managers and individuals about performance and development needs. It is mainly concerned with individual performance but it can also be applied to teams. The emphasis is on development, although performance management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth. It may be associated with performance or contribution-related pay, but its developmental aspects are much more important(Armstrong, 2009).

2.2.1.6 Performance Management Process

Performance management processes have become prominent in recent years as means of providing a more integrated and continuous approach to the management of performance than was provided by previous isolated and often inadequate merit rating or performance appraisal schemes. Performance management is based on the principle of management by agreement or contract rather than management by command. It emphasizes development and the initiation of self-managed learning plans as well as the integration of individual and corporate objectives. It can, in fact, play a major role in providing for an integrated and coherent range of human resource management processes which are mutually supportive and contribute as a whole to improving organizational effectiveness, (Armstrong, 2009).

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there are also many decisions that need to be made to design a system ideally suited for a given organization's needs. One such decision is what purpose(s) the system was served. For instance, performance management systems can support pay decisions, promotion decisions, employee development and reductions in force. A performance management system that attempts to achieve too many objectives is likely to die of its own lack of focus and weight. There is no one type of system or set of objectives that is best suited for all organizations. The purposes for a given performance management system should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems, (Armstrong, 2009).

However, the range of percentage increases and stock options is large, thereby allowing managers to link performance with rewards effectively. With so much at stake, the majority of the meeting typically focuses on justification by both parties, rather than on how the employee can develop. The climate of the meeting is not conducive to giving and receiving feedback, and employees are reticent to discuss their development needs for fear this has negatively impact their rewards. Even in the strong performance-based culture of this organization, the decision- making aspect of performance is, by default, given more emphasis, (Elaine D. Pulakos, 2004).

2.2.1.7 Principles of Performance Management system

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

2.2.1.8 Performance Management System Cycle

Overseeing performance and providing feedback is not an isolated event, focused in an annual performance review. It is an ongoing process that takes place throughout the year. The Performance Management process is a cycle, with discussions varying year-to-year based on changing objectives.

To begin the planning process, you and your employee review overall expectations, which include collaborating on the development of performance objectives. Individual development goals are also updated. You then develop a performance plan that directs the employee's efforts toward achieving specific results to support organizational excellence and employee success. Goals and objectives are discussed throughout the year, during check-in meetings. This provides a framework to ensure employees achieve results through coaching and mutual feedback.

At the end of the performance period, you review the employee's performance against expected objectives, as well as the means used, and behaviors demonstrated in achieving those objectives

A. The performance planning

Planning of performance management system is the first stages where employees were enabled to have a clear knowledge about the system. It is the first cycle where Line managers and employee meet to discuss and agree on what is to be done and how it is to be done by combining the result, behavior and development plan. Smither and London 2009.

B. Pperformance Implementation

Once the planning phase has been completed, it's time to get the job done to execute the plan it is the second phase of an effective performance management process. For staff the critical responsibility in phase two is getting the job done achieving the objectives. In an effective performance management system, performance execution also includes a midterm review to ensure the performance is on track (Dick Grote 2002).

C. Performance Evaluation

Performance assessment is the third step: Both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed and whether the desired results have been achieved. Both parties are involved in the assessment process provides better information to be used during the review phase. (Smither and London 2009. When both the line manager and employee are active participants in the evaluation process, there were a greater likelihood that the information was used productively in the future.

D. Performance Feed back

It improves the effectiveness and helps in decision making within the organization. The Feedback directs the individual to the organization missions and objectives. In the ideal situation the employee receives information about how they are performing and where they could improve. Schraeder, Becton and Portis (2009) suggest that performance feedback can serve as way of knowing the employees strength and weaknesses.

Performance feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. For the sustenance of the organization performance, it is important for the top management to frequently provide employees feedback on their efforts and strengthen the progress of their jobs through unbiased feedback. In this regard, performance feedback records needs to be retained for future references (Macey, Schneider, Barbera and Young, 2009).

Performance appraisal is generally the same as for normal performance appraisal, but it is assumed that the new process offers some advantages: Dalton (2006) argues that it

Provides people with information about the effect of their action on others in the workplace. From the viewpoint of the rate 360-degree appraisal thus provides one with a rich, textured and multifaceted opportunity to see oneself as others do. Stark *et al.* (2008) also believe that a notion of behavioral change might be elicited through a process of enhanced self-awareness. Individuals are forced into a cognitive process of reflection that ultimately results in greater levels of awareness of their own actions and the consequences those actions have on others across various levels in and out of the Organization. One example for the usefulness of 360-degree appraisal stems (Raju & Collins, 2008).

2.2.2 Motivation

2.2.2.1 Concept and Definition of Motivation

Motivation is a complex phenomenon and several theories attempt to explain how motivation works. The word ‘motivation’ Derives from a Latin word ‘movere’. The Latin word ‘movere’ can be translated to mean ‘to move’ (Nguyen 2017). Therefore, the word can be understood as ‘something going up, keeping us working and helping us to achieve our goals’ (Korth, cited in Nguyen 2017). It can be a result of an outside force and/or inside urges which inspire and push someone to accomplish some goal. Luthans (2005) perceives motivation as a combination of needs, drives and incentives. In similar fashion, Mullins (2005) argues that motivation is a driving force within individuals by which they attempt to achieve some goal. Robbins and Judge (2014) have forwarded more to them, motivation is the process that accounts for an individual's intensity, direction, and

persistence of effort toward attaining an organizational goal. In tries to accomplish the task. The second element is direction and that is the effort that is channeled or directed toward organizational goals. The final element is persistence or how long a person can maintain the effort. In general motivation can be viewed in two ways as intrinsic motivation (IM), which refers to doing something because from inherently interesting force or enjoyable agent (Csikszentmihaly et al. 2005; Ryan & Deci,2000) and extrinsic motivation(EM),which refers to doing something because it leads to separable outcome from the outside (Ibid).Thus, from these scholars' concept, motivation can be summed up as the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal (Robbins and Judge, 2014).

Moeed Ahmad, et al (2017) The concept of motivation is used to explain the distinction between employees which have the same talents, abilities and opportunities to do their jobs in a similar organization and are under the same employment conditions and with the same facilities, but demonstrate different performances. Employees who have high work motivations keep on trying to get more promotion, and since they are constantly seeking better ways to carry out their duties and responsibilities, they was promoted faster. These employees perform their jobs in such a manner that the jobs are required to be done with relatively more efforts, so they can try more to play the role for which they are asked.

2.2.2.2 Levels of Employee Motivation

According to research conducted by Mosley (2001), three are 3 levels of employees motivations.

- I. The direction of an employee's behavior. It relates to those behaviors which the Individuals choose to perform.
- II. The level of effort. It refers to how hard the individual is willing to work on the behavior.
- III. The level of persistence. It refers to the individual's willingness to behave despite obstacles.

They found that management can make use of different tactics, strategies and policies to motivate employees in work settings, but different tactics, strategies and policies would have a different motivational impact on diverse people.

2.2.3 Dimensions of motivation

Training:- training refers to “the systematic accretion of skills, command, concepts or mindset leads to progress performance” (Lazazzara and Bombelli 2011). Baldwin et al. (1991) indicates that individuals with higher pre-training motivation on the basis of their willingness to join training have better learning results as compared to individuals heaving lower pre-training motivation. Commeiras et al. (2013) point out that traineeship is persistent to grow. In business, context training basically refers to action of teaching employees and providing proper knowledge and skills to make themselves job fit as well as organization fit. Training teaches employees how to work and enhance their skills, hence motivate them to achieve the common goal of organization as well as of employee. In the today’s competitive world, every organization wants to achieve competitive edge over their competitors and be impossible to achieve without employee involvement, which forces management to motivate their employees by different means.

Monetary incentives:- as précised by Park (2010), monetary incentive acts as a stimulus for greater action and inculcates zeal and enthusiasm toward work; it helps an employee in appreciation of achievement. Likewise, Beretti et al. (2013) discussed that monetary incentives used to build a positive environment and maintain a job interest, which is consistent among the employee and offer a spur or zeal in the employees for better performance. For reason, monetary incentive motivate employees and improve commitment in work performance, and psychologically satisfy a person and leads to job satisfaction, and shape the behavior or outlook of subordinate toward work in the organization.

Job transfer:- the work of Azizi and Liang (2013) showed that workforce flexibility can be attained by cross-training and enhanced via job rotation. In the same way, Eguchi (2004) concluded that job transfer plays a significant role in preventing workers from performing

influence activities for private help. As summarized by Asensio-Cuesta et al. (2012) job rotation provides benefits to both workers and management in an organization and prevents musculoskeletal disorders, cast out fatigue and increases job satisfaction and morale. As a result, job transmission gives the chance to learn multiple skills and outlooks to the workers. It avoids the dullness caused by monotonous jobs and simultaneously brings smoothness in technological job with the help of handling different circumstances at different levels and it leads to effective learning of many aspects in the organization.

Job satisfaction:- in (2011), Parvin and Kabir studied the tested factors affecting job satisfaction for pharmaceutical companies and described job satisfaction as how content an individual is with his or her job, and viewed job satisfaction is not the same as motivation, although clearly linked. Similarly, Pantouvakis and Bouranta (2013) indicated job satisfaction as a consequence of physical features and as an antecedent of interactive features. Wickramasinghe (2009) investigated that gender and tenure are significant in job satisfaction measurement. So here it can be said that job satisfaction is often determined by how well outcome meet or go beyond expectations. For example, a good work environment and good work conditions can increase employee job satisfaction and the employees was tried to give their best which can increase the employee work performance.

Promotion:- the study by García et al. (2012) identified that perceptions of promotion systems affect organizational justice and job satisfaction. Likewise, Koch and Nafziger (2012) specified that promotions are desirable for most employees, only because they work harder to compensate for their “incompetence.” As a result, promotion at regular interval of time has an optimistic approach behind and they are generally given to satisfy the psychological requirements of employees in the organization.

Working conditions:- in (2012), Jung and Kim stated that good work environment and good work conditions can increase employee job satisfaction and an employee organizational commitment. So the employees was tried to give their best which can increase the employee work performance. Similarly, Cheng et al. (2013) concluded that there were evidences of moderating effects of age on the associations between psychosocial work conditions and health. Now the importance and the need of working

condition is so describing or defining the physical environment by identifying those elements or dimensions of the physical environment. Employees having poor working conditions was only provoke negative performance, since their jobs are mentally and physically demanding, they need good working conditions.

Appreciation;- the study by Mahazril et al. (2012) organizations had the duty to appreciate the employee from time to time and offer other form of benefits such as payment, which was helped in employee motivation. Likewise, Kingira and Mescib (2010) define appreciation as the abstract of immaterial incentives; “employees giving immaterial incentives (appreciation, respect etc.) as much as materiel incentives with working department” shows employees do not reach agreement with this behavioral statement. With this result, it can be stated that employees being employed in different parts can take their different opinions at different levels. Among the variable of responsibility and being appreciated, it is understood that “success of employers always be appreciated with education.” The more effective quality and practicality of education employees had, the more contribution they have done to businesses.

Recognition:- according to Candi et al. (2013), a growing appreciation of the chances of innovation is through experience staging. Mahazril et al. (2012) concluded that rewards and recognition and communication may motivate them to work. Recognition enhances the level of productivity and performance at job whether it is a first time performance or a repeated action at the job in a progressive way and ultimately reinforces the behavior of employee.

2.2 Empirical Review

According to Konjit (2018) the effect of performance management on employee motivation the case of dan church aid at st. mary’s university, Ethiopia. The study finds that 62.5% of the variance in the dependent variable is explained by the independent variables in the model; implying that performance planning & pre-requisite, assessment and review has positive effect on employee’s motivation. The result of the correlation has revealed that there is a positive relationship between performance management system and employees motivation

According to Meklit (2017) The effect of performance management system on employee performance: the case of justice for all-prison fellowship Ethiopia (JFA-PFE). The researcher finds that Planning, Feedback and Reward System have significant and positive relationship with Employee Performance but the Performance Appraisal has insignificant relationship with employee performance.

According to Aktaruzzaman and Abdur (2021) The Effects of Performance Management System on Employee Performance. The study finds that Feedback and training have significantly influence employee satisfaction but Performance Appraisal and rewarding Systems have not significantly influences employee satisfaction.

Danish and Usman (2010) cited in Konjit (2018) in a study to determine the impact of reward and recognition on job satisfaction and motivation of employees from both private and public sectors organizations in Pakistan found that rewards and recognition were positively related with motivation. They concluded that effective rewards management leads to increased employee motivation and commitment. These findings are similar to the findings of Ghorbani and Ladoni (2013), who conducted a study of 84 production managers, marketing managers and senior managers from home appliances companies in Iran to establish the effect of reward systems mechanisms on new product development. The results of their study indicated that there was a positive and a statistical significant relationship between rewards management and new product development.

According to Hana Chanyallew (2015) the effect of performance management on employee motivation The case of Diageo-Meta Abo Brewery S.C. The researcher finds that Length of employee service and age has significant and positive relation with motivation and education has significant effect at 10% level of significant but Job Position and Gender have not significant effect on employee motivation.

According to Farooq & Aslam (2011), managers are trying their level best to develop the employee's capabilities, ultimately creating employee motivation within the organization. The study conducted by Hassan Danial Aslam (2010) on improving performance management practices in IT firms of Pakistan indicted that the

organization needs to remind itself the crucial role of HR in employee's performance evaluation and development. The result of the research findings shown that because of the organization performance management system there is high level of discomfort, job dissatisfaction or demotivation is creating rigid gap between employees and management which is speedily leading the company towards performance decline.

Performance management can make a positive contribution to various aspects of HRM, particularly in the area of strategic alignment, motivating and developing employees. Lack of effective PMS leads to an increased risk of litigation, there are several other detrimental outcomes of poorly implemented system, including employee burnout and job dissatisfaction, damaged relationships, and increased turnover, Cleveland and Murphy, (1989).

Receiving feedback about one's performance increases the motivation for future performance. Knowledge about how one is doing and recognition about one's past successes provides the fuel for future (Ibid).

An article review that was done on employees work motivation and its effect on their performance by Samira Al Jasmi showed that employee performance is not just tasks and work to be done just to get bonus or pay increase. It is an ongoing process where the main objective is to improve both individual and business performance Baker, (1999).

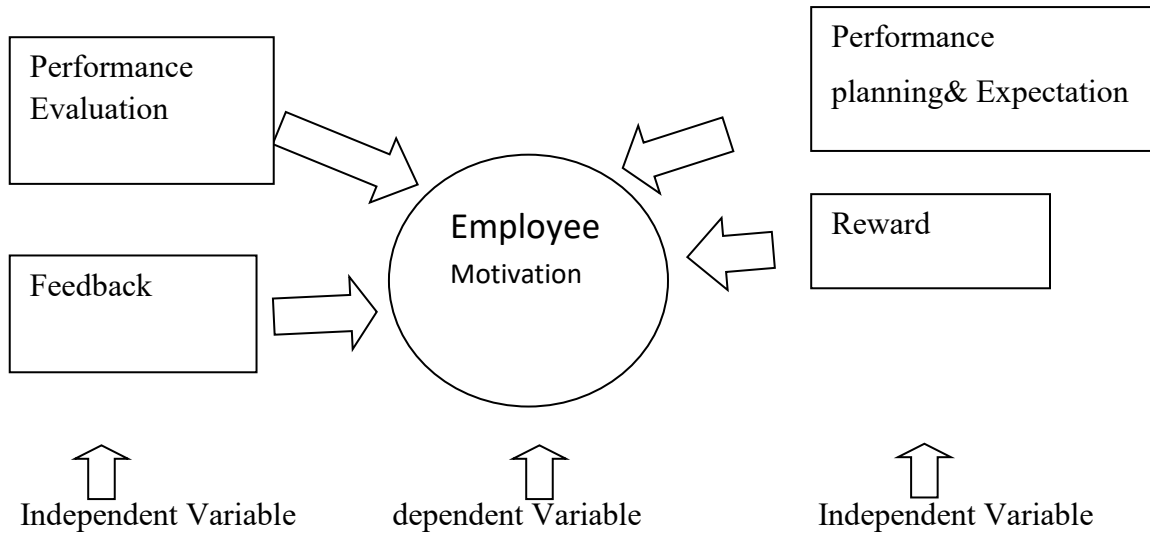
Sofia Tsegaye (2017) conducted a researcher titled 'the impact of intrinsic and extrinsic factors of motivation on organizational commitment: the case of modern building industries Plc.' In her thesis aimed to study the impact of intrinsic and extrinsic factors of motivation on organizational commitment and the study focus on Modern Building Industries Plc. The finding of the thesis concludes the strong relationship between intrinsic motivation and organizational commitment.

2.3 Conceptual Framework

Based on the reviewed literatures, planning performance, Performance evaluation, Feedback and reward system were considered as factors affecting employee motivation. The selected framework was adapted from the study conducted by Meklit, (2017). Most of the findings of the reviewed literatures show consistency that PMS has a great effect on employee motivation/productivity.

In this paper, Employee motivation was the dependent variable and the independent variables were performance planning, performance evaluation, reward system and performance feedback. That independent variable/performance management system has effect on employee motivation.

Figure 1: Conceptual Framework of Employee Motivation



Source: Researcher, 2023

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methodology of study; it describes how the study was approached. It consists of description of the study area, research design, research approach, source and types of data, Sampling, data collection procedure, methods of data collection, and methods of data analysis and model specification.

3.2 Description of the study Area

The federal government of Ethiopia has established more than 46 higher education institutions in the education sector. It was well known that, Wolkite University is one of the state universities recognized by the Ministry of Education according to the revised Higher Education Establishment Decree No. 097/2011. The foundation stone of Wolkite University was laid in 2009 to start the construction of the university based on the development demands of the local community. The institute is located on 180 hectares of land in Gubrye District, which is 174 km far from our capital, Addis Ababa, and 14 km far from Wolkite, the capital of Gurage Zone. Wolkite University, which is classified as a third-generation university and is classified as a University of Applied Sciences, first started its work in Wolkite Polytechnic College, and it accepted 353 students in three colleges, i.e. College of Engineering and Technology. The teaching started by opening 13 departments and accepting 114 students in the College of Computing and Informatics and 84 students in the College of Natural and Mathematical Sciences for a total of 551 students. The departments in the university started teaching for the first time are Civil Engineering, Construction and Technology Management, Chemical Engineering, Mechanical Engineering, Food Engineering, Architecture, Electrical Engineering, Garment Engineering, Computer Science, Information Technology, Information Systems, Applied Biology and Applied Physics(WOLKITE University,2024).

After staying at Wolkite Polytechnic College for one year, the university's main campus in Gubrye completed its preparations to receive students. In the same year, increasing the student intake capacity to 1,156, and four more colleges were added: College of Medicine and Health Sciences; College of Social Sciences and Humanities; College of Agriculture and Natural Resource Management and the College of Business and Economics. At the same time, in the academic year of 2013, the institution able to increase the number of students to 2,227 by opening a law school in addition to 32 classes. The university to meet the needs of the country's educated manpower, in the academic year 2006/2014, for the first time, it graduated 65 students in two departments, i.e. applied biology and applied physics. By improving the number of students graduates, it has been able to contribute to the development of a nationally educated workforce by graduating more than 17,000 students in the last ten years.

The university has been able to increase the number of colleges to eight by opening the College of Education and Behavior in the 2011 academic year in terms of expanding its reach and increasing the number of departments it opens. Therefore, the university has improved its admission capacity in terms of quantity and quality, and currently (at the end of 2015) there are eight colleges and one school in the institution. By opening 51 departments under these colleges, 51 undergraduate, 27 postgraduate, and 2 specialty programs was able to increase its overall student intake capacity (Wolkite University,2024).

Wolkite University (WKU) offers courses and programs leading to officially recognized higher education degrees such as bachelor degrees, master degrees in several areas of study. This 6 years old H.E. institution has a selective admission policy based on entrance examinations and students' past academic record and grades. Wolkite University also provides several academic and non-academic facilities and services to students including a library, housing, sport facilities and/or activities, financial aids and/or scholarships, study abroad and exchange programs, online courses and distance learning opportunities, as well as administrative services (wolkite University,2023).

3.3 Research Design

This study adopted Descriptive and explanatory research design because the result found was really happened; seemed new insights; asked questions and assess phenomena were new light. The results were showed cause and effects of different variables on the existing effect of Performance Management system on Employee Motivation in Wolkite University.

3.4 Research Approach

Concerning the research approach mixed approach was employed. Mixed approach was selected to this research which assesse what does the current performance management system look like and how it is implemented in Wolkite university; the effect of the existing performance management on employee motivation. In addition, the study also tried to identify the relationship between performance management system and employee motivation; where the study assumed good performance management system increased competencies employee motivation.

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

3.5 Source and Types of Data

In this study, two sources of (primary and secondary) data was utilized. From primary instrument; questionnaires & interview were used. Questionnaires items were design to teachers & administrative workers. Interview would be asked for selected department heads & directors: Personal observation was applicable by study to get qualitative evidence. The secondary data were obtained by human resource management(HRM) office document.

3.5.1 Study Population

In the University there are eight colleges, one school and within these colleges and school there are 50 departments. The population used for this study was listed of teachers and administrative workers at Wolkite University. The study considered a total of 2515 employees as target population

3.5.2 Sample size and Sampling Techniques

The size of population must limit the sample size. The size of the sample has direct relationship to the number of variables to be studied. For this study the researcher utilized systematic sampling method for teachers and administrative workers. Among the respondent 136 (39.36%) were selected from 990 teachers and 209(60.64%) were selected from 1525 administrative workers; Totally 345 (13.7%) from 2515 population taken as the sample in the University.

Table 1 Sample Size Distribution

No	Name of Population	Total population	Sample Size determination	Sample Size
1	Teachers	990	$si = \frac{Pi}{P} * n ; si = \frac{990}{2515} * 345 = 136$	39.36%
2	Administrative Workers	1525	$si = \frac{Pi}{P} * n ; si = \frac{1525}{2515} * 345 = 209$	60.64%
	Total Population	2515	345	100%

Remark: $d = \frac{P}{1+P(e)2}$

$$d = \frac{2515}{1 + 2515(0.05 * 0.05)} = 345$$

Where: d = desired sample size; P = total population; e = significance level

$s_i = \frac{P_i}{P} \times n$ where= s_i = desired sample from stratum I, P_i = total number of population at stratum I, P = total number of population, d = desired sample size

3.6 Data Collection Methods

This is the activities that are undertaken after the proposal writing and before analyzing the collected data. The developed questionnaire was pilot tested, before administering it to the whole population. Only 10% of the earlier determined sample size was used for the pilot test. Before pilot testing the questionnaire on people who are representatives of the target population.

Then questionnaire was designed based on the research questions prepared and giving convenient time to all of respondents, and were given clarification to aware how to fill the rating scale for all respondents. The questionnaire was delivered by hand to each respondent and collected later. The interview was applied by the researcher and make balance between the questionnaire and interview provide more information which is useful for a detailed explanation of the existing effect of Performance Management on the Employee Motivation in Wolkite University. Responses to interview & questionnaires are recorded by the researcher on the basis of each respondent's answers.

3.7 Diagnostic test

Multicollinearity problem arises when at least one of the independent variables is a linear combination of the others. To solve this problem, the variance inflation factor (VIF) technique was employed for identifying whether the problems of multicollinearity among explanatory variables exist or not (Gujarati, 2006). If VIF value is greater than 10, it is used as a signal for strong multicollinearity among the explanatory variables.

$$VIF = (1 - R_i^2)^{-1}$$

Where, R^2 is the square of multiple correlation coefficients that results when one explanatory variable (X_i) is regressed against all other explanatory variables.

The researcher must check Heteroscedastic test for disturbance term normally distributed or not and normality test checked by using Shapiro swilk test ($W > 0.05$) the sample is normally distribute.

3.8 Methods of Data Analysis

The collected data was thoroughly checked for completeness and comprehensiveness. For this study Questionnaires uses to collect quantitative data and it was analyzed by the use of descriptive statistics using stata and presented through percentages, standard deviation, maximum and minimum through tables and graphs. This study also used stata (13 version) software to conduct a pairwise correlation and standard multiple regression procedures to answer the basic research questions by using Logit model.

3.9 Model specification for performance management

The logit and probit models are the most frequently used models when the dependent variable is dichotomous (Gujarati, 2004; Verbeek, 2004; Green, 2003; Woodridge, 2002). The probit and logit models are quite similar, so they usually generated predicted probabilities that are almost identical. Econometric models such as the Logit model which is corresponding to a logistic distribution function and probit model that corresponds to normal distribution are commonly used for qualitative responses like “yes” or “no” a qualitative binary variable.

Logit and probit model can be used interchangeably and the two models give nearly similar results. The study applies Logit regression model to identify the effect of performance management system variables and their marginal effect on employee motivation or not.

The study was used the Logit regression model the effect of performance management system the employee motivation: the case of wolkite university. The fact that the dependent variable is a dichotomous one justifies the use of Logit model. Accordingly, the

dependent variable assumes only two values: 1 if the Satisfies employee motivation and 0 otherwise.

$$\text{functional form, } Y_i = \alpha_1 + \beta_i \sum_{n=1}^n x_i + \varepsilon \dots \dots \dots (1)$$

Where Y_i is a vector of binary variables, such that $Y_i = 1$ if the i th respondent satisfy the employee motivation and 0 other wise. x_i is a vector of explanatory

$$Y = \begin{cases} 1 & \text{Satisfaction of employee} \\ 0 & \text{Otherwise} \end{cases}$$

Consequently, if N observations are available, then the likelihood function is

$$L_i = \prod N_i p_i^{y_i} (1 - p_i)^{1-y_i} \dots \dots \dots (2)$$

The logit or probit model arises when P_i is specified to be given by the logistic or normal cumulative distribution function evaluated at $i'\beta$. Let $F(X_i'\beta)$ denote cumulative distribution functions.

The respondents are classified as those in teachers and administration worker. The total target population of the study was composed of 345 respondents. The study apply the correlation and regression analysis to establish the relationship between the dependent and the independent variables, The following Regression Model use to analyze the existing effect of Performance Management on the Employee Motivation in Wolkite University.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon,$$

Where:

Y = Employee Motivation

β_0 = Constant Term

$\beta_{(1-5)}$ = Beta coefficients

X_1 = Performance planning & Expectation

X_2 = Performance Feedback

X_3 = Performance Evaluation

X_4 = Reward system

ε = Error Term

Description of variables

Planning:- Planning involves two key tasks: deciding what you need to learn, and then deciding how you are going to learn that material. Provision of plans based on a sound framework for the effective implementation of the Ministry's planned programmes, projects and activities (Lydia Essuah, 2023).

Evaluation:- Evaluation involves reflection on how well you met your Learning Objectives after completing a unit of study, or receiving feedback. The Unit ensures the provision of an effective basis for measuring the various stages of programmes and projects of the Ministry as well as providing an objective basis for assessing the effectiveness of its programmes and projects (Lydia Essuah, 2023).

Reward:- Reward systems are central to the Human Resource Management function. Their purpose is to attract talented individuals, motivate them and retain those that have a better fit with the organization. Reward systems have a direct impact (and in most firms the most important one) on the cost side of the organization's financial statement. They are strategic as they influence people's attitudes, behavior and performance (Gomez-Mejia et al., 2010).

Feedback:- The term 'feedback' is used to describe the helpful information or criticism about prior action or behavior from an individual, communicated to another individual (or a group) who can use that information to adjust and improve current and future actions and behaviors. Who would dispute the idea that feedback is a good thing? All can benefit from

feedback. Both common sense and research make it clear feedback and opportunities to use that feedback helps to improve and enhance, whether an individual, group, business, business unit, company, or organization and that information can be used to make better informed decisions. It also allows us to build and maintain communication with others. Effective feedback, both positive and negative, is very helpful. Feedback is valuable information that was used to make important decisions(Susan E., 2024).

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Demographic Characteristics of the respondents

The section emphasizes that demographic structure of the respondents. In this study 345 questioners were distributed, from those 340 respondents which are 134 teachers and 206 administrative workers were responded and 5 respondents are not responded. So, this section clearly discusses that all 340 respondents; minimum, mean, standard deviation, maximum values and percent of the respondent.

Table 2: Summarization of Continues Variables.

Variable	Obs	Mean	Std. Dev.	Min	Max
Age	340	32.29118	6.388174	22	43

Source: *STATA version 13 using Own survey 2024*

The above table 2 discusses that, the respondents average age is 32 from the youngest age of 22 and the oldest age 43 years old. From this we conclude that most of the respondents in study engaged were highly productive age. Therefore, this human power work with the fulfillment of employee satisfaction helps the organization to success and fulfill short and long term goal.

Table 3 *Descriptive Statistics of Categorical Variables*

Variable		Freq.	Percent	Cum.
Sex	male	217	63.82	63.82
	female	123	36.18	100
Marital status	single	84	24.71	24.71
	married	204	60	84.71
	divorced	26	7.65	92.35
	widowed	26	7.65	100
Education status	MSc/MBA	165	48.53	48.53
	BSc/BA	136	40	88.53
	Diploma	39	11.47	100
Occupation	teacher	165	48.53	48.53
	admin employer	142	41.76	90.29
	lab assistant	33	9.71	100
planning performance process in Wolkite University is participatory know	disagree	58	17.06	17.06
	neutral	81	23.82	40.88
	agree	110	32.35	73.24
	Strongly agree	91	26.76	100
Feedback	strongly disagree	13	3.82	3.82
	disagree	55	16.18	20
	neutral	78	22.94	42.94
	agree	194	57.06	100
Evaluation/ review is conducted	disagree	94	27.65	27.65
	neutral	13	3.82	31.47
	agree	220	64.71	96.18
	Strongly agree	13	3.82	100
Rewards has effect on employee motivation to be timely in completing their dut	strongly disagree	13	3.82	3.82
	disagree	165	48.53	52.35
	neutral	65	19.12	71.47
	agree	97	28.53	100
Performance appraisal is used as a decision making tool for the Wolkite Universi	strongly disagree	26	7.65	7.65
	disagree	71	20.88	28.53
	neutral	26	7.65	36.18
	agree	217	63.82	100

From table 3 result of respondents' females' participation was 36%, this shows female's participation was less than male. Female was not having equal chance to learn in the previous government time. The impact of this makes the number of female less as compared to the male. Even though in this study question participation is less, the number of female in the university is not equal.

From table 3 results of respondent's 60% were married. From this we conclude that the employer was more or less interested to stay in the University for the security of their family. This situation may reduce the labor migration.

The educational level of the respondents shows that 48.5% MSC/MBA, 40% BSC/BA and 11.47% were diploma holder. Almost all teachers are MSC/MBA holder well know about their responsibility and rights. Wolkite University works for the previous 12 years with teacher giving education opportunity degree holder makes master and master holders also make doctorate. Not only teacher, the admin and lab assistant also get the chance in weekend and night program make their degree and masters. The gain opportunity of education has given satisfaction to stay in the university. In similar fashion, Mullins (2005) argues that motivation is a driving force within individuals by which they attempt to achieve some goal.

From table 3 result of majority respondents says planning performance was participatory that means 59.11% respondents agree on the plan perfection but 23.82% of the respondent did abstain meaning neutral. This result indicates the level of satisfaction is not full employee agree.. From narrated and interview response says that planning in wolkite university is participatory and select person from vice president as a committee. We conclude that based on the majority says and in the interview response that planning performance in Wolkite University is participatory.

From table 3 result of majority respondents of performance feedback responded 57.06% agree that Wolkite University did in the feedback. This result indicates the level of giving feedback in Wolkite University is well. The response on narrative and interview response said that feedback has been given on the job achievement evaluation time well. In the written form giving feedback habit in Wolkite University is less.

From table 3 result of majority respondents on reward system responded that 52.35% respondents say that Wolkite University did not give reward. This result indicates the level of giving reward in Wolkite University is not well. The response on narrative and interview response said that wolkite university in reward way did not done at all

As shown in the table 3, the measurement of performance in Wolkite University is regular or known. Majority of the respondent says every 6 month regularly measured the performance of the employee. This performance appraisal become information for the employer where is he/she as compared to the other employee. The performance appraisal create competition in the employee to accomplish the goal of the University. In the interview, the respondent says, Wolkite University measures the performance of the employee twice in a year for admin and teachers. But the way of measurement is not similar in all employers because from directorate to directorate did not have standard point. Some directorate give very high point for every employer not based on the capacity of the employer. Smither and London (2009) says about performance assessment is both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed and whether the desired results have been achieved. Both parties are involved in the assessment process provides better information to be used during the review phase.

The leader of Wolkite University use performance appraisal as a decision making. The respondent agrees that the leader of the University use performance to decide. From the interview, the leader use more performed employees to accomplish the goal of the University.

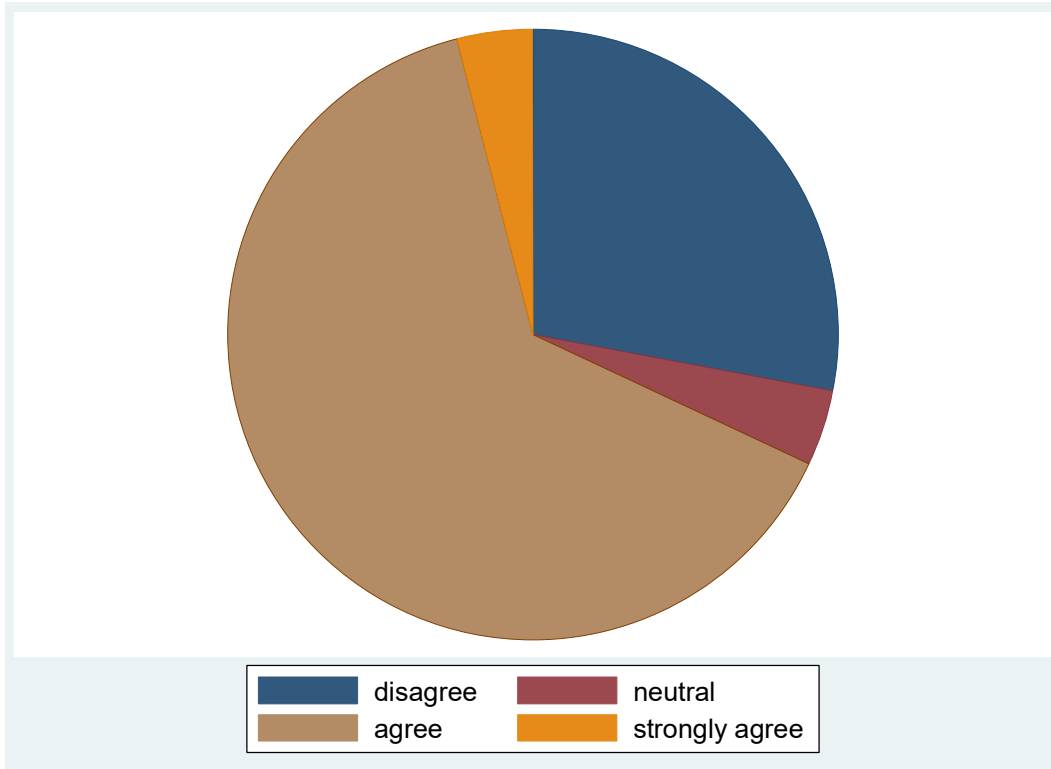


Figure 2:- Evaluation/review is conducted

Figure 4 show that Wolkite University provides evaluation or review works. Most of the respondent says that Wolkite University provides works with evaluation or review. From the interview Wolkite University evaluate the accomplishment of the plan every quarter year with the responsible body of the university. The review or evaluation creates awareness where each work class was as compared to other. According to Smither and London (2009) says that When both the line manager and employee are active participants in the evaluation process.

4.2 Diagnostic Tests

4.2.1 Diagnostic test for Logit regression

The most common issues when working with cross sectional data are multicollinearity and heteroscedasticity. Multicollinearity is where two or more independent variables are correlated with each other. The existence of multicollinearity might cause the estimated regression coefficients have the wrong sign. As to Gujarati, (2004) multicollinearity is a

serious problem if the VIF of the variables is higher than 10 VIFs of unity indicate absence or presence of multicollinearity while as a rule of the thumb VIFs of between 5 and 10 are an indication of problematic multicollinearity of the independent variables. In this study, all the independent variables' VIFs were below 5 which is an indication of absence of multicollinearity. The result (1.28) is also an indication of good estimation of variable coefficients (See appendix 2.d)

Heteroscedasticity is where the variance of the error term is not constant. Heteroscedasticity is a situation where the disturbance terms, do not have constant variance. Since the presence of heteroscedasticity would result in inconsistent estimators, the model was then estimated with STATA version 13 software and used robust standard error to eliminate heteroscedasticity problem.

Logit model for development of community, goodness-of-fit test. The **Hosmer–Lemeshow** test is a statistical test for goodness of fit for Logit model. It is used frequently in risk prediction models. The test assesses whether or not the observed event rates match expected in the model. This statistical test is widely used in the Logit model statistical/econometric model that, in its basic form of the binary dependent variable. This goodness-of-fit test compares the observed proportions to the test proportions to see if the differences are statistically significant or not. The p-value is less than the significance level (0.05) then the model is not a good fit. Then we conclude that the market participation effect is not significant, and then the econometric model is well-fit. (See the test result in appendix 2.e).

Normality analysis helps to check that data is normally distributed. In this study normality by applying the Shapiro-Wilk W test for normality. From appendix f below presents the value of probability of normality is 0.63 which is greater than 0.05 implying not significance at a 5% level Consequently, the null hypothesis cannot be rejected. Therefore, according to the Shapiro-Wilk W test for normality, residuals show normal distribution.

4.3 Analysis of correlation

To detect the presence of autocorrelation between the variables in the study is a correlation Coefficient (r).is used to measure the degree of association between the independent variables (Performance Planning, feedback, performance evaluation and reward system) and the dependent variable (Employee Motivation). It takes a value between -1 and 1 . A value of r near to 1 indicates strong positive association whereas a value of r near to -1 indicates a strong negative linear association, When $r = \pm 1$ this indicates that the two variables are perfectly correlated, i.e., all the points are on a straight line, (Coetzee, 2003).

When the correlation is 1 or -1 , a perfectly linear positive or negative relationship exists; when the correlation is 0 , there is no relationship between the two sets of data. Coetzee (2003) noted that when considering the correlation between the independent variable and the dependent variable, the larger the magnitude of the correlation, the stronger the linear association.

As per Marczyk et al (2005) general guidelines, correlations of $.01$ to $.30$ are considered small, correlations $.31$ to $.70$ are considered moderate, correlations of $.71$ to $.90$ are considered large, and correlations of $.91$ to 1.00 are considered very large. Depending on this assumption, all basic constructs were included into the correlation analysis.

Depending on this assumption, all basic constructs were included into the correlation analysis. Three independent variables are positively and significantly correlated. From table 4 below represents the correlation matrix between the independent variables, performance planning, feedback, reward system and performance evaluation, and the dependent variables Employee motivation. Planning, feedback and evaluation has positive and significantly correlated with employee motivation. The highest coefficient of correlation in this study lie between Performance Planning and employee motivation is 0.1347 . There is a significant positive relationship between Performance Planning and employee motivation($r = 0.1347$, $n = 340$, $p \leq 0.0129$). The other independent variable correlation each other are not strong as expected. From the analysis, it is observed that Motivation has correlation with significant variable ranging from 0.1 to 0.3 . According to

the guideline of Marczyk et al (2005) indicates that weak correlations. The relationship between them is not strong relationship.

Table 4 Pairwise correlation result

	EmployeeSa~p	planningpe~n	Feedback	evaluation~b	Rewardshas~o
EmployeeSa~p	1.0000				
planningpe~n	0.1347* 0.0129	1.0000			
Feedback	0.1193* 0.0278	-0.1464* 0.0068	1.0000		
evaluation~b	0.1185* 0.0289	-0.3065* 0.0000	-0.1017 0.0610	1.0000	
Rewardshas~o	0.0659 0.2254	0.0831 0.1261	-0.0285 0.6002	-0.0423 0.4373	1.0000

4.3 Estimation Result for performance management on employee motivation

Maximum likelihood estimates of the Logit model and the Marginal effects of the variables

Table 5:- The Logit regression Model Result

EmployeeSatisfactionl~p	Coef.	Std. Err.	z	P>z	Marginal effect
planningperformancepr~n	0.445515	0.110211	4.04	0***	3.68824
Rewardshaseffectonemp~o	1.154667	0.999268	1.16	0.248	0.305294
evaluationPerformance~b	2.975958	0.641453	4.64	0***	0.312206
Feedback	0.418768	0.138631	3.02	0.003***	3.33235
_cons	-4.44138	0.878729	-5.05	0***	
Wald chi2	31.02				
Prob chi2	0				

Where ***, ** and * significance level at 1%, 5% and 10%

From the table 5, the marginal effect of the probit regression model the probability that the effect of performance management system on the employee motivation. The LR chi square which measures the overall significance of the model, i.e., with the null hypothesis that all coefficients are zero is rejected this showing that at least one of the coefficients is

different from zero. Four total explanatory variables are included in the model; three of them are statically significant impact on dependent variables. The effects of performance management system variable like planning performance, feedback and evaluation performance have positive and significant effect. The rest one reward was insignificant.

From table 5 the planning performance level is positive and significant at (1%). The planning performance process levels increases by one unit other variable holding constant employee motivation increase by 0.446 units. This shows the contribution of performed planning for employee motivation. From the interview and narrative response, the respondent says that Planning performance in Wolkite University is participatory meaning from each class represented when university prepare annual or five years strategic plan. The performance of accomplishments based on plan is nearly correlated not perfect; the management body evaluates quarterly plan accomplishments. This positive relationship also reflected in the study of other scholars Konjit (2018) and Meklit (2017) find that positive significant relationship. Smith and London(2009) says that Planning of performance management system is the first stages where employees enabled to have a clear knowledge about the system. this is the first cycle where Line mangers and employee meet to discuss and agree on what is to be done and how it is to be done by combining the result, behavior and development plan.

From table 5 the Performance feedback is positive and statistically significant variable (at 1%) level of significance. From the respondents response the performance feedback increase by 1 units holding other things constant employee motivation increase by 0.419 unit. From the interview and narrative response, Feedback has been given on the job achievement evaluation time well but in the written form giving feedback habit in Wolkite University is less. Feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. This positive relationship also reflected in the study of other scholars Meklit (2017) , Aktaruzzaman and Abdur (2021) , Danish and Usman (2010) cited in Konjit (2018) , Ghorbani and Ladoni (2013) feedback has positive and significant effect. Barbera and Young (2009) says that Performance feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. Top management frequently provide

employees feedback on their efforts and strengthen the progress of their jobs through unbiased feedback. In this regard, performance feedback records needs to be retained for future references.

Performance evaluation result from table 5 has positive and significant effect on the employee motivation. Performance evaluation level increase by 1 unit other thing holding constant, employee motivation increase by 2.976 units. From the interview and narrative response, the respondent says that the evaluation performance management system is good as compared to the other variable. The university continuously evaluate especially twice in a year with specific written measurement but very subjective when measured by the manager. This positive relationship also reflected in the study of other scholars Konjit (2018) find performance evaluation has positive and significant relationship but Meclit (2017) and Aktaruzzaman and Abdur (2021) founds that performance appraisal has insignificant in employee motivation. Smither and London (2009) says that line manager and employee are active participants in the evaluation process.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of findings

The purpose of this study aimed at finding the effect of performance management system on employee motivation. In this regard an attempt has been made to divide performance Management into its key factors which are performance planning, performance feedback, performance evaluation and reward system. The questionnaire was developed in such a way that all this factors were included by also incorporating questions that asked about employee motivation. Out of the 345 questionnaires that were distributed, 340 were fully completed questionnaires were collected which gave 98.5% response rate.

The following are the major findings with regards to the performance management system of the wolkite university and conclusion and recommendation also attached with it.

Consequently, in order to address the study problem, the study focused on answering the below major research questions.

- what was effect of Performance planning, feedback, evaluation and reward on employee motivation in wolkite university?

Descriptive statistical analysis was carried out along with narrative description in attempting to answer the research questions of this study. The data collected from the questionnaire were analyzed by stata version 13 whereas the interview results had been discussed in narration.

Major findings

The correlation analysis result indicates Planning, feedback and evaluation has positive and significantly correlated with employee motivation. From the analysis, it is observed that Motivation has weakly correlated with independent variable.

The regression result of Logit result were the planning performance, feedback Performance and Performance evaluation have positive and statically significant effect on employee motivation. The rest rewarding system has not significant effect on the employee motivation.

5.2. Conclusions

From the above summary, it can be concluded that there are aspects of the initial planning stage where doing good like according to the University annual report, it has good planning habit but the plan did not applicable as the duty as planned. The performance management begins with setting the organizations goals. However, the non-managerial staff feel that they jointly identify goals with their line manager by representative and also that the Performance management process translates organizational goals into individual job objectives.

One part of performance management is to give ongoing feedback to employees, however, the result shows that although the managerial staff are happy with regards to this the non-managerial staff believe that performance feedback is helpful in improving job performance, however, they don't feel that they receive regular feedback and also in the form of written. When we see employee's motivation, majority of the non-managerial staff feel that their performance is measured regularly but isn't fairly measured based on agreed objectives meaning the measuring method is most part is subjective not scientific.

The result of the correlation has revealed that there is a positive relationship between performance management system and employee motivation. So the implementation and effectiveness of the PMS directly affects employee motivation. Out of 4 factors 3 factors of performance management are weakly correlated with employee motivation therefore the proper implementation of all these aspects leads to employees to weak motivation level. Based on the outcome of the research and what is stated above, we can conclude that the motivational aspect of the PMS is very low when looking at the majority of the non-managerial staff at Wolkite University.

The planning performances have positive and significant effect on the employee motivation. When Wolkite University prepares annual or five years strategic plan, Use participatory meaning from each class requested representative. Even though plan is participatory, accomplishment is not as plan because the correlation of plan on employee motivation is weak as explained above. The Performance feedback is positive and statistically significant effect on employee motivation. Feedback of Wolkite University has been given on the job achievement evaluation time well but in the written form habit less. Feedback can also serve as a crucial element that enhances the performance of individual employees in the areas of weakness. Performance evaluation has positive and significant effect on the employee motivation. The evaluation performance management system is good as compared to the other variable. The university continuously evaluate especially twice in a year with specific written measurement but very subjective when measured by the manager. Whereas, the result of the research shows reward system of the university has no significant effect on employee's motivation.

5.3. Recommendation

Based on the finding and conclusions the study recommends for improvement and the following which will be helpful for the university. The recommendations are drawn from the study findings.

In the process of planning in the University, it sets ways of participatory methods, of Performance management for Employees Motivation. But there was a number of employees oppose the ways of participation. Therefore this study recommended that the communication channel of the plan and participation of employees should want to increase it for updating employees' motivation. In other word the study recommends the university should work in well managed way to raise the relationship the performance management system with employee motivation

From the study it has been identified that performance evaluation is designed to foster performance management system with employee motivation. The study therefore recommends that university should establish performance standards for each job levels and

conduct a timely and continuous performance evaluation based on those standards to avoid work-life imbalance.

It is recommended that the University to increase awareness of staffs gives feed back to motivate employee in the ways of performance management system & it helps to decision-making to overcome effective performance management in the University. The study also recommended that Wolkite University should have given timely written feedbacks for their employee to indicate their achievements, strengths and weakness to identify performance gap a head of time.

To increase effectiveness of employees' motivation in performance management system at Wolkite University, reward is a dominant factor. Therefore this study recommended that the top management bodies in Wolkite University should give attention to the recognition of employees' reward, motivation and appreciation to bring positive interaction for employees' motivation for applicable to performance management effectively.time

REFERENCE

- Aguinis, H. (2009). *Performance management*. Upper Saddle River, N.J.: Pearson Prentice Hall.
- Armstrong, M. (2006). *Armstrong's Handbook of Performance Management* 4th edition. London: Kogan Page Ltd.
- Asensio-Cuesta, S., Diego-Mas, J. A., Canós-Darós, L., & Andrés-Romano, C. (2012). A genetic algorithm for the design of job rotation schedules considering ergonomic and competence criteria. *International Journal of Advanced Manufacturing Technology*, 60(9–12), 1161–1174.
- Assumptah, M. J. & Muhari, W. J. (2017). Effects of liquidity risk on performance of commercial banks in meru town, Kenya. *International journal of management and commerce innovations*, 5 (1), 109-126.
- Baldwin, T. T., Magjuka, R. J., & Loher, B. (1991). The perils of participation: Effects of the choice of training on trainee motivation and learning. *Personnel Psychology*, 44(1), 51–65.
- Baron, H., Henley, S., McGibbon, A. & McCarthy, T. (2012). *Motivation Questionnaire Manual and User's Guide*. Sussex, NJ: Saville and Limited.
- Beer, M. & Walton, R. E. (2014). *Reward Systems and the Role of Compensation*. In J.G. Searle, *Manage people, not personal*. Boston: Harvard Business Review.
- Candi, M., Beltagui, A., & Riedel, J. C. K. H. (2013). Innovation through experience staging: Motives and outcomes. *Journal of Product Innovation Management*, 30(2), 279–297.
- Certo, S.C. (2016). *Supervision Concepts and Skill-Building*. New York, NY: McGraw Hill.
- Chanyallew, Hana (2015). *The Effect of Performance Management on Employee motivation the Case of Diageo-meta Abo Brewery S.C*. Addis Ababa university.
- Commeiras, N., Loubes, A., & Bories, A. (2013). Identification of organizational socialization tactics: The case of sales and marketing trainees in higher education. *European Management Journal*, 31(2), 164–178.

- Deci E., & Gagne M,. (2005). Self-determination theory and work motivation. *Journal of organizational Behavior* , Jun2005, Vol. 26 Issue 4, 331-362.
- Demartini, C. (2014). *Performance management systems*. Berlin: Springer-Verlag.
- Dr.SunithaKumaran and Dr.P.Sangeetha B.E. (2013): “An Empirical Study on Impact of Employee’s Perception towards Performance Management System on Employee Motivation and Job Commitment” *International Academic Research Journal of Business and Management*, Vol No.2, Issue No. 7, Page no.20-34
- Eguchi, K. (2004). Job transfer and influence activities. *Journal of Economic Behavior and Organization*, 56, 187–197.
- Ezenwakwelu, C (2017), Determinants of Employee Motivation for Organizational commitment, *IOSR Journal of Business and Management*, V. 19, Issue 7. Ver. III
- García, I. A. L., Moscoso, S., & Ramos, V. P. J. (2012). Reactions to the Fairness of Promotion Methods: Procedural justice and job satisfaction. *International Journal of Selection and Assessment*, 20(4), 394–403.
- Gift. et. al (2012). Employee Motivation and its Effects on Employee Productivity/Performance. *Journal of Economics and Sustainable Developmen*
- Gomez-Mejia, L., Berrone, P. and Franco-Santos, M. (2010) *Strategic Compensation and Performance*, New York: ME Sharpe.
- Hana Chanyallew (2015). The effect of performance management on employee motivation: (The case of Diageo-Meta Abo Brewery S.C).
- Hassan DanialAslam,(2010). Improving Performance Management Practices in IT Firms of Pakistan, *Journal of Management Research*, vol.2 pp 214-225.
- James W. Smither and Manuel London (2009). *Performance Management: The Professional Practice Series*.
- Jung, J., & Kim, Y. (2012). Causes of newspaper firm employee burnout in Korea and its impact on organizational commitment and turnover intention. *International Journal of Human Resource Management*, 23(17), 3636–3651

- Kingira, & Mescib, M. (2010). Factors that affect hotel employs motivation the case of bodrum. *Serbian Journal of Management*, 5(1), 59–76.
- Koch, A. K., & Nafziger, J. (2012). Job assignments under moral hazard: The Peter principle revisited. *Journal of Economics and Management Strategy*, 21(4), 1029–1059.
- Konjit Janka (2018). The effect of performance management on employee motivation. the case of dan church aid. St. Mary's University, Ethiopia.
- Lalita K.(2013). 'Factors Influencing Job Satisfaction of College's Teachers'.*International Journal of Research in Economics & Social Sciences*. 3(2): 1-9.
- Lawler, E. D., Benson, G., McDermott, M. (2013). How Can Performance appraisals be more effective?
- Lazazzara, A., & Bombelli, C. M. (2011). HRM practices for an ageing Italian workforce: The role of training. *Journal of European Industrial Training*, 35(8), 808–825.
- Lydia Essuah, (2023). Policy, Planning, Monitoring & Evaluation (PPME).*National Innovation challenge*.
- Mahapatro, B. (2010) *Human Resource Management*. New Age International (P) Ltd., Publisher
- Mahazril, A. Y., Zuraini, Y. Z., Hafizah, H. A. K., Aminuddin, A., Zakaria, Z., Noordin, N., et al. (2012). Work motivation among Malaysian public servants. *Asian Social Science*, 8(12), 238–242.
- Maina, J. (2015). *Effect of Performance Management System on Employee Performance: A study of Food and Agriculture Organization*.
- Marczyk, G., DeMatteo, D., &Festinger, D. (2005). *Essentials of research design and methodology*. New Jersey, Hoboken: John Wiley & Sons
- Maslow, A. H. 1954. *Motivation and Personality*. Harper & Row, Publishers, Inc.
- Md. Aktaruzzaman Santi and Abdur Rahim (2021). The Effects of Performance Management System on Employee Performance. *International Journal of Scientific and Research Publications*, Volume 11, Issue 8, August 2021 491 ISSN 2250-3153.

- Meklit Sefani (2017). The effect of performance management system on employee performance: the case of justice for all prison fellowship Ethiopia.
- Moeed, et al. (2017). Effect of Employee Motivation on Employee Performance. *Journal of Business and Social Review in Emerging Economies*, Vol.3, No 1
- Mosley, D. C., Pietri, P. H. & Mosley Jnr, D. C. (2012). *Supervisory Management: The Art of Inspiring, Empowering and Developing People*. Mason, OH: Thompson South-Western
- My Linh Nguyen,(2017). The Impact of Employees Motivation on
- Nelson, Q. (2013). *Principles of Organizational Behavior*. Boston, MA: Cengage Learning.
- Organizational Effectiveness, *Business Economics*, 2017, Vaasan Ammattik or kerakoulu university of applied science.
- Pantouvakis, A., & Bouranta, N. (2013). The interrelationship between service features, job satisfaction and customer satisfaction: Evidence from the transport sector. *TQM Journal*, 25(2), 186–201.
- Park, S. M. (2010). The effects of personnel reform systems on Georgia state employees' attitudes: An empirical analysis from a principal-agent theoretical perspective. *Public Management Review*, 12(3), 403–437.
- Parvin, M. M., & Kabir, N. M. M. (2011). Factors affecting employee job satisfaction of pharmaceutical sector. *Australian Journal of Business and Management Research*, 1(9), 113–123.
- Radnor, A. and McGuire, M. (2004). Performance Management in the Public Sector: fact or fiction: *International Journal of Productivity and Performance Management*. 53(3) 245- 260.
- Riggio, R. E. (2014). *Introduction to Industrial/ Organizational Psychology*. Upper Saddle River, NJ: Prentice Hall.
- Robbins,P, and Judge,A(2017),*Organizational Behavior*, 17th ED. Pearson Education Limited.
- Susan E. DeFranzo, (2024). *Reasons Why Feedback is Important*. Snap Surveys Ltd.

Wickramasinghe, V. (2009). Predictors of job satisfaction among IT graduates in offshore Outsourced IT firms. *Personnel Review*, 38(4), 413–431.

wolkite University,(2023). Wolkite University Admission Open. Free apply.

WOLKITE University,(2024). History of establishment. Copyright © 2024. Wolkite University. Designed by Wolkite University [ICT](https://www.wku.edu.et/am/index.php/en/about-wku/about-us/historical-background-of-wku).
<https://www.wku.edu.et/am/index.php/en/about-wku/about-us/historical-background-of-wku>

World Bank, (2023). Understanding Poverty/Topics/ Education

Appendix 1:- Questionary

Dear Sir/Madam

My name is Fissha Amde MBA student at Wolkite University. This questionnaire is prepared to collect data for the study to be conducted on the title " Effect of performance management system on employee motivation the case of wolkite university" as a partial fulfillment for master's Degree in Business Administration. This questioner is purely an academic and any information you provide used confidentially. So, feel free and respond to the question to be asked below. I would like to thank you in advance for your time and willingness to participate in this survey. Finally the respondent fulfill

- Please do not enter your name or contact details on the questionnaire. It remains anonymous.
- Please indicate your answers with a check mark (√) in the appropriate block for Likert scale type statements and multiple-choice questions

Thank you for your cooperation!!!!

1.1. Demographic characteristics of Respondents

1. Sex: Male Female

2. Age _____

3. Marital status Single Married Divorced Widowed

4. Education status: - PhD MSc/MBA BSC/BA Diploma Other

5. Occupation: - Teacher Admin employee Lab assistant

6. How long have you been serving this organization?

Less than One Year Between 1 and 2 years Between 2 and 5 years Between 5 and 10 years More than 10 years

7. What is the level of your current position in Wolkite University?

College dean/Director Department head/team leader Teacher/lab assistant
Admin employee

Questions related to Performance management system

This questionnaire is prepared based on a five point Likert scale. Please indicate to what extents do you agree or disagree with the following statements. If the statement strongly matches with your response, choose **5(Strongly Agree)**, if you discreetly agree on the idea, choose **4(Agree)**, if you do not have any response on the point, choose **3 (Neutral)**, if you discreetly disagree with the statement, choose **2 (Disagree)** and if you completely differ with the statement, choose **1 (Strongly Disagree)**.

Survey Statement	Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree(5)
I clearly know/understand the Wolkite University vision, mission and strategic goals.					
I clearly know my duties and job responsibilities.					
The performance planning process in Wolkite University is participatory					
I clearly know the plan of wolkite university and I do my duties and responsibility based on the plan.					
Participating in the planning process motivates the employee highly to perform towards achieving the goal set by the Wolkite University					
The Department head(Unit head)(Supervisor) and employees jointly identify goals that, become standards in which employees will evaluate result					
The line manager and employee jointly set job goals / objectives					
My line manager sits with me to determine and set my development goals.					
I am highly involved in the performance management process and my opinions					

are valued					
My performance is measured on regular basis before the performance appraisal/review meeting is conducted					
I am regularly supported and coached by my supervisor on areas of weakness identified					
"My supervisor writes statements about my strengths, weakness & suggests for improvements during performance reviews.					
Performance evaluation is valuable to the employee performance in Wolkite University					
Performance appraisal is used as a decision making tool for the Wolkite University.					
Evaluation/review meeting is conducted."					
The performance of feedback has effect on employee motivation					

"The performance review form properly addresses key areas of my work and it shows my actual performance"					
The rewards has effect on employee motivation to be timely in completing their duties					

Questions related to Motivation

This questionnaire is prepared based on a two and five point Likert scale. Motivation is explained in two ways that are in table form as explained above in five point liker scale and also in two point likert scale out of the table explained as follows.

1. The plan of the University related with the duty and satisfies me.

Yes No

2. Wolkite University has evaluation (review) methods to satisfies the employee performance

Yes No

3. The university gives feedback for worker performance.

Yes No

4. The university has rewards for best accomplishment to motivate the employees.

Yes No

5. I have satisfied in in the performance management(Plan, evaluation, feedback, Education, recognition(reward) etc)

Yes

No

INTERVIEW QUESTIONS

1. From Your Understanding, do all workers of the Wolkite University have information about vision, mission and strategic goals of the University?

2. Do you do any clarity for your followers for their duties and job responsibilities for increasing their performance capacity?

3. What do you assess about performance management system (Planning, Evaluation, Feedback & recognition (reward) to motivate Employees in Wolkite University?

.....
.....

4. To what extent do you feel the performance management system, deficiencies (challenges) or gaps on Wolkite University?

.....
.....

5. Did you do any Motivations for the workers for best performance?

6. What do you think about the major challenges or opportunities of the performance management system for motivating Employees in Wolkite University?

.....
.....

7. Any other comments you would like to make in relation to performance management System of Wolkite University?.....

.....
.....

Appendix 2 Econometric test result

a. Logit Regression Result

```

Logistic regression                               Number of obs   =           340
                                                  LR chi2(4)      =           27.66
                                                  Prob > chi2     =           0.0000
Log likelihood = -221.25346                    Pseudo R2      =           0.0588
    
```

EmployeeSatisfactionl~p	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
planningperformancepr~n	.4455149	.1188332	3.75	0.000	.2126061	.6784236
Rewardshaseffectonemp~o	1.154667	.9852155	1.17	0.241	-.7763204	3.085653
evaluationPerformance~b	2.975958	.893881	3.33	0.001	1.223984	4.727933
Feedback	.4187683	.1338977	3.13	0.002	.1563337	.6812029
_cons	-4.441376	.8898258	-4.99	0.000	-6.185403	-2.69735

b. Logit Regression result after robust action

```

Logistic regression                               Number of obs   =           340
                                                  Wald chi2(4)    =           31.02
                                                  Prob > chi2     =           0.0000
Log pseudolikelihood = -221.25346            Pseudo R2      =           0.0588
    
```

EmployeeSatisfactionl~p	Coef.	Robust Std. Err.	z	P> z	[95% Conf. Interval]	
planningperformancepr~n	.4455149	.110211	4.04	0.000	.2295053	.6615245
Rewardshaseffectonemp~o	1.154667	.9992676	1.16	0.248	-.803862	3.113195
evaluationPerformance~b	2.975958	.6414532	4.64	0.000	1.718733	4.233184
Feedback	.4187683	.1386307	3.02	0.003	.1470571	.6904795
_cons	-4.441376	.8787294	-5.05	0.000	-6.163654	-2.719098

c. Marginal Effect Result

```
. mfx
```

```

Marginal effects after logit
      y = Pr(EmployeeSatisfactionlevelonp) (predict)
      = .46976088
    
```

variable	dy/dx	Std. Err.	z	P> z	[95% C.I.]		X
planni~n	.1109713	.02959	3.75	0.000	.052966	.168976	3.68824
Reward~o	.2876108	.24541	1.17	0.241	-.193393	.768615	.305294
evalua~b	.7412684	.223	3.32	0.001	.304189	1.17835	.312206
Feedback	.1043092	.03333	3.13	0.002	.038977	.169641	3.33235

d. Variance inflation factor

. vif

Variable	VIF	1/VIF
planningpe~n	1.15	0.870044
evaluation~b	1.13	0.883725
Feedback	1.05	0.954481
Rewardshas~o	1.01	0.992399
Mean VIF	1.08	

e. Hosmer-Lemeshow goodness of fit for welfare

Probit model for Welfare, goodness-of-fit test

number of observations = 340

number of covariate patterns = 30

Pearson chi2 = 0.37

Prob > chi2 = 0.5408

f. Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
Resid	340	0.99392	0.860	-0.346	0.63520