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THE EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEE JOB PERFORMANCE: THE CASE OF ZTE ETHIOPIAN BRANCH OFFICE

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The Effect of Performance Management System on Employee Job Performance: The Case of ZTE Ethiopian Branch Office

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Addis Ababa, Ethiopia

Declaration

I, Samuel Mengesha, the under signed, declare that this thesis entitled: "**The Effect of Performance Management System on Employee Job Performance: The Case of ZTE Ethiopian Branch Office**" is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

  Samuel Mengesha   _____   _____

Name of Student   Signature   Date

Certificate

This is to certify that the thesis entitled: "**The Effect of Performance Management System on Employee Job Performance: The Case of ZTE Ethiopian Branch Office**", submitted in partial fulfillment of the requirements for the degree of Masters of Business Administration program of the Postgraduate Studies, St. Marry University and is a record of original research carried out by Samuel Mengesha, under my supervision. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

Tewodros Mekonnen (Ph.D)   _____

Name of Advisor   Signature   Date

Certificate of Approval

This is to certify that the thesis prepared by Samuel Mengesha, entitled "**The Effect of Performance Management System on Employee Job Performance: The Case of ZTE Ethiopian Branch Office**" and submitted in partial fulfillment of the requirements for the Degree of Masters of Business Administration complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Lists of Abbreviation

BSC   Balanced Scorecard

EP   Employee Performance

HR   Human Resource

HRM   Human Resource Management

IBID   Indicates a reference to the same source as the previous one

PA   Performance Appraisal

PMS   Performance Management System

SPSS   Statistical Package for Social Science

VIF   Variance Inflation Factors

Abstract

The general objective of the study was to investigate the effect of performance management system on employee job performance in the case of ZTE Ethiopian Branch Office. The study has used explanatory research designs. Structured questionnaire was used to collect data and 114 responses were collected and analyzed. The data were analyzed using the SPSS_Version_22 software. The respondents' perception of their performance is moderate, with a grand mean score of 3.36. The result of correlation analysis evidenced that there is positive and strong relationship between the four components of performance management system (performance planning, performance measurement, performance feedback and performance reward) and employees' performance. Moreover, the regression analysis shows that all the four components of performance management system are significant in predicting the employees' performance. The four independent variables together explain 62.7% of variation in employees' performance as represented by an R² value. The study concluded that improved performance management system is an increasingly important instrument to get a higher performance from employees. The study recommends that the management of ZTE to allow the participation of employees in the design, implementation, and evaluation of performance management programs that offers a direct way for compensation of professionals to enhance employee performance

Keywords:*Performance Management, Performance Planning, Performance Measurement Performance Feedback, Performance Reward & Employee Performance, ZTE.*

Chapter One

Introduction

1.1. Background of the Study

Developing an effective performance management system is essential for any organization, especially those working in today's dynamic and technological environment. Currently, organizations are facing new competitive conditions and having to deal with a dynamic environment that is taking them into an era of continuous improvement, doing more with less resources and high productivity (Odhiambo, 2015). These developments have placed performance management at the center. As a result, organizations are beginning to implement performance management that reflects new organizational forms and emphasizes work integration, multidimensional influence, and flexible employment (Maina, 2015).

A performance management system (PMS) is a process of setting goals consistent with organizational goals, developing plans to achieve these goals, and achieving identified desired results (Ayesha & Sehrish, 2016). Performance management (PM) is a goal-oriented process that ensures that organizational processes are in place to maximize the productivity of employees, teams, and ultimately the organization (Armstrong, 2010). It is a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance (Baron & Armstrong, 2018).

According to Maina (2015), the development of performance management system is classified into performance planning phase, managing and reviewing performance, performance feedback and rewarding phase. Similarly, Qureshi and Hassan (2013) suggested that a typical performance management system would include: the organization communicates its mission/strategy to its employees; establish individual performance goals to meet each employee's team and ultimately the organization's mission/strategy; regularly evaluate these individuals against agreed targets; use results to determine development and/or administrative decisions; and continually review the performance management system to ensure that it continues to contribute to the organization's performance, ideally through consultation with employees.

The performance of employees is one of the most important factors that lead to the success of any business. In an organizational employee job performance is usually defined as the extent to

which an organizational member contributes to achieving the goals of the organization (Smither & London, 2009). In order to have an optimum job performance, organizations must put in place a clear performance management system (Bourne et al., 2012). Therefore, many managers seek to find innovative ways within the company's performance management system (PMS) to motivate employees and evaluate their performance efficiently and effectively.

The effect of performance management systems on employee job performance is an important topic in the fields of human resource management and industrial relations. There is an increasing body of work that argues that the use of performance management system that take into account comprehensive employee involvement and training, can improve the knowledge, skills and abilities of an organizations employees while at the same time increase their motivation as well as their job performance (Odhiambo, 2015).

According to Matthis & Jackson (2008), a performance management system consists of four elements, namely: performance planning, measuring outcomes, feedback of results, and performance reward. Performance planning is the first step in the process cycle of the performance management system, which guarantees that an organization's goals are met by its employees and it entails establishing clear, achievable, specific, measurable, and followed by creating a plan to help them meet those objectives. Performance measure is the second element of the performance management system cycle that involves the collection and analyzing of performance data to assess and evaluate progress toward goals and objectives. Performance Feedback is tool that is used to effectively communicate achievements and areas for improvement. Performance reward consists of procedures, rules, and standards associated with allocation of benefits and compensation to employees (Onyije, 2015).

In any organization, especially multinational companies, performance management is very important to gain competitive advantage(Farheen & Faiza, 2014). In line with this, Qureshi and Hassan (2013), point out that it is only by having strong and effective performance management system in place that multinational companies have been able to replicate the same standards of performance across different regions, cultures and markets. Today, they are reaping the benefits of this effort in terms of higher productivity, better returns on capital and more robust growth. This goes to show that well laid out structures can be replicated and still be effective in different

regions hence promoting. As one international company, thestudy focuses on the assessing the effect of performance management system on employee performance with specific reference to among the staff of ZTE Ethiopian Branch Office.

ZTE Corporation of Ethiopia branch has established a performance management system in order to achieve its organizational goals. The company Performance management system established with the objective of improving both individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development. There is also clear link between the performance management system and the rewards system in company. The success and growth of the company are not only depending on the technology, but also on the best performance of the staff members who are committed to working achieving the objective of the company. Thus, the study focuses on the assessing the effect of performance management system on employee job performance with specific reference to among the staff of ZTE Addis Ababa branch office.

1.2 Statement of the Problem

In today's business world, effective performance management systems with positive feedback play a critical role in the success of organizations in the industries in which they operate. Performance management is important to organizations because it helps organizations ensure that employees work hard to contribute to achieving the organization's mission and goals. Moreover, performance management systems provide organizations with a complete and professional management process to evaluate the performance results of the organization and its employees. Macky and Johnson (2000) emphasized that the importance of performance management systems lies in the continuous improvement of organizational performance, which is achieved by improving the performance of individual employees. Therefore, using performance management systems to improve employee performance is one way to improve company performance. So, in this master thesis, the researcher investigated the relationship between performance management system and employee performance from the context of multinational company in Ethiopia.

The review of literature revealed that a multitude of theoretical and empirical research has been conducted in African countries and around the world on the relationship between performance

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management systems and employee performance (Qureshi & Hassan, 2013; Maina, 2015; Olepein, 2015); Odhiambo, 2015; Onyije, 2015; Almothaseb, et al., 2017; Aktaruzzaman& Abdur 2021). In general, most of these empirical studies show that there is a relationship between performance management systems and employee job performance. In contrast, in the case of Ethiopia, only a limited number of studies have been conducted, especially regarding performance management systems in multinational companies in the country (Merga, 2019).

Additionally, a study conducted among multinational companies in Ethiopia (Merga, 2019) focuses on studying performance management system practices without considering the possible effect on business performance. Furthermore, those who consider these impacts focus on the effect of a single element of a performance management system, such as performance appraisal, without including all elements of the performance management system (e.g., Trsit, 2018; Boru 2022).

Therefore, from the above-mentioned studies, no research work was found that addresses the effect of performance management system (taking all of its elements into account) on employee job performance in multinational company context in Ethiopia. Therefore, this raised a need to conduct a study in the area to fill this gap and further explore the relationship between the performance management system and employee performance. The study therefore aims to fill this gap of literature by studying the effects of performance management system on employee performance in context of multinational companies with specific reference to ZTE Ethiopian Branch Office

Furthermore, according to researcher preliminary assessment, there are some challenges on parts of management of ZTE Ethiopia branch office in terms of effectively implementing performance management system. The major challenges are employees are not provided with performance feedback on time and less communication between the employees and administration and the degree of openness and trust between managers and subordinates. If employees are not happy or do not agree with the performance management system, they are likely to be unwilling to take an active part in the process because they do not see any value of it. This in turn in long run may adversely affect the performance and productivity of employees.

In line with aforementioned problems, understanding how performance management system influence employee job performance could help company setting up a better management system, and finally improve employee performance and organizational performance. Thus, this research tried to empirically examine the effect of performance management system on employee job performance in the case of the staff of ZTE Addis Ababa branch office.

1.3. Research Questions

On the basis of the problem, the study will be framed to answer the following research questions:

1) What is the effect of performance planning on employee job performance in the case of ZTE Ethiopian Branch Office?
2) What is the effect of performance measure on employee job performance in the case of ZTE Ethiopian Branch Office?
3) What is the effect of performance feedback on employee job performance in the case of ZTE Ethiopian Branch Office?
4) What is the effect of performance reward on employee job performance in the case of ZTE Ethiopian Branch Office?

1.4. Objectives of study

1.4.1 General objective

The general objective of this study was to investigate the effect of performance management system on employee job performance in the case of ZTE Ethiopian Branch Office.

1.4.2 Specific objectives

The specific objectives of this study are-

1) To assess the effect of performance planning on employee job performance.
2) To find out the effect of performance measure on employee job performance.
3) To examine the effect of performance feedback on employee job performance.
4) To determine the effect of reward systems on employee job performance.

1.5. Significance of the Study

The principal findings and recommendations of this study have an importance to ZTE and its management. First of all, the finding of the study helps the company manager to have better

knowledge and understanding regarding the gaps in current company performance management system. Secondly, the outcomes of this study present the management of ZTE with ample set of information for a better understanding on which type of performance management has highest effect on employee performance. Therefore, this study helps company management enrich its organizational performance practice and focus on the most important type of performance that an employee management system can bring. This leads to improvements in the workplace that help employees become more productive at work. Furthermore, the results of this study serve as a basis for other researchers and arouse their interest to conduct more research on the impact of employee management system performance on employee management.

1.6. Scope of the Study

The scope of study was limited on in terms of subject (concept) and area (geography). methodology and time. Conceptually, from different factors or variables affecting employee performance, performance management system was chosen as the main focus of the study. The component of performance management system investigated in this study are; performance planning, performance measurement performance feedback and performance reward. Geographically the study was limited only on the ZTE Ethiopia branch which is located in Addis Ababa. Methodologically, the study used explanatory or causal research design and depends only on quantitative approach. Regarding the time scope, the study was conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation where the required study data was collected from current employees of the company.

1.7. Limitation of the Study

Even though the study was design to enable the researcher collect accurate and reliable data that can be used to make some inferences, it is however not free from limitations. First, the study was only encompassed the view and opinion of employees in head office in Addis Ababa. Thus, those employees outside the head office in Addis Ababa and other branches were omitted in this study as finances and distances are the limiting factors that inhibit collecting the data from all the employees across the country. Thus, the finding of the study may not be inferred to the whole employees of the company around the country. More so, the study is also conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation over the same sample. Accordingly, the method cannot examine changes over time

which needs more strong empirical investigation. More so, methodologically the study only employed quantitate approach; thus, some unquantifiable data are missed.

Source: Own survey,(2023)

1.8. Definition of Key Terms.

The definition of terms helps the readers to understand the meaning of the term based on the study context. The study mainly includes the following key operational terms.

- **Employee performance**: refers to the degree of an achievement to which an employee fulfills the organizational mission at workplace (Cascio, 2006).
- **Performance management: -** is a process by which organizations set goals, determine standards, assign work and evaluate it, and distribute rewards (Varma et al., 2008).
- **Performance Management system**: - is the system through which organization set work goals, determine performance standards, assign and evaluate employee's work, provide feedback to employees, determine training and development needs and distribute rewards to employees (Briscoe and Claus, 2008).
- **Performance Planning** is the first stage in the performance management process that ensures that an organization's goals are met by its employees and it involves setting specific, measurable, achievable, & time-bound goals for employees(Varma et al., 2008).
- **Performance measure** is the second element of the performance management system cycle that involves the collection and analyzing of performance data to assess and evaluate progress toward goals and objectives (Briscoe and Claus, 2008).
- **Performance Feedback** is tool that is used to effectively communicate achievements and areas for improvement (Varma et al., 2008).
- **Performance reward** consists of procedures, rules, and standards associated with allocation of benefits and compensation to employees (Onyije, 2015).

1.9. Organization of the study

The final report of the study will be organized into five chapters. The first chapter includes introduction part which contains background of the study, definition of terms and concepts, statements of the problem, research questions, objective of the study, and significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two presents literature reviewed associated with this study, it discusses the theoretical framework and conceptual framework. Chapter three explains research design and methodology of the study. Chapter four- presents data analysis, discussion and interpretation of results. Finally, major findings, conclusions and recommendations of the study are presented in the fifth chapter.

Chapter Two

Literature Review

2.1. Review of Theoretical Literature

2.1.1. Definition of Performance Management

Performance management is the process of managing and ensuring that organizational processes are directed towards maximization of employees' productivity.Brudan (2010) claims that, performance management is a ubiquitous term in today's business environment due to being embedded in the body of knowledge across multiple disciplines and being used at all levels of the organization. Performance management is the process by which an organization sets goals, establishes standards, assign work and evaluate it, and at the same time distribute rewards (Varma et al., 2008).

CIPD (2005) states that performance management is a key tool used by managers to communicate what they required from the employee and give feedback on how well they are achieving the job goals. Briscoe and Claus (2008) state that performance management is the system through which organization set work goals, determine performance standards, assign and evaluate employees work, provide feedback to employees, identify areas in need of training and development needs and distribute rewards to employees. It is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goals of the organization (Aguinis, 2009).

Armstrong (1994) describesperformance management is a strategic and integrated process that delivers sustained success to the organization by improving the performance of people who work in them and developing the capabilities of individual contributors and teams. Laurie (2007) supported that performance management is essentially an integrated activity that permeates every aspect of organizational operations. Rogers (1990) saw performance management as a system for managing organizational performance.

Performance management is a combination of three main processes which are planning, improving and reviewing (Bredrup, 1995). It is seen as the way to manage employee performance and has incorporated the appraisal or review process (Torrington et al, 2008). According to Bruce (2014), performance management shifts the focus away from just an annual event to a continuous practice.

A study by Newstrom, (2011) highlighted that performance management systems need to be reviewed on a regular basis to ensure that they are in line with global trends toward increasing businesses responsiveness to the needs of the clients. Performance management systems typically include performance appraisal and employee development (Pulakos, 2004), include multiple levels of analysis and is clearly linked to strategic human resource management as well as performance appraisal (Hartog et al., 2004). Chubb et al. (2011) established that among the most common measures applied to improve the effectiveness of performance management systems are simplification and the use of competencies. According to Tobin and Pettingell (2008), performance evaluation should not be imposed by human resources as a function because it is everyone's responsibility in an organization.

2.1.2. Benefits of Performance Management System

Performance management system is much more than appraising individuals. In particular, human capital management, talent management, learning and development, and reward management are integrated with other key HR activities, and it helps achieve cultural transformation. Thus, performance management system helps to achieve horizontal integration and the "bundling" of HR practices so that they are interrelated and therefore complement and reinforce each other. As an important part of a high-performance work system, it provides to the development of more effective work systems that largely determine levels of performance (Armstrong, 2009).

Performance management systems have been found to contribute to the overall effectiveness of organizations in that they lead to beneficial outcomes at the employee and organizational level (Hartog, Boselie, &Paauew, 2004). That is, a performance management system motivates performance, promotes employee development, supports an organization's managerial personnel decisions (e.g., promotion, terminations), and support the overall business strategy (Lawler, 2003).

Goal setting, identifyingtraining needs, creating personal development plans, and career planning are performance management activities that serve as mechanisms to help employees achieve their performance and career goals. A performance management systemmay include the activitiesthat set performance goals for employees for the position they currently hold (Roberts, 2003). Additionally, performance management systems can be tools that help employees identify areas that require training to meet performance goals (Armstrong & Baron, 2000).

Performance management systems can facilitate the construction of individual development plans that influence an employee's personal and professional growth by enhancing skills, behaviors and abilities needed both in current and future job positions. Additionally, performance management systems can also incorporate employee career planning, helping employees to help them identify and work toward a career path (Fey, Bjorkman, & Pavlovskaya, 2000).

Overall, with all human resource practices, performance management system ensures the proper flow of blood in every part of organization, which is human capital, and is globally recognized as an important human resource management process (Armstrong, 2009). In any organization, performance management system has great importance for attaining competitive edge as it is considered the back bone of Human Resource Management (Farheen & Faiza, 2014).

2.1.3. Objective of Performance Management

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

The real goal of a performance management system is threefold to correct poor performance, to maintain 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, analyzed it, understand it, and agree on its character and

quality. According to 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.

2.1.4. Components of Performance Management System

According to Matthis & Jackson (2008), a performance management system consists of five elements, namely: setting performance objectives, measuring outcomes, feedback of results, rewards linked to outcomes and amendments to objectives and activities. As shown in the figure, the performance management cycle has different steps and passing through that in a proper and planned way will definitely contribute towards achieving the strategic goals of organizations.

Figure 2.1 Components of the performance management System
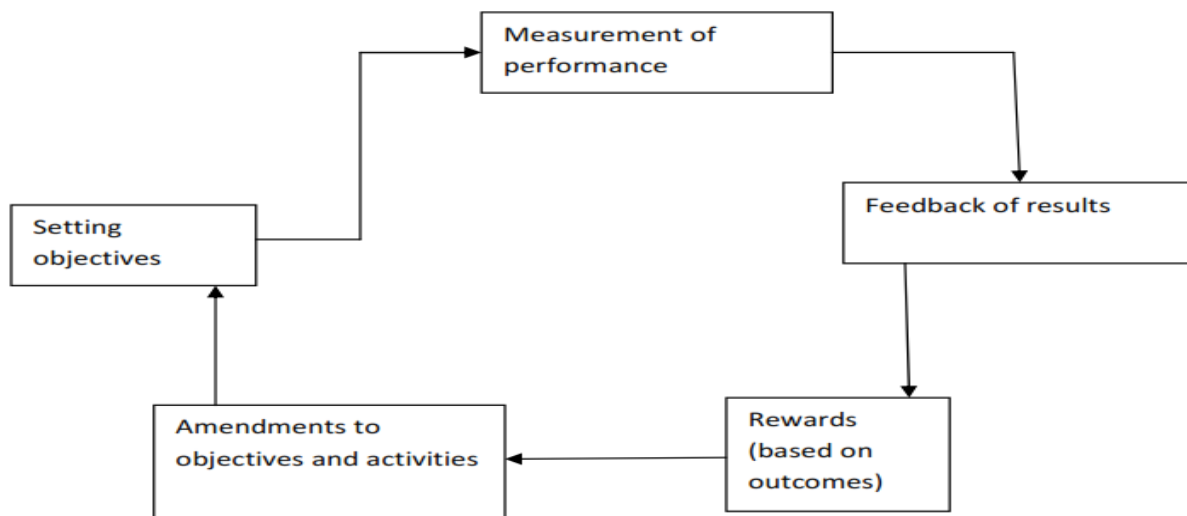
Source: (Matthis & Jackson, 2008)

2.1.4.1. Performance Planning

Planning is the first step in the process cycle of a performance management system and provides the basis for an effective process. Planning is a continuous process in performance management and must be carried out with great care (Schneier et al., 1987). The performance planning part of the performance management sequence involves the agreement between the manager and the individual of how the latter is expected to perform in terms of results and actions. These goals may have been cascaded down from the strategic objectives of the organization to achieve

alignment, but this may be difficult to achieve in practice. In addition, success criteria for each area of performance and methods of measuring performance against these objectives will be agreed (Armstrong, 2009).

Planning helps to encourage commitment and understanding by linking the employees' work to organizational goals and objectives (Schneier et al., 1987). It usually includes identifying key value drivers from stakeholders such as shareholders, customers, and the organization's employees. Similarly, according to Armstrong and Baron (2004), objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as goals to be achieved, for instance, sales, and tasks to be completed before the deadline. Armstrong and Baron (2004) further assert that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas--all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area.

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

2.1.4.2. Performance Measure

Performance measurement is the second element of the performance management system cycle. This step distinguishes performance management as a process from performance appraisal as an activity (Schneier et al., 1987). According to Schneier et al. ,(1987) each employee is responsible for managing his or her own job performance. This involves: (1) maintaining a positive approach to work, (2) updating and revising initial objectives, performance standards and job competency areas as conditions change, (3) requesting feedback from a supervisor, (4) providing feedback to supervisor, (5) suggesting career development experiences, and (6) employees and supervisors working together, managing the performance management process. According to the view of Fletcher, in the performance measure, enhancing communication within an organization is important for employees to be aware of objectives and contribute to the future development.

A critical component of a performance management system is how performance is assessed. Performance is typically evaluated by use of a performance measure, which has been defined as "a variable or metric used to measure the efficiency or effectiveness of an action" (Olsen et al., 2007). The relevance of the performance measures to the employees' actual job performance is one characteristic of the performance management system. Moreover, performance can be assessed by the extent to which employees demonstrate task performance, display contextual performance, achieve goals or objectives, and attain competencies.

Performance measures can evaluate task or contextual performance. Task performance refers to how well an employee performs fundamental technical activities deemed important to his or her job (Borman &Motowidlo, 1997). For example, rescue operations would be a type of task performance for a firefighter; closing a sale could be task performance for a sales position (Borman &Motowidlo). Contextual performance, on the other hand, assesses employees' engagement in extra-role behaviors that are not directly job-related but improve the work climate by increasing organizational effectiveness. Contextual behaviors can include helping a colleague complete a task, maintaining enthusiasm when completing tasks, and volunteering to perform extra duties that are not a part of one's normal job tasks. Contextual behaviors improve social communications and reduce tension in the workplace, which facilitates organizational effectiveness (Arvey & Murphy, 1998).

Employee performance can also be evaluated on the attainment of competencies or achievement of goals. Draganidis and Mentzas (2006) define a competency as "a combination of tacit and explicit knowledge, behaviors, and skills that provides someone the potential for effectiveness in task performance" (p. 53). Examples of competencies include team leadership, initiative, self-confidence, and flexibility. In a performance management system, an organization may choose to evaluate employees based on competencies that the organization deems as important for organizational effectiveness. Finally, performance can be assessed on the extent to which employees achieve their performance goals or objectives; these goals or objectives are typically specific to each employees' role.

In the performance measure, it includes the performance reviews which can be regarded as learning events. Individuals could be encouraged to think about how and in which ways they

want to develop. Research by Ashford and Cummings (1983) shows that feedback has a strong positive effect on both individual and group performance, particularly through role clarification and increased self-efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983).

2.1.4.3. Performance Feedback

Feedback is the primary tool used to provide employees with information and guidance (Maina, 2015). Feedback may be qualitative or quantitative. Qualitative comments are descriptive and in contrast, quantitative feedback is based on numerical figures. Performance improved substantially in a number of settings when workers were given specific goals to achieve and received performance feedback (Mahapatro, 2010).

According to Rausch (2013), feedback consists of two-way communication. The first is employee feedback that provides managers with clues regarding how they are hindering or aiding their subordinates' work performance. The second is supervisory feedback that should inform, enlighten, and suggest improvements to employees regarding their performance. Supervisors should describe the concrete results they have observed as close to the event as possible to keep ideas fresh and make necessary adjustments in a timely manner. Successful supervisors develop a routine that includes frequent, in-depth discussions about performance with employees (Rausch, 2013).

In recent years, there has been a growing interest in multi-rater or 360-degree feedback, in response to an increasing need for greater employee engagement and empowerment. In essence, 360-degree feedback allows all the stakeholders in a person's performance to comment and give feedback (Ward, 1995). Stakeholders may include peers, subordinates, internal external customers and managers (Kriemadis, et al., 2018).

Research by Ashford and Cummings (1983) demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). Similarly, according to Armstrong and Baron (2004), the actual performance could also be compared to the desired performance,

therefore the outcome is evaluated and a development plan is set based on the weakness. This comparative approach also provides a feedback mechanism to employees (Maina, 2015).

2.1.4.4. Rewarding Performance

Performance reward consists of procedures, rules, and standards associated with allocation of benefits and compensation to employees (Onyije, 2015). The reward system is a group of neural structures responsible for incentive salience (i.e., motivation and "wanting", desire, or craving for a reward), associative learning (primarily positive reinforcement and classical conditioning), and positively-valanced emotions, particularly ones which involve pleasure as a core component (Qureshi & Hassan, 2013).

According to Schneier, Beatty and Baird (1987), the rewarding performance phase includes three activities: personnel development, linking to pay and identifying the result. In Smither & London (2009) view, the function of personnel development is that the growth of people can be accelerated over and above that which would take place naturally and normally, and then maximum the employees' contribution to personal and group goals. On the other hand, for organization, personnel development is able to achieve competitive advantages because of a better qualified and a more highly motivated team, and is able to utilize advanced technology because of the effectively trained employees. Furthermore, training activities should ideally be based on performance gaps that are identified during the performance review phase (Teke, 2002). By linking training to identified performance gaps, training will be focused, specific and relevant. Teke (2002) also points out that relevant training and development interventions and regular performance feedback are important factors in skills retention. Therefore, the training, development strategy and the performance management system process should be aligned tightly with the overall retention strategy of the organization (Qureshi & Hassan, 2013).

Evaluation and checking feedback are both essential activities in this period. In most organizations, they will not have only one corporate scorecard for the company as a whole, but will also have separate scorecards for each division/employee that feeds into the overall scorecard (Huang & Hu, 2007).

In this phase, pay-for-performance could be used together as a tool to assess the performance. Moreover, in the organization, employees are most likely to perceive that pay differences are

made fairly when they are provided with information regarding the appraisal process and employees are allowed to discuss the appraisal results. According to the view of Locke (2004), the pay-for-performance principle involves providing monetary rewards through carefully designed compensation system that base pay on measured performance within the control participants (Rausch, et asl., 2013).

In most situations, properly designed pay-for-performance systems will lead to better performance results (Hunt, 2005). Pay-for-performance systems make major contributions to performance through two main mechanisms. First, they positively influence the motivation to perform. Second, they impact the attraction and retention patterns of organizations, thereby affecting the ability of individuals available to perform. Pay-for-performance systems can deliver monetary rewards at the individual, small group, and/or divisional or organizational level. All of this impact of different levels can positively impact performance (Krausert, 2009).

2.1.5. Theories of Performance Management

Performance management has been identified as a system that creates context for continuous monitoring and measuring activities of individual employees in a firm. Similarly, it also measures the performance of the entire organization so that organizational goals are met in an effective manner (Lebas 1995). Goal setting theory and expectancy theory is an essential theory that underlines the concept of performance management (Steers et al. 2004).

2.1.5.1. Goal Setting Theory of Performance Management System

Goal setting refers to goals being set for the future for subsequent performance of an individual or organizations. The pioneer of goal setting theory Edwin Locke states that when individuals or organizations set more difficult goals, then they perform better. On the other hand, if the set goals are easy then the performance of an individual or organization decreases (Locke & Latham 2006). This theory by Locke was developed inductively after studying the psychology of organizations and industries over the years. It is based on 400 laboratory and diverse field studies. When a person or organization is committed to achieving goals and do not suffer from any conflicting goals. Then, the achievement of the goal is positive.

In addition, goal setting will help in developing an action plan designed to guide people and organizations. Consequently, this helps in making it a major component of personal development and management literature. Furthermore, many researchers point out that there is a positive correlation between goal setting and improved business and organizational results. This is because goal setting theory encompasses all aspects of building organizations with efficiency (Locke & Latham 2006; Koppes 2014).

According to Locke, there are five basic principles that allow goal setting to perform better. These include clarity, challenge, commitment, feedback, and task complexity (Locke &Latham 2006). Clarity refers to a clear and measurable goal that can be achieved within a specific timeline and within goal setting. Challenge refers to the goals being able to achieve a decent level of difficulty, motivating the individual and organization to strive for positive goal achievements. Commitment makes individuals or organizations put on deliberate efforts in meeting goals. Furthermore, it also helps goals to become more achievable. Feedback provides information on the progress towards achieving goals. Individuals and organizations can adjust goal setting according to the feedbacks. Task complexity makes the achieving of goals easier by laying down process and steps. Goal setting can be achieved by applying all the principle stringently and ensuring that all goals account for the principles (Locke & Latham, 2013).

Goal setting theory can be used at both individual and organizational level. Goal setting is often used by individuals for their personal goals and in groups at workplaces and social gatherings. Goal setting can be applied in all place where effective results are desired through effective goal setting (Locke & Latham 2013). Hence, in order to apply goal setting in a day-to-day work, a 'commitment analyses should be undertaken to draw up objectives and goals. It allows continuous improvement in objectives and performance standards (Moynihan 2008). Commitment analysis helps in determining the continuous pursuance of objectives and goals set to improve productivity (Krausert 2009).

Taking various analysts (Donovan & Williams 2003; Wosnitza et al. 2009) on goal setting into perspective, the steps towards achieving goals include:

- Choice helps to narrow down the goals and directs goal efforts to more relevant activities. Various factors such as self-efficacy, past performance and social influences affect the choice of goals. Therefore, it is important to consider goal choice. For example, while taking track and field athletes and their goal choice into perspective Donovan & Williams (2003) assert that athletes usually set two goals choice for present and past seasons. Thereby articulating self-efficacy, past performance and social influence into studies. This gives the opportunity to do away with negative components and performance discrepancies.

- **Efforts** make goals to be achieved with more intensity and positive working. Efforts make goals to be achieved with more intensity and positive working. Efforts allow goal commitment to be expected to impact performance directly and indirectly. Also, efforts are detrimental in affecting personal goals and self-efficacy for individuals combined (Wosnitza et al. 2009).

- **Persistence** allows becoming more intense in pursuing goals and improving performance. Persistence includes efforts expended over the process of achieving goals. Individuals who are persistent often see obstacles in their goals as a challenge.

- **Cognition** helps to develop and change behavior to achieve goals. An innate desire to achieve goals is essential for a successful goal-setting strategy. According to Spaulding and Simon (1994), high-achieving goals are thought to be intrinsically and cognitively inclined. The basic importance of cognition in setting goals was recognized by Lock and Latham. Additionally, it aids in more gradually achieving situational goals and task-specific goals. Every situation that involves a cognitive task provides a set of requirements for those who desire to successfully accomplish the task, according to research on the unique goal-setting elements of cognition (Locke & Latham 2013: 249).

In applications, goal setting has frequently been cited as time-consuming and expensive (Julnes et al. 2007). This is due to the fact that a number of things must be taken into account for businesses to succeed. This includes: (i) choosing the best candidates with the necessary knowledge and abilities; (ii) making training necessary for career advancement and organizational productivity; and (iii) investing time and money. Additionally, it introduces the possibility of internal competition, as workers frequently compete with one another. In this case, the business's interests and goals are to be disregarded in favour of individual

success. The goal-setting hypothesis is also limited by leaders favoring those who do better (Mobley 1999; Julnes et al. 2007). Setting goals is useful, and more crucially, many organizations favor it over other management techniques.

2.1.5.2. Expectancy Theory of Performance Management System

Expectancy theory of performance management was proposed by Victor Vroom in 1965. According to him, individuals behave in a specific manner because they get motivated by the desirable outcome of such behavior. Performance of an individual should always be aligned with organizational expectations regarding achievement of identified goals in future (Salaman et al. 2005). The motivation that influences individuals to behave in a particular manner over other forms of behavior is their expectancy. This expectancy is regarding the effect of the selected behavior (Oliver 1974; Salaman et al. 2005).

Expectancy is determined by individual belief that performance of a specific type of behavior will certainly help the individual in attaining desired performance goals. Thus, this property helps individuals in determining if they have the required skill sets for accomplishing a work accurately. However, when performance goals are beyond the achievement, the corresponding motivation also declines (Lunenburg, 2011).

Instrumentality is connected with the process of rewarding for desired performance outcome. Thus, individuals are motivated to perform works that would provide greater rewards after successful accomplishment. However, when the instrumentality or reward for a number of organizational performances is same, motivation to perform different kinds of work declines (Lunenburg, 2011).

Valence is the significance of the reward individuals get for exhibiting desired performances. Thus, individuals evaluate the rewards given to them for performance based on various aspects. This includes differential needs, values, goals and sources of motivation. On the basis of valence, the motivations to accomplish different tasks also vary (Burgoon 1993; Kroth 2007). Thus, while deciding to perform in a particular way, individuals give importance to the variable that has the greatest motivational force.

Expectancy theory is applied practically in almost all types of organizations. This is primarily used in all aspects of employment relationship with the main focus on monitoring employee

performance (Eisenberger et al. 1990). Implementation of expectancy theory is seen in organizational processes such as recruitment and selection of employees for a particular job. Similarly, it is also used in order to analyses the outcome of organization training and assessment of employee performance as per organizational goals (Hillman & Dalziel 2003).

In case of assessment of organizational performance, this theory works towards interpreting the specific behavior that the employees exhibit based on their individual expectancy calculations. Here it needs mentioning that expectancy theory also postulates that different people want different things from their organization. This ranges from good salary to job security to scopes for professional enrichment. Consequently, this theory helps to map behavioral outcome in respect of organizational training. In other words, this theory helps in identifying specific determiners behind a particular behavioral outcome of individual trainees (Lunenburg, 2011).

Expectancy theory is often criticized for being too idealistic. The attributes for performance measurement in expectancy theory is motivation, employee effort, value of rewards, etc. However, these variables are quite difficult to measure. Hence, managers often need to incorporate additional performance measurement theories along with expectancy theory in order to measure and monitor individual performances (Parijat & Bagga 2014).

Moreover, as the model makes a hypothetical assumption that people are too rational and logical in calculating these variables. However, in reality the theory fails to provide specific solution to specific motivational problems. Secondly, involvement of a number of variables makes the theory complicated in nature. This not only makes it difficult to test the variables of employee motivation but also pose difficulty in implementing them in many situations (Parijat & Bagga 2014). Similarly, the implication of the multiplier effects of more than one motivator on employee performance cannot be accurately calculated Shermerhorn et al. (2002).

According to Robbins and Judge (2013), expectancy theory is more suitable than other theories like goal-setting theory in organizations which have proper infrastructure. In this case the infrastructure refers to the proper mechanism to measure the employee efforts, performance and rewards. However, this theory might not prove as effective in other organizations where such an infrastructure is absent.

This study is based upon theExpectancy theory and goal-setting theories. Expectancy theory suggests that individuals are motivated to perform if they know that their extra performance is recognized and rewarded. It promotes the idea that more effort should lead to increased performance, that means the desired results are met. This theory applied in this study as the case company implement the performance management system based on basic assumption of expectancy theory. The company implement performance management system to increase team motivation and effectiveness by linking and maintaining high effort, high performance, and proper reward, using Expectancy Theory.Expectancy theory recommends that individuals are motivated to perform if they know that their extra performance is recognized and rewarded (Vroom, 1964).To put it in the most basic terms, the company implement performance management system in belief that employees will perform better when they are working towards a desired reward.

Overall, a system of performance management will not succeed in bringing about high performance against objectives unless employees consciously act in ways seen as being most likely to achieve the objectives. Expectancy theory and goal-setting theory both emphasize the importance of ensuring that employees make this decision, but each takes a different approach in explaining why this decision was made. Expectancy theory specifies the need to tie performance outcomes to rewards which are valued by employees of the goals per se (Mabey, et. al. ,1999)

The present study also based upon the goal setting theory. This is mainly because in implementing performance management system, the case company employ the goal setting theory by contending that top performing employees are goal-directed. The case company implementing performance management system based on assumption that when employees know and understand what is expected from them [the goals], when those expectations are to be met [the timeframe], and how those expectations should be met [methodology], they will be motivated to achieve those goals within the set timeframes. Evidently, the proliferation of reciprocal determinism implies that unlocking of potential is a prerequisite for employees' performance.

Goal setting theory argues that goal-setting guarantees the development of quality assurance indicators for job performance (Dawson 1993). Many people who study trends in performance in

industries tend to agree that goal-setting and explication generates confidence in the workforce. Establishing a mutual understanding of the goals is necessary for forging a shared understanding of what the organization wants to accomplish. It suffices to state that goals assist in focusing the energy of workers towards attainment of organizational visions (Coetsee, 2003). Conclusively, goal-setting ensures focus on common values, raising of expectations about what ought to be achieved and what can be achieved, growing commitment to enhance quality, greater confidence of stakeholders in the work of an organization, and capturing the vision of the organization within manageable short-term goals (Hargreaves & Hopkins, 1991).

2.1.6. The Concept of Employee Job Performance

The word performance is the multi-dimensional concept that can be used to describe different aspects such as societal performance, organizational performance, employee performance, and individual performance etc. Here the concept performance is used to represent employee job performance.

The views expressed in specialist literature regarding the precise definition of the term employee performance are varied and, in part, differ from each other. For instance, for Awadh & Sadd (2013) employee performance is the degree of an achievement to which an employee fulfills the organizational mission at workplace. Kotter and Heskett (1992) identify employee job performance as the accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed. For Cascio (2006), employee job performance refers to the degree of achievement of the mission at work place that builds up an employee job

More so, Coulter (2006) explains employee job performance as the aggregate or total output of an employees' actions and activities in an organization. She further goes to declare that the level of employee job performance could be characterized as low performance levels and moderate performance levels. She agrees that the performance of employees in an organization is normally measured using attributes such as efficiency, effectiveness, quality, creativity, innovation, satisfaction, commitments, flexibility, cohesiveness, communication patterns, customer relations, and employee efforts towards the organizational goals

From Gardner's & Deadrick (1997) positions, employee job performance can be described as the documentation of results attained for every job function within a given time period. If seen this

way, employee performance can be depicted as a dispensation of end results attained and could be measured with the use of different parameters that portray an individual performance pattern over the clock (Luthans and Stajkovic, 1999).Further, Babin and Darden (1994) voiced employee job performance as a rating structure utilized in most organizations to determine the productivity and abilities of members of an organization. He further points out that great employee performance has been associated with increased purchaser impression of service standard, while inferior performance of employees has been associated with higher brand switching and client complaints.

2.2. Review of Empirical Literature

There are plenty of empirical studies in developed and emerging market countries concerning the impact of performance management system on the employees' job performance.

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

A study carried out by Odhiambo, (2015), examined the effect of performance management practices on employee productivity with a focus on Schindler Limited company in Nairobi, Kisumu and Mombasa branches in Kenya. The study concluded that effective performance management practices give employees opportunity to express their ideas and expectations for meeting the strategic goals of the company. Performance management practices could be an effective source of management information and renewal. The use of reward systemsis an essential element for companies to achieve their goals. Effective feedback on performance measurement may translate to improved employee productivity. Feedback enables the employees to be made aware of what exactly is expected from them.

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

when they are rated adequately. The findings also revealed that performance criteria also affect the relationship between performance appraisal and employee productivity.

Maina, (2015) analyzed the effect of Performance Management system on employee performance in FAO. The major findings of this study are: that employee feel there is a great need for a performance management system in FAO. The system should have inputs from the staff members through staff involvement, it should have fair monitoring structures and reward staff who are high performers. It should also have stronger emphasis on proper communication and reporting. Employees also felt that there was limited transparency and minimal communication. The revised performance management aims to fill the missing gaps. It should also reward high performers and correct the low performers. The study recommends that 360-degree feedback was deemed to be the best performance management system for FAO. It involves employees receiving feedback from people whose views are considered helpful and relevant.

Gupta and Parmar (2018) explored the effect of performance appraisal on employee productivity in an automation company situated in Greater Noida, India. The study used descriptive design on a target population 170 employees. The study found that goals and objectives setting, performance rewards given to employees and performance appraisal feedback all three influenced employee productivity. The study equally found out that set goals motivate employees to achieve target, rewards given to employees for their positive result and feedback help to identify the strength and weaknesses of employee.

Muhammad and Muhammad (2021), conducted a study to investigate the impact of performance management system on employee performance in Air Blue Airline. A total of 160 employees working in the said organizations were used as a sample of the study, of which 130 responded. Regression and correlation were applied to check the effects of the independent variable on the dependent variable and to check the relationship of variables. Based on the research findings, it was found that there was a significant effect of a performance management system on employee's performance. It was also concluded that there was a positive and significant relationship between performance management and employee performance.

More recently, Yan and Taien (2022), conducted study to analyze how the performance management system of China's cross-border e-commerce enterprises affects employee productivity. The study adopted a quantitative approach. The dependent variables included performance appraisals, reward systems, and performance feedback, and the implications on employee productivity as the independent variable. The target population is comprised of 400 employees in China's cross-border e-commerce enterprises. The study recommends that the performance management practices should be optimized to improve employee performance. Performance reviews should be focused on the contributions of the individual employees to meet the organizational objectives. For every possible opportunity, the manager should formally recognize good employee efforts for enhanced work performance. Effective performance management practices that edify appraisal and reward should be used to achieve organization goals and enhance employee productivity.

In Ethiopian context, Abdurehim (2017) conducted study to assess the role of performance management practices on employee productivity in an East African Bottling Share Company. The main finding of this study is that the independent variables, which are performance appraisal, performance-based reward system and performance feedback from the process of performance management practice have practices have a positive and highly correlated relationship with employee productivity. From study, it is concluded that the performance management practice of the company has positive effect on employee productivity but in relation to performance-based rewards the company doesn't give adequate incentive for high performing employees and bonus is not granted based on individual employee performance contribution. Hence, it is recommended that, the company should provide incentive which is adequate to reward higher performance and increased productivity, and should link bonus with individual employee performance.

Trsit (2018), conducted study to assess the effect of performance appraisal on employee performance in the case of Goal Ethiopia, in relation to factors like interpersonal relationship, objective setting, rater accuracy and recognition. The results showed that all the factors, rater accuracy being the stronger and major influencer one, are significant in ensuring the effectiveness of employee performance. Thus, the researcher recommended that the organization

should take these factors into strong consideration in order to ensure the effectiveness of employee performance and achieve the objective of the appraisal.

Abdurezak& Tigist (2019) also conducted study to assess the practices and challenges of employee performance management system (EPMS) at Commercial bank of Ethiopia. The study employed descriptive research method of study with stratified random sampling technique to select respondents and collected empirical evidences using questionnaire and interview. The research has confirmed that CBE has good qualities in practicing clearly by defining the mission, vision and values and developing strategy map. However, the study identified that the EPMS of the CBE has limited awareness and trainings concerning the purpose, requirements and implications of PM among employees; lack of trust and continuity of the system; lack of regular feedback and coaching to improve performance, subjective supervisor assessment. Based on the gap, the study has recommended to the management to improve employees' participation in the process, to avail adequate and timely trainings concerning all aspects of the EPMS, revise performance standards and measures to minimize subjectivity and inappropriateness; enhance the involvement and ownership of employees via promoting transparency and equip them with the required knowledge, skill and resources, provide regular feedback and coaching.

In international company context, Merga (2019) conducted study to assess DHL Ethiopia performance management practice alignment with the objectives of the company and individual's goal. A survey on important elements of performance management was administered to 100employees of an organization. The outcomes of the study showed that problems exist in the organization which obstructs achievement of its strategic goals. A performance management system would assist the organization in many of these areas to manage the identified problems. Based on the findings, the study recommended that the management of the organization need to design and implement a performance management system to facilitate the achievement of the organization's strategic goals.

Boru (2022), also conducted study to investigate the effect of performance appraisal on employee performance in case of Bule Hora University. Result from correlation analysis using indicates that all four variables like self-evaluation; 360-degree feedback, task-based evaluation and MBO play a significant role and are significantly affecting employee performance. As per

the regression analysis competition is the most dominating factor that influences the performance appraisal in the study side the most. All four explored determinants played positive role in the performance appraisal in the research area. The role of each determinant is essential for effective assessment of the employee. Based on the result, the author recommends the university officials to focus on these four determinants according to their importance in study area.

2.3. Literature Gap

The review of literature revealed that there are a multitude of theoretical and empirical works related to relationship between performance management system and employee performance in African countries as well as across the globe (Qureshi & Hassan, 2013; Maina, 2015; Olepein, 2015; Odhiambo, 2015; Onyije, 2015; Almothaseb, et al., 2017; Aktaruzzaman& Abdur 2021).

In general, most of these empirical studies show that there is a relationship between performance management systems and employee job performance. On the contrary, when it comes to the case of Ethiopia, a limited number of studies have been conducted on performance management system specifically in the multinational companies in the country (Merga, 2019). And those research works that have been undertaken in multinational companies' context in Ethiopia (Merga, 2019), focus on examining the practices of performance management system without considering its potential effect on performance. In addition, those that take into consideration these implications focus on the effects of a single element of performance management system such as performance appraisal (e.g., Trsit, 2018; Boru 2022), without incorporating all its elements.

Therefore, from the above-mentioned studies, no research work was found that addresses the effect of performance management system (taking all of its elements into account) on employee job performance in multinational company context in Ethiopia. Therefore, the study will address these gaps by empirically examine the effect of performance management system on employee job performance in the case of the staff of ZTE Ethiopian branch office.

2.4. Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo & Tromp, 2009). It is a research

instrument that helps a researcher to develop awareness and understanding of the situation under inquiry and to communicate it. Figure 2.1 present the conceptual framework of the study which adopted from Ramos, et al., (2019 and Aktaruzzaman& Abdur (2021).

Figure 2.1 Conceptual Framework

Independent variables   **Dependent variable**

| Performance Planning |

| Performance Measurement |

| Performance Feedback |

| Performance Reward |

| **Employee Job Performance** |
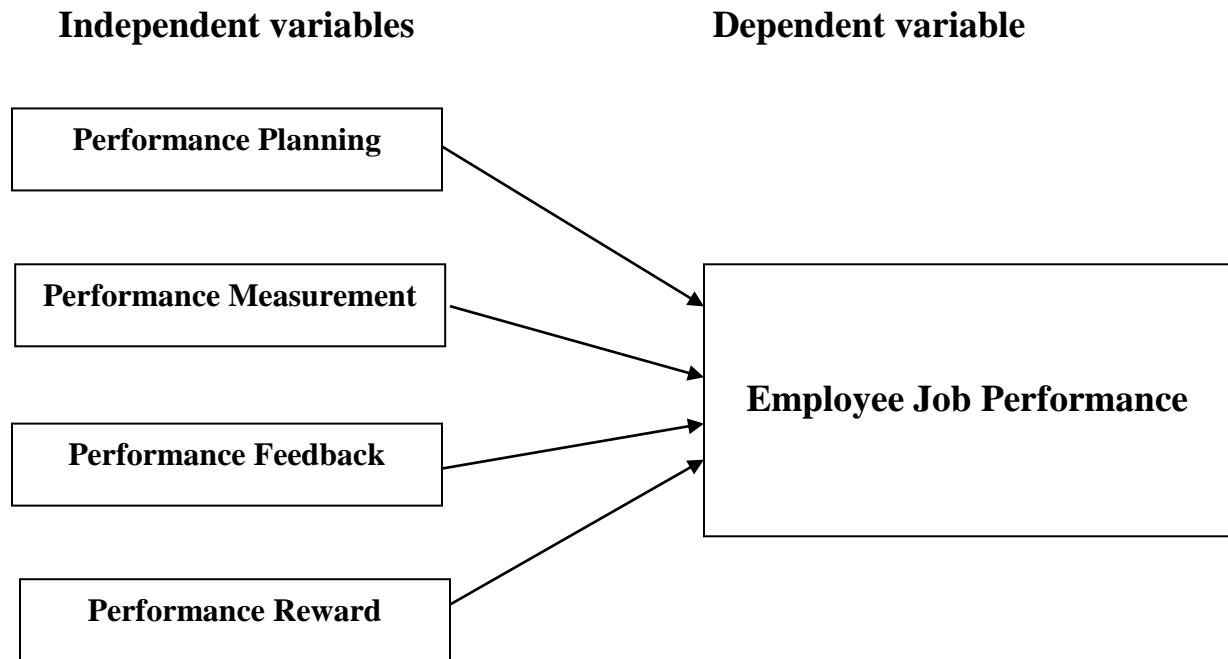
Source: (Ramos, et al., 2019; Aktaruzzaman& Abdur 2021)

In this framework, performance management system is independent variable and employee performance is dependent variable. The independent variable performance management system is operationalized through: performance planning, performance measurement, performance feedback and performance reward. For the purpose of this study, Ramos, et al., (2019) four dimensions of employee job performance measure is used which include: task performance, contextual performance, Counterproductive work behavior, and adaptive behavior.

Chapter Three

Research Methodology

Introduction

In this chapter, the researcher describes the procedures to ensure a methodical and well-informed investigation, focusing on sampling procedure, data collection and analysis methods. The chapter covers data collection instruments and procedures are discussed as well as the target population and sampling procedures.

3.1. Description of the Study Setting

The study is conducted in context of ZTE, which is one of the leading technology companies in the networking industry in the world. ZTE Corporation is a Chinese technology company that specializes in telecommunication. The company founded in 1985 to become a driver of the digital economy. The company has been committed to providing integrated end-to-end innovations to deliver excellence and value to consumers, and government and enterprise network customers from over 160 countries around the world to enable increased connectivity and productivity.

By providing innovative technology and product solutions to customers in 160 countries in different parts of the world. Of which one of them is in Ethiopia named ZTE (HK) Limited Ethiopian Branch which has been founded in 2003 in Addis Ababa. The company has currently 128 Local and Chinese employees who work under different capacities and sections.

3.2. Research Approach

Regarding the research approach, the study employed quantitative approach because the study requires an analysis of the performance management components which impact on employees' job performance in ZTE Ethiopian branch office. This is because relationships among variables statistically tested, which required a quantitative approach.

3.3. Research Design

The choice of research design depends on objectives that the researchers want to achieve (Newing, 2011). The primary aim of this study was to examine the effect of performance

management system on employee job performance in case of ZTE Ethiopian branch office. To achieve this objective, the researcher employed descriptive as well as explanatory type of research design through survey questionnaire. Lavrakas (2008) describes a descriptive survey research design as a systematic research method that collect data from a representative sample of individuals using instruments consisting of open-ended and/or closed-ended questions, observations, and interviews. It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample of individuals sampled from the targeted population.

More so, the study also used explanatory research design in order to empirically test the relationship between the independent and dependent variables. Explanatory research designs focus on analyzing asituation oraspecificproblem to explain thepatternsofrelationshipsbetweenvariables.It helps tounderstandthenatureoftherelationshipbetweentheindependentanddependentvariables. The purpose of using explanatory research is to know the cause and effect of performance management system on employee performance.

3.4. Target Population

The population of research is the entire unit from which the survey data is used to draw conclusions (Smyth, 2004). This is the population to which researchers want to generalize their findings. The target population of the study consisted of all employees and management staffs of ZTE Ethiopian branch office at Addis Ababa. The total number of employees in its Addis Ababa branch is 128 including the management staffs, accountants, engineers, human resource experts, sales and marketing experts and other clerical employees. Considering the small number of study population, this research employed census and questionnaires was distributed to all employees regardless of their position and educational status as well as the type of work they are enrolled in.

3.5. Data Collection Instrument

In this study, questionnaire was used as the main instrument to collect primary data. A questionnaire was standardized because of its convenience and ease of administration.In view of the advantages and the need to gather more information, questionnaire was administered to

company employees to solicit their views concerning the effect of performance management system on their job performance.

The classification of the questionnaire was divided into three sections:(1) Demographicdataoftherespondentemployees,(2)Questionnairesonperformance management system and (3)Questionnairesonemployee job performance.Thedemographicdatawas usedtoobtaininformationaboutmembersofstaffofthecompany. For the purpose of measuring the performance management system, (24) item survey questionnairesis developed from previous literature(Ramos, et al., 2019; Aktaruzzaman & Abdur 2021), which included four components, namely: performance planning (6 items), performance measurement (6 items), performance feedback (6 items) and performance reward (6 items).On the other hand, in order to measuretheperception of employees towards their performance, 6item questionnaires is designedforthisvariablewhichisadoptedfromRamos, et al., (2019). The questionnaire responses were expected to fallon the five-point Likert scale of (Strongly agree (5) Agree (4), Neutral (3), Disagree (2), StronglyDisagree(1).

Table3.1MeasuringInstrument

Variables	InstrumentSource	No.ofItems
EmployeePerformance	Ramos, et al. (2019)	6
Performance Planning,	Maina (2015)	6
Performance Measurement	Odhiambo (2015).	6
Performance Feedback	Qureshi and Hassan (2013)	6
Performance Reward	Almothaseb, et al. (2017)	6

Source:Fromliterature

3.6. Instrument Validity and Reliability.

3.6.1 Instrument Validity

Validity refers to the extent to which the scores from a measure represent the variable they are intended (Gakure, 2010). It is the extent to which the scores from a measure signify the variable they are intended to. In recognition of this fact, therefore, a validity test of the questionnaire was tested on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items so as to confirm adequate coverage of the scope of the study by the

measuring instrument (Oyerinde, 2011). In order to ascertain the relevance of each question to variables being measured and to ensure that the content of the instrument provide answers to the objectives of the study, content validity of the pilot questionnaire was tested. This was done by experts in the field and then necessary corrections were made on the instrument.

3.6.2 Instrument Reliability

In addition, reliability test was carried out in order to ensure the consistency of the instruments used in main administration. The study employed Cronbach's alpha to assess reliability of the questionnaire. Cronbach's coefficient (alpha) may range between 0 to 1, where 0 indicating an instrument full of errors and 1 indicating there are no errors at all. The closer Cronbach alpha coefficient is to 1, the higher the internal consistency reliability (Oyerinde, 2011). A reliability coefficient (alpha) of 0.70 is considered acceptable, reliable and recommended for new questionnaire.The reliability of the questionnaire was tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software. As indicated in Table 3.2, the result showed that all the variables were with in recommended range of Cronbach Alpha coefficient, i.e., greater than the cut-point value of 0.7.

Table 3.2: Reliability Test Result

Variables	Cronbach Alpha	No. of Items
Performance Planning	0.824	6
Performance Measurement	0.844	6
Performance Feedback	0.837	6
Performance Reward	0.814	6
Employee Performance	0.923	6

Source: (SPSS Output, 2023)

3.7. Data Processing and Analyzing

In this study, the primary data was gathered from distributed questionnaires. Once the questionnaires were collected, the next step was to edit, clean, encode and look for errors in the data. This is the question of data processing. Data processing is a series of actions or steps performed on data to verify, organize, transform, integrate, and extract data in an appropriate output form for subsequent use. Recognizing this, the data processing of collected questionnaires

was rigorously done. This helped in compressing and arranging the data into smaller sets for easier investigation and analysis. Next, the collected and processed primary data from the questionnaire was analyzed by descriptive statistics, and multiple linear regression analysis. Descriptive statistics such as mean scores, percentages, and standard deviations were computed to describe the characteristics of the variables of interest in the study. Besides, inferential statistics such as correlation analysis and multiple linear regression analysis were used to test the relationships and to determine the relative importance of each independent variable in explaining the variation performance of employees of ZTE Ethiopian branch office.

3.8. Model Specification

Model specification refers to the determination of which independent variables should be included in or excluded from a regression equation. Model specification is the first and most critical stage of regression analysis; followed by estimation of parameters and interpretation of those parameters. Our estimates of the parameters of a model and our interpretation of them depend on the correct specification of the model (Allen, 1997). The econometric model that was adopted for the study is Classical Linear Regression Model. It is a statistical tool for the investigation of relationships between variables. It is a statistical tool used to examine relationships between variables. This helps quantify the impact of various simultaneous influences on a single dependent variable. In order to address the objectives of research inquires. The following multiple linear regression model was used to examine the effect of performance management system on employee job performance in case of ZTE Ethiopian branch office."

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

Where Y represent employee job performance, while X_1, X_2, X_3, and X_4 represent the independent variables performance management components which are: performance planning, performance measurement, performance feedback and performance reward. β_0 is the constant, while β_1, β_2 β_3 and β_4 represent corresponding coefficients or parameters for the respective independent variables to be estimated and ε represent the error term that captures all relevant variables not included in the model.

3.9. Ethical Consideration

The researcher did her best to address ethical consideration of confidentiality, privacy, and informed consent. Consent will be obtained from the administrative of the bank after explaining the relevance of the study. All the study participants were informed about the purpose of the study and verbal consent of all study subjects obtained before data collection. Participants were also informed that they had full rights to discontinue or refuse to participate in the study. For confidentiality reasons, the name of interviewee was not written on the questionnaire.

Chapter Four

Data Presentation, Analysis and Interpretation

This chapter deals with organization, analysis and presentation of data collected from respondents using questionnaires. The data collected was analyzed and interpreted in line with the objective of the study which was to investigate the effect of performance management system on employee job performance in the case of ZTE Ethiopian Branch Office. It gives the empirical findings and results following the application of these variables using the techniques indicated in the third chapter.

4.1 Response Rate

The researcher distributed one hundred twenty (128) questionnaires. Out of these, one hundred fourteen questionnaires (114) were completed and returned. This represents a response rate of 89.1% and none response rate of 10.9%. According to Mugenda (2003), a response rate of 50% is considered good and response rate greater than 70% is considered to be very good. The 89.1% response rate is thus considered a very good representative of respondents to provide enough information for analysis and to derive conclusions.

Table 4.1: Response Rate

Response rate	Sample size	Percentage (%)
Returned questionnaires	114	89.1
Un-returned questionnaires	14	10.9
Total	**128**	**100**

Source: Own Survey, (2023)

4.2 General Information of Respondents

This section assesses general information of respondents. Respondents were asked about their gender, age, level of education attained, passion and tenure in present organization. This information is not necessarily important for addressing research objectives but they provided important information that helps the researcher to determine the ability of the respondent to contribute meaningfully to the investigation. The result is presented in Table 4.2.

Table 4.2 Respondents' Demographic Characteristics

Main factor	Factor level	Frequency	Percentage
Gender	Male	90	78.9
	Female	24	21.1
	Total	114	100
Age	18 – 25 years	10	8.8
	26 - 40 years	83	72.8
	41-55 years	21	18.4
	Total	114	100
Educational qualification	Degree	87	76.3
	Master and above	27	23.7
	Total	114	100.0
For how long have you been employed in this company?	Under 5 years	79	69.3
	6 - 10 years	23	20.2
	11 - 15 years	7	6.1
	Above 15 years	5	4.4
	Total	114	100.0
Position in the company?	Clerical	6	5.3
	Professional	104	91.2
	Managerial	4	3.5
	Total	114	100.0

Source: (Own Survey, 2023)

Table 4.2 above shows the gender distribution of the respondents who participated in the study. From table 4.2 show that 90 (78.9%) were males while 24(21.1%) were females.The findings showed that male respondents were higher than with female respondents, which is due to gender structure of the population.

Respondents represented employees from a range of ages. The age distribution was 83 respondents (72.8%) age between 26 - 40 years, 21 respondents (18.4%) were age between 41 - 55 years, and 10 respondents (8.8%) were age between 18-25 years. The different age groups were therefore well represented in the study.

Regarding the educational qualification, 87 (76.3%) respondents have First Degree, while 27 (23.7%) have Master or above. This therefore means that the respondents who participated in this study are well informed and aware to fill the questionnaire.

The figure above shows the work experience of the respondent' and their stay in the company. Larg proportion of the respondents (69.3%) had stayed for less than five years, 20.2% were stayed for 6 - 10 years, 6.1% of the respondents were stayed for 11 – 15 years, and the remaining 4.4% of the respondents were stayed more than 15 years in current company. Those with more than two years are in better position to explain the influence of performance management on employee performance of the company. Thus, the most of the respondents imply they can forward valuable information as required by the study.

4.3 Descriptive Analysis of Study Variables

Descriptive statistics were used to explain the basic features of the data that was collected from the field. They present simple summaries about the sample and the measures together with simple graphic illustrations. This section discusses the descriptive statistics of measures of the four independent variables (performance planning, performance measurement, performance feedback and performance reward) and dependent variable (employee performance) that were collected by the questionnaire

In line with the objectives articulated under chapter one here effort was made to analyze respondents view on the provided a five scale Likert types of questions. In this regard the descriptive parts of this study were analyzed based on using a descriptive statistic of mean and standard deviation. Accordingly, the composite mean value shows the averageof all respondents' perceptions on each question. While, standard deviation shows how diverse are the perceptions of respondents for a given questions. The researcher was used (Shrestha, 2015) guide to interpret the result which is presented in the Table 4.3. The mean of each individual item ranging from 1-5 falls within the following interval.

Table 4.3: Descriptive statistics result interpretation guide

Interval of Means	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source:(Shrestha, 2015)

The summary of descriptive statistics for four independent variables (components of performance management system), namely: performance planning, performance measurement, performance feedback and performance reward is illustrated in Table 4.4.

Table 4.4: Summary of Descriptive statistics for Study Variables

No.	Factors/Constructs	N	Min.	Max.	Mean	STD
1.	Performance Planning	114	3	**5**	4.19	0.58
2.	Performance Measurement	114	2	**5**	4.02	0.63
3.	Performance Feedback	114	1	4	2.22	0.78
4.	Performance Reward	114	1	5	3.28	0.98
5.	Employee Performance	114	1	5	3.36	1.21

Source, (Survey data, 2023)

4.3.1. Performance Planning

Performanceplanningisthefirststepintheprocesscycleofaperformancemanagementsystemandprovi desthebasisforaneffectiveprocess. Performance planning is a continuous process in performance management and mustbecarriedoutwithgreatcare. The performance planning part of the performance management sequence involves the agreement between the manager and the individual of how the latter is expected to perform in terms of results and behaviors. So,to assess the company performance planning practice, the study made an attempt to develop a five scale Likert types of questions and employees were invited to express their opinionson for each of the questions. As indicated in Table 4.4, the grand mean response for performance planning practice is 4.12, which is considered high. This indicates the company performance management practices in the context of performance planning considered good. The total standard deviation aggregate was also found to be 0.58 implying that there a general consensus among the respondents when assessing the company performance planning practices.

The result indicates the company performance management practices in the context of performance planning is considered high. Planning helps to encourage commitment and understanding by linking the employees' work to organizational goals and objectives (Matthis & Jackson, 2008). The result also reveals that the organization able to identify goals or objectives for performance management. Similarly, according to Armstrong and Baron (2004), a goal or objectives represents something to be achieved by individuals, departments and organizations

over a period of time. They can be expressed as goals to be achieved, for instance, sales, and tasks to be completed before the deadline. Armstrong and Baron (2004) further assert that objectives need to be defined and agreed on. Objectives are related to the overall purpose of the job and define performance areas which are all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area. These issues are well address in case organization during the performance planning stage.

4.3.2. Performance Measurement

Performance measure is the second element of the performance management cycle. This step separates performance management as a process from performance appraisal as an activity. In premise to this concept, the survey was provided related questions to assess respondent view on the company performance measurement practices. As indicated in Table 4.4.the grand mean response for performance measure practice is 4.02, which is considered high, indicating that the company has good practices of measuring its employees' actual job performance.The total standard deviation aggregate was also found to be 0.63 implying that there a general consensus among the respondents when assessing the company performance measurement practices.

The result indicates the company performance management practices in the context of performance measure is considered high. This mean employee performance is typically evaluated by use of a performance measure. This is in line with Maina (2015), who point out that the relevance of the performance measures to the employees' actual job performance is one characteristic of the performance management system.

4.3.3. Performance Feedback

Performance feedback is the other important components of performance management system that involves providing employees with information and guidance.In line with this, the study was assessed the company performance feedback practice through five Likert scale question. Accordingly, as illustrated in Table 4.4, the grand mean response for performance feedback practice is 2.22, which is considered low. This indicates the company performance management practices in the context of performance feedback are weak. This in turn gives clue for the company management much works are requires so as to improve the company performance feedback practices. Employees who do not receive performance reviews will not be aware of

how well they are doing their jobs and may become demotivated as a result of not feeling that their efforts are valued. This can lead to low morale and high turnover rates as employees seek out workplaces that provide regular feedback. The result revealed that to enhance the company's performance feedback practices, a great deal of work has to be done by the management.

The result indicates the company performance management practices in the context of performance feedback is considered weak. According to Qureshi & Hassan (2013), weak performance feedback can lead to several negative consequences within an organization, including: lack of improvement, low morale and motivation, unaddressed issues and missed opportunities for growth. According to Onyije (2015), To mitigate these consequences, the company should focus on providing specific, constructive, and timely feedback to support employee development and overall performance. By doing so, the company can create a more positive and productive work environment.

4.3.4. Performance Reward

Performance reward is the last component of performance management system. Performance reward consists of procedures, rules, and standards associated with allocation of benefits and compensation to employees. The study assessed employees' perception towards the company performance reward practice and their respective response were provided in the Table 4.4. The result showed that the grand mean response for performance management practice in the context of performance reward is 3.28, which considered moderate, indicating the company reward performance in moderate extent. The total standard deviation aggregate was also found to be 0.98 which is close to one implying that there are some dispersions among the respondents when assessing about the company performance reward practice. The result revealed that further improvement is requires to enhance the company's performance reward practices.

The result indicates the company performance management practices in the context of performance reward is considered moderate that requires further improvement. According to Qureshi & Hassan (2013), weak performance feedback can lead to several negative consequences within an organization, including: lack of improvement, low morale and motivation, unaddressed issues and missed opportunities for growth. According to Onyije (2015), To mitigate these consequences, the company should focus on providing specific,

constructive, and timely feedback to support employee development and overall performance. By doing so, the company can create a more positive and productive work environment.

4.3.5. Level of Employees' Performance

The respondents were also asked to rate their opinion concerning their performance at ZTE Addis Ababa branch office. Even though the various employee job performance measure has been perceived differently by various researchers, for the purpose of this study, Ramos, et al., (2019) four dimensions of employee job performance measure is used. As illustrated in Table 4.4 above, the grand mean score value for employee performance is 3.36 which is considered moderate. The total standard deviation aggregate was also found to be 1.21 implying that there are variations among respondents' responses. From this, one can infer that there is average level of employee performance at ZTE Addis Ababa branch office, indicating that substantial improvements are needed in these areas.

4.4. Correlation Results

Correlation analysis is a technique used for indicating the relationship of one variable to another and can be considered as a standardized covariance that shows the extent to which a change in one variable corresponds systematically to a change in another (Zikmund et al, 2009).The study sought to identify the relationship between four explanatory variables (performance planning, performance measurement, performance feedback and performance reward) and employees' performance. Accordingly, in order to identify whether the dependent variable and independent variables have a joint variation, a Pearson Correlation Coefficient was computed with aid of SPSS. The study use Marczyk, Dematteo, & Festinger (2005) guide to interpret the result which is presented in the Table 4.5.

Table 4.5: Correlation result interpretation guide

Correlation value in range	Interpretation
0.00 to 0.19	Weak/ very low correlation
0.20 to 0.39	Low correlation
0.40 to 0.59	Moderate correlation
0.60 to 0.79	High correlation
0.8 to 1.0	Very high correlation

Source: (Marczyk, et al., 2005)

Pearson correlation results range between 1 (perfectly linear positive correlation) to -1 (perfectly linear negative correlation). When the correlation value is 0, no relationship exists between the variables understudy and when the correlation value lies in the middle between 1 and -1 (excluding 0) the above interpretation guide (Table 4.5) developed by Marczyk, et al (2005) becomes handy. Accordingly, this guide has been used to interpret the results which are summarized in the coming sections. The findings of the correlation result of the study are presented in Table 4.6.

Table 4.6: Pearson Correlation Result

		Performance Planning	Performance Measure	Performance Feedback	Performance Reward	Employee Performance
Performance Planning	Pearson Correlation	1	.408**	.279**	.421**	.526**
	Sig. (2-tailed)		.000	.003	.000	.000
	N	114	114	114	114	114
Performance Measure	Pearson Correlation	.408**	1	.423**	.483**	.624**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	114	114	114	114	114
Performance Feedback	Pearson Correlation	.279**	.423**	1	.412**	.574**
	Sig. (2-tailed)	.003	.000		.000	.000
	N	114	114	114	114	114
Performance Reward	Pearson Correlation	.421**	.483**	.412**	1	.648**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	114	114	114	114	114
Employee Performance	Pearson Correlation	.526**	.624**	.574**	.648**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	114	114	114	114	114

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Own Survey, (2023)

The findings of the study in Table 4.6 shows that there are positive but relatively strong relationship between the four components of performance management system (performance planning, performance measurement, performance feedback and performance reward) and employees' performance. The results show that performance reward and performance measures as components of performance management system are positively correlated to employees' job performance with a Pearson's Correlation Coefficient of r = 0.648 and r = 0.624, respectively.

These relationships are considered high. The results also revealed that there is a moderate and positive correlation between performance feedback and employee performancewith a Pearson's Correlation Coefficient of r = 0.574 and at level of significance of 0.000. The results also revealed that there is a moderate and positive correlation between performance planning and employees' performance with a Pearson's Correlation Coefficient of r = 0.525and at level of significance of 0.000.

Overall, the result show that there is positive relationship between all four components of performance management system and employees' performance. This finding has prior empirical support, as demonstrated by Manaye (2017), who discovered a strong and positive relationship between the elements of the performance appraisal process and employee motivation. Furthermore, Abrham (2018) conducted a study to look into how the Commercial Bank of Ethiopia's performance appraisal process affected employee motivation. He discovered a significant positive correlation between performance appraisal and employee motivation and came to the conclusion that the CBE's performance appraisal system has a significant impact on employee motivation. Further, studies by Fakharyan et al. (2012), Lillian and Mathooko (2011), and Peti et al. (2001) have confirmed the relationship between performance appraisal and employee motivation.

4.5. Regression Analysis

4.5.1 Assumptions/Diagnostic Test for Multiple Linear Regressions

Multiple linear regressions are based on the assumptions of Ordinary Least Square (OLS). When one decides to analyze data by means of multiple regressions, part of the process involves checking to make sure that the data need to analyze can in fact be analyzed using multiple regression. One could do this for the reason that it is only appropriate to use multiple regressions if the data "passes" those assumptions that are required for multiple regressions to give a valid result. So, in the following section necessary diagnostic tests were carried out on the variables.

4.5.1.1. Multicollinearity Test

Multicollinearity occurs when there are two or more independent variables that are highly correlated with each other.This leads to complications with understanding which independent variable contributes to the variance explained in the dependent variable, as well as technical

issues in calculating a multiple regression model (Simon, 2004). Variance Inflation Factor (VIF) is a method used to test for multicollinearity among study variables. As indicated in Table 4.7, Variance Inflation Factor was checked for indication of multicollinearity where their numerical values for independent variables were all well below the cut-off value of 10 suggested by Neter, et al., (1996), that in turn indicated there was no collinearity among the independent variables.

Table 4.7: Multicollinearity test for the Study Variables

Variable	Tolerance	VIF
Performance Planning	.766	1.306
Performance Measure	.668	1.497
Performance Feedback	.762	1.312
Performance Reward	.667	1.500

Source: (Own Survey, 2023)

4.5.1.2 Homoscedasticity

Homoscedasticity in a study usually happens when the variance of residuals (error term) would be same for all predicated (Tabachnic& Fidell, 2007). On the other hand, heteroscedasticity in a study usually happens when the variance of the errors varies across observation (Long & Ervin, 2000). The most commonly used way of checking homoscedasticity is creating scatter plots and then visually inspecting these scatter plots to check for linearity. If the figure not has an obvious pattern and the point is evenly distributed above and below zero on the X-axis, and to the left and right of zero on the Y- axis, it is an indication of linearity. The Figures 4.1 below show scatter-plot of studentized residual against linearly predictive value. The figures have a horizontal band of points which are indicating that heteroscedasticity was not a concern.
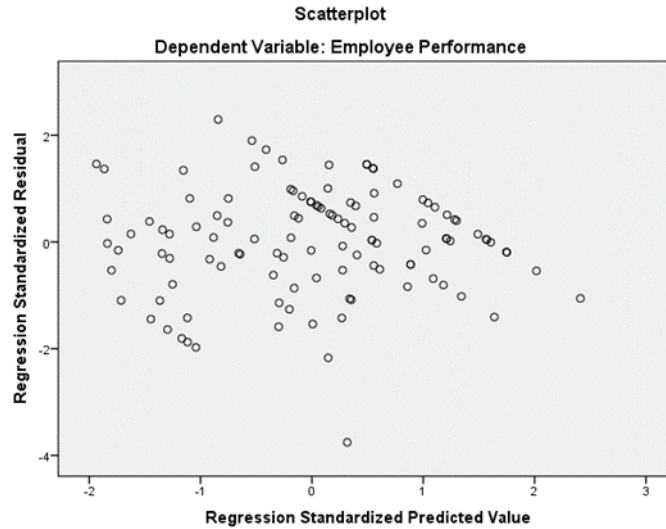
Figure 4.1: a Studentized residual scatter plot for Homoscedasticity Test

Source: Own Survey, (2023)

4.5.1.3. Linearity

The linearity assumption of multiple regression analysis assumes that there must be a linear relationship between the dependent variable and each of independent variables, as well as the dependent variable and the independent variables collectively (Asghar & Saleh, 2012). A simple way to check this assumption is to plot normal P-P for the dependent variable to confirm the obtained result (Asghar & Saleh, 2012). This is a graphical procedure that plots the cumulative probabilities (values range from 0 to 1) on the X-axis and the expected probabilities given the normal curve on the Y-axis. If the sample were exactly normally distributed, the points would lie on a straight diagonal line. The Figure 4.2 below shows Normal P-P Plots for the dependent variables (employees' performance) in which the points would lie on a straight line confirming the data was linear relationship.

Figure 4.2: Normal P-P Plotfor Linearity Test

4.5.1.4. Normality

The other assumption of multiple regressions is normality which assumes that residuals (errors) are approximately normally distributed. In order to make valid inferences from regression analysis, the residuals of the regression should follow normal distribution. A simple way to check this assumption is to plot Histogram for the dependent variable to confirm the obtained result (Asghar & Saleh, 2012). When checking for normality, histograms can provide a visual indication of the distribution of the data. A symmetric, moderate-tailed distribution with a bell-shaped, symmetric histogram may suggest approximate normality.According to the Dietary Assessment Primer, a variable that is normally distributed has a histogram that is bell-shaped, with only one peak, and is symmetric around the mean. The Figure 4.3 below shows Histogram for the dependent variables (employees' performance) in which the figure shows symmetric, moderate-tailed distribution with a bell-shaped, confirming the data was normally distributed.
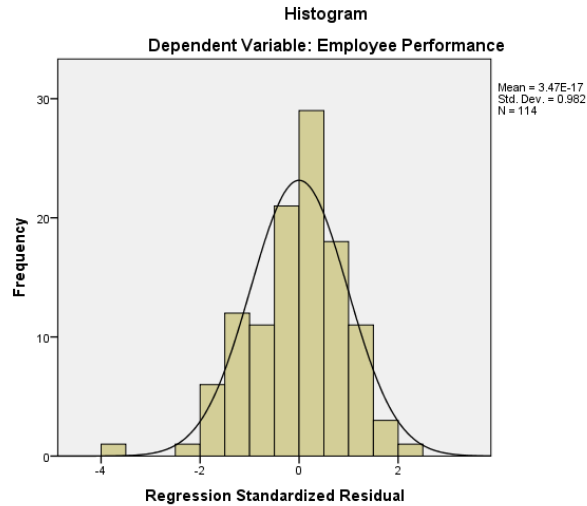
Figure 4.3: Histogram of residual for dependent variables

4.5.2 Analysis of Regression Results

The main objective of study was to investigate the effect of performance management system on employee job performance in the case of ZTE Ethiopian Branch Office. This was done through regression analysis. The independent variable performance management system are operationalized through: performance planning, performance measurement, performance feedback and performance reward. Thus, the study sought to determine the effect of each of the four performance management dimensions(performance planning, performance measurement, performance feedback and performance reward) on the employees' performance. The result of the regression analysis is presented in the following section.

4.5.2.1. The Multiple Coefficient of Determination (R^2)

Coefficient of determination explains the percentage of variation in the dependent variable (the employees' job performance) that is explained by all the four independent variables (performance planning, performance measurement, performance feedback and performance reward). The table 4.8 below preset the model summary.

Table 4.8: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.800[a]	.640	.627	2.207	1.888

a. Predictors: (Constant), Performance Reward, Performance Feedback, Performance Planning, Performance Measure

b. Dependent Variable: Employee Performance

Source: Own Survey, (2023)

As indicated in the above Table 4.8 R has a value of 0.800, representing the simple correlation between the four independent variables (performance planning, performance measurement, performance feedback and performance reward) and employee performance in ZTE Ethiopian Branch Office. R2 on the other hand explains the percentage of variation in employee performance that is explained by the four variables. The result shows that the four independent variables, namely, performance planning, performance measurement, performance feedback and performance reward that were studied explain 62.7% of variation employees' performance as represented by the R² value. The remaining 37.3% of the variability in employees' performance is left unexplained by the explanatory variables used in the study.

4.5.2.2. ANOVA Interpretation

The result in ANOVA table 4.9 shows that the sum of squares of the regression is 943.822 at 4 degrees of freedom and a mean square of 235.955. The residual sum of squares is 530.705 with 109 degrees of freedom and mean square value of 4.869. The test for the joint significant which is given by the [F $(4,113)$ = 48.462; p = .000]; it is statistically significant.This imply that the independent variables, that are, performance planning, performance measurement, performance feedback and performance reward considered were relevant in explaining employee performance in the case of ZTE Ethiopian Branch Office.

Table 4.9: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	943.822	4	235.955	48.462	.000[b]
	Residual	530.705	109	4.869		
	Total	1474.526	113			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Performance Reward, Performance Feedback, Performance Planning, Performance Measure

<div align="right">Source: (Own Survey, 2023)</div>

4.5.2.3. Regression Coefficients

The findings in Table 4.10 show the coefficients of the regression. According to the findings, the all the four components of performance management system (performance planning, performance measurement, performance feedback and performance reward) are significant in predicting the employees' performance since the p values were less than 0.05.

Table 4.10: Coefficients for PMS and Employees Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.254	1.595		.159	.874
	Performance Planning	.205	.065	.206	3.139	.002
	Performance Measure	.234	.061	.271	3.859	.000
	Performance Feedback	.313	.076	.271	4.116	.000
	Performance Reward	.300	.066	.319	4.530	.000

a. Dependent Variable: Employee Performance

<div align="right">Source: (Own Survey, 2023)</div>

Performance planning has positive and significant effect on employees' job performance with a beta value (beta = 0.205 and t value of 3.139 which is significant. Performance measure has also positive and significant effect on employees' performance with a beta value (beta =.234) and t value of 3.869 which is also statistically significant. Similarly, performance feedback has also positive and significant effect on employees' performance with a beta value (beta =.313) and t value of 4.116 which is also statistically significant. Finally, performance reward has also

positive and significant effect on employees' performance with a beta value (beta =.300) and t value of 4.530 which is also statistically significant.When these beta coefficients are substituted in the equation, the model becomes

Y= 0.254 + 0.205X1 + 0.234X2 + .313X3 + 0.300X4

Where: Y is the employees' performance in ZTE Ethiopian Branch Office, X_1 is performance planning, X_2 is performance measurement, X_3 is performance feedback, and X_4 is performance reward. This means that holding other factor constant one unit increase in performance planning result in 0.205 unit increases in the employees' performance, one unit increase in performance measurement practice result in .234 unit increase in the employees' performance, performance feedback result in 0.313 unit increase in the employees' performance and finally one unit increase in performance reward result in .300 unit increase in employees' performancein ZTE Ethiopian Branch Office.

4.6 Discussion of Findings

The study used multiple linear regression analysis to determine the statistical relationship between the independent and dependent variables. The study found that the test for the joint significant which is measured by F-statistics significant that implies the set of independent variables: performance planning, performance measurement, performance feedback and performance reward as a whole were contributing to the variance in employee performance. This means that the better the performance management practices led to the improved job performance of employee. This finding has prior empirical support, as demonstrated by Manaye (2017), who discovered a strong and positive relationship between the elements of the performance management process and employee performance. Furthermore, Abrham (2018) conducted a study to look into how the Commercial Bank of Ethiopia's performance management system affected employee performance. He discovered a significant positive correlation betweenperformance management system and employee performance and came to the conclusion that the CBE's performance management system has a significant impact on employee performance. Further, studies by Fakharyan et al. (2012), Lillian and Mathooko (2011), and Peti Johann et al. (2001) have confirmed the relationship between performance management system and employee performance.

From the components of performance management system, the study found that performance planning has statistically significant effect on employee performance. The result revealed that holding other factor constant one unit increase in performance planning result in 0.205 unit increases in the employees' performance. This result has prior empirical supports. the performance planning, according to Williams (2002), has created conditions where employees share organizational goals and allow people to comprehend their input to those goals, which in turn enhances employees' performance. Furthermore, according to research by Torrington et al. (2013), performance planning has a statistically significant impact on employees' performance.

The study also established that performance measurement has statistically significant effect on employees' performance. The result revealed that holding other factor constant one unit increase in performance measurement result in 0.234 unit increases in the employees' performance. This finding has consistence withRobbins and Judge (2013) found that performance measurement statistically significant effect on employees' motivation and employees' performance.Similarly, Kandula (2017) also found that performance measurement has positive and significant impact on employees' performance. Faris (2016) also found that performance measurement statistically significant effect on employees' performance. However, unlike the present finding, Mathias (2012) found that performance measurement had not significant impact on employees' performance.

The present study also found thatperformance feedback had statistically significant effect on employees' performance. This finding has inconsistence with Onyije (2015) who found that performance feedback has positive and significant impact on employees' productivity in Nigeria University. Similarly, Muhammad and Muhammad (2021) also found that performance appraisal standard statistically significant effect on employees' performance. Research by Yan and Taien (2022) also demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behavior reward contingencies and improved self-regulatory control processes.

The study also found thatperformance reward has statistically significant effect on employees' performance.The result revealed that holding other factor constant one unit increase in performance reward result in 0.300 unit increases in the employees' performance. This is in line

with the finding Boru (2022) who found that performance reward had a positive and significant impact on employee job performance. Furthermore, research conducted by Kong, Almothaseb, et al. (2017) shows that performance reward affects employee job performance. Similarly, Yan and Taien (2022); Aktaruzzaman and Abdur (2021); and Abdurehim (2017) found that the intrinsic function of the organization towards performance reward is positively related to employee job performance.

Chapter Five

Summary, Conclusions and Recommendations

The purpose of the study was to investigate the effect of performance management system on employee performance in the case of ZTE Ethiopian Branch Office. In this chapter, the summary of findings, conclusions and recommendations of the study are discussed.

5.1 Summary of Major Findings

The study was conducted with an aim to investigate the effect of performance management system on employee performance in the case of ZTE Ethiopian Branch Office. Specifically, the study aimed to answer the following 4 research objectives: (i) to assess the effect of performance planning on employees' performance; (ii) to find out the effect of performance measurement on employees' performance; (iii) to examine the effect of performance feedback on employees' performance; and (iv) to investigate the effect of performance rewards on employees' performance. To address the aforementioned research objectives, the literature on human performance management has been reviewed; and subsequently, a survey was conducted. Specifically, the study has collected primary data from selected employees of ZTE Ethiopian Branch Office through distributing questionnaire. The findings of the study based on the research objectives have been summarized as follows.

→ The first specific objective of the study sought to investigate the effect of performance planning on employee job performance. Results revealed that performance planning has positive and significant effect on employees' performance in ZTE Ethiopian Branch Office. This was supported by the test for significance which showed that the effect was statistically significant. This implies that performance planning as one-dimension performance management system is significantly important in improving employees' performance in ZTE Ethiopian Branch Office.

→ The second specific objective of the study was aim to find out the effect of performance measure on employee job performance. Results revealed that performance measurement has significant and positive effect on job performance of employees' of Dashen Bank. This is supported by the coefficient of determination which shows that performance measurement practice describes the variations in performance of employees of ZTE Ethiopian Branch Office. The test for significance was also showed that the effect was

statistically significant. This means that performance measurement has a higher potential of improving employees' performance level in ZTE Ethiopian Branch Office so that company should therefore try to leverage on this practice and make it a reference point for improve employees' performance.

➔ The third specific objective of the study aimed to examine the effect of performance feedback on employee job performance. The finding demonstrated that performance feedback practice has significant and positive effect on employees' performance in ZTE Ethiopian Branch Office. The test for significance was showed that the effect was statistically significant. This means that performance feedback practice has a higher potential of improving employees' job performance level in ZTE Ethiopian Branch Office. So that the company should therefore try to leverage on this practice and used it as an important tool for improving its employees' performance.

➔ The fourth specific objective of the study intended to the effect of performance reward on employee job performance. The result illustrated that performance reward has significant and positive effect on employees' performance in ZTE Ethiopian Branch Office. The test for significance also was showed that the effect was statistically significant. This means that performance reward is good at predicting employees' performance in ZTE Ethiopian Branch Office. This implies that the company should therefore ensure that they leverage on performance reward practice as an important tool for improving its employees' performance.

5.2 Conclusion

The study was undertaken to investigate the effect of performance management system on employee performance in the case of ZTE Ethiopian Branch Office. Accordingly, based on the findings presented in the above section; the researcher makes some conclusions concerning the relationship between the performance management system and employees' performance.

Overall, it can be concluded that all the four components of performance management system, namely: performance planning, performance measurement, performance feedback and performance reward significantly and positively influence employee performance in ZTE Ethiopian Branch Office. The result shows that the four independent variables (performance planning, performance measurement, performance feedback and performance reward), that were

studied explain 62.7% of variation employees' performance as represented by the R^2 value. The remaining 37.3% of the variability in employees' performance is left unexplained by the explanatory variables used in the study. Thus, the improvement of the performance management system has a higher potential of improving employees' performance. Accordingly, it can be concluded that improved performance management system is an increasingly important instrument to get higher performance from employees. Therefore, the management of ZTE should influence these four components of performance management system as a way of improving its employees' performance.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher provides the following recommendations.

➔ The management of ZTE should influence the performance management system to improve the employees' performance.

➔ As the results showed that performance planning facilitates the tendency for employees to perform better, the company management should come up with more innovative ways of performance planningpractices. In line with this, the study recommend that the company mutually set performance goals or objectives that are specific and challenging to boost employee performance by leading people to focus their attention on specific objectives and increase their effort to achieve these objectives. Goals motivate employees to work toward a common goal.Individual goals must therefore complement team goals, and team goals must support corporate goals. The company should implement systematic approach to ensure that individual and organizational goals are aligned is Management by Objectives (MBO) method which managers and employees jointly set objectives.The management of the Company should develop performance appraisal objectives that the staff can easily understand and to the extent to which supervisors or managers can adapt them among their subordinates. Reward supervisors and managers for communicating these objectives by developing employee engagement among their subordinates and peers.

➔ Since performance measurement was found to be a key determinant of employee performance, the management of the company should keep a keen eye on enhancing performance measurement practices. The study recommends the company to set and

applies various performance techniques by using relevant performance measurement tools. In performance measures the company should evaluate both task or contextual performance. Employee performance should also be evaluated on the attainment of competencies or achievement of goals.

→ Further, as the study demonstrates that feedback has strong positive effects on the performance, the company management should come up with more innovative ways of providing performance feedback. Company should prioritize implementing efficient systems that facilitate open communication between management and staff to ensure success both individually and collectively as an organization.It is recommendable to provide adequate communication ways to employees to know how their performance will be measured.The supervisory should provide performance feedback that should inform, enlighten, and suggest improvements to employees regarding their performance. Supervisors should also describe specific results they have observed as close to the event as possible so ideas stay fresh and any needed adjustments can be made in a timely manner.

→ Since performance reward was found to be a key determinant of the employee performance, the management of ZTE should keep a keen eye on enhancing performance reward practice. The company should enhance their employee performance by financial and non-financial rewards schemeby properly designed pay-for-performance systems that will lead to better performance results. Furthermore, training activities should ideally be based on performance gaps that are identified during the performance review phase.

→ To sum up, management of ZTE should allow the participation of employees in the design, implementation, and evaluation of performance management programs that offers a direct way for compensation professionals to enhance employee performance.

5.4. Further Research Directions

Although this research provides some significant insights into performance management system of ZTE in Ethiopia branch office in Addis Ababa, there is still a chance to extend the findings to gain a more comprehensive understanding.

→ The future researchers should make their researches in different companies and other different organizations in order to broaden empirical evidences in the area.

➔ Further research in the areas of performance management system would be useful in understanding the impact that the practices have on other performance indicators like employee motivation, commitment, employee attitude, and employee job satisfaction.

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Appendix I: Research Questionnaire

St. Mary University
Master of Business Administration Program

Dear Respondent,

The purpose of this questionnaire is to collect data for post graduate study for Master of Business Administration Program in St. Mary University for the study entitled: "Effect of Performance Management System on employees' job performance: The case of ZTE Ethiopian Branch Office". This questionnaire is required to assist in determining the objectives of the study. Your privacy will be kept anonymously and, therefore, no one knows who provided the information. Any information provided will be used for academic purpose only and will be treated in strict confidence. Therefore, you are kindly requested to provide your responses to different questions below. Thank you in advance for agreeing to participate in this study.

General Instruction: - Circle your response or indicate "√" in the box beneath for closed-ended questions among the provided alternatives. You don't need to write your name.

Section A: Demographic Profile of Respondent
Instruction: Circle your response against any response that applies to you.

1.	Sex:	Male ☐ Female ☐
2.	Age:	18-25 years ☐ 41-55 years ☐ 26-40 years ☐ over 55 years ☐
3.	Education level	Secondary school ☐ First Degree ☐ Diploma ☐ Master & above ☐

4.	For how long have you been employed in this company?	1 – 5 years ☐		6– 10 years ☐			
		11– 15 years ☐		> 15 years ☐			
5.	Position in the Organization?	Clerical ☐					
		Professional ☐					
		Managerial ☐					

Section II: Measure for Performance Management System

Kindly indicate the extent to which you agree or disagree with the following statements. Please circle appropriately the number that represents your opinion or perception regarding each of the statements which are shown below and relate to performance management system. In your response, please circle "1" if you Strongly Disagree, "2" if you Disagree, "3" if you are Neutral, "4" if you Agree and "5" if you Strongly Agree. Only one response is required per statement.

No	Items	5	4	3	2	1
I.	**Performance Planning**					
1.	The performance planning process in my organization is participatory.					
2.	The employee consultation process in the development of the performance management system is relevant.					
3.	Participating in the planning process motivates me to perform toward achieving the goal set by the organization.					
4.	Discussions takes place between managers and employees on what to do to achieve the agreed goals.					
5.	I understand the importance of my goals/targets about the overall objective of the organization.					
6.	My job has a specific, and clear goals/targets to achieve.					
II	**Performance Measure**					
1.	Performance review makes me work harder than expected.					
2.	I am happy with the way my performance is compared with colleagues working in the same department.					
3.	The performance rating scale is fairly assigned.					
4.	The supervisor measures me based on job-related criteria					
5	The performance measurement standards consist of the core					

	dimensions my job.					
6	I trust the performance measurement system in my company is rational & fair.					
III	**Performance Feedback**					
1.	My manager gives me fair feedback based on my actual performance.					
2	The feedback I receive agrees with what I have achieved.					
3	My manager communicates with me regularly about my performance.					
4	If I do not agree with the performance score, there is an apple system that entertains my complain.					
5	The feedback I receive on how I do my job is highly relevant to improve future performance.					
6	I am satisfied with the way my organization provides me with feedback					
IV	**Performance Reward**					
1	The performance management system in my organization rewards good performance.					
2	I am pleased with the rewards provided for target achievement					
3	The rewards provided by my organization motivate me to give my best.					
4	My organization influences my job performance by linking the reward with the performance.					
5	My level of wage is fair and satisfactory to the degree of my performance					
6	Reward opportunities encourage staff to be creative and innovative					

Section III: Questionnaires on Employee Job Performance

In the section below, indicate the extent to which you agree with each of the following statements regarding employees' performance by ticking (✔) that which most closely matches your opinion. Use the following rating scale. **1: *Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree* and 5: *Strongly Agree***

Employee Job Performance.

No.	Item	Scale of measurement.				
		5	4	3	2	1
1.	I enjoy my tasks and the division of work approach of the office.					
2.	Training and development given by the office encourages me to					

	work better.					
3	I love my work and I am motivated to complete the jobs that are assigned to me.					
4	I am committed to the mission and direction of the company.					
5.	I possess good communication skills that help me perform well in all my tasks.					
6.	I have the ability to execute my tasks successfully and efficiently.					

Thank you for your cooperation.