Department Of Business Administration

The Effects of Performance Management system on Employees job satisfaction: In the Case of Ethio telecom

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CHOOL OF GRADUATE STUDIES

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DECLARATION

Declaring that this thesis is my original work, I, the undersigned, have worked with Dr.Mesfin Tesfaye to prepare it. Every source that provided information for the thesis has been properly credited. I additionally attest that the thesis has not been submitted, in whole or in part, to any other university with the intention of receiving a degree from another educational establishment.

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Place: St. Mary's University, Addis Ababa

Endorsement

This thesis has been submitted to St Mary's university college, school of graduated studies for examination with my approval as university advisor.

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Advisor   signature

St Mary's University College, Addis Ababa   **Jun, 2024**

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ACRONYMS

ANOVA- ANALYSIS OF VARIANCE

HRM- HUMAN RESOURCE MANAGEMENT

PM - PERFORMANCE MANAGEMENT

PMS- PERFORMANCE MANAGEMENT SYSTEM

Abstract

The study was conducted with a general objective of examining the effect of performance management systems on employees' job satisfaction in the case of Ethio telecom, in Addis Ababa, Ethiopia – with 6,630 permanent employees. The research design was descriptive and explanatory with a quantitative approach. Closed-ended questionnaire was distributed to a stratified sample of employees from three divisions of the case organization. A total of 340 questionnaires were collected and processed for analysis using spss and analyzed with the help of descriptive and inferential statistics. Mean scores and standard deviation were used to assess the level agreeableness of the respondents. Relationship of the independent and dependent variables were analyzed using correlation and regression methods. The results were then presented in the form of tables followed by discussions for further interpretation on the findings. The findings of the research indicated that performance management system has both strengths and weaknesses. The strongest driver of job satisfaction is the quality of performance management, followed by rewarding performance, performance planning, and performance appraisals. However, the lower mean ratings for rewarding performance and appraisals indicate these are areas that need the most improvement. The study found a strong positive relationship between all dimension of a performance management system and job satisfaction. The study also shows that 71.8% of job satisfaction variability is explained by the four performance related predictors. The result of regression analysis revealed that all performance management practices positively and specifically affected job satisfaction in Ethio telecom. Based on this it is recommended that encourage a culture of continuous feedback and coaching, develop a fair and transparent performance appraisal system and implement a performance-based reward system.

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Key Words: Job satisfaction, performance management system and Ethio telecom

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CHAPTER ONE:

1. INTRODUCTION

1.1 Background of the study

The modern workplace in the era of globalization has drastically changed the traditional ideas about how work happens, how to manage talent and what drives business success. Human resources become the most crucial factor who can ensure the companies' existence, competitiveness, and sustainability.

To this end, employee's performance management practice becomes one of the key functions of organizations in order to grasp this potential resource and compete in the ever-dynamic market. Taking this into account, one of the most input for effective and efficient human resource utilization is having a proper performance management system (PMS) with a capacity to balance between organizational goal achievement and employees job satisfaction (Forrester, 2016).

According to Carla Tardi (2023) Performance management is a tool that helps managers monitor and evaluate employees' work. The goal of performance management is to create an environment where people can perform to the best of their abilities and in alignment with the organization's overall goals. Performance management is widely used in both the private and public sectors. In essence, PMS enhances employees' performance and the productivity of the organization. Therefore, in today's contemporary and competitive era, organizations are obliged to adopt several methods of improving employees' performance. However, PMS is a great way to indulge employee in what they are being asked, it increases motivation among employees, and they feel recognized when the management involves them in a work and give them a sense of authority (Lawrie, 2014).

On the other hand, according to Syed N. and Yan L. X. (2012), an individual's general attitude towards his or her job is known as job satisfaction. For an employee to perform effectively in a company, job satisfaction is one of the cardinal points.

Job satisfaction brings about a sense of fulfillment and security to the employee. Due to these facts, the commitment level of employees will be increased, absenteeism will reduce, and the turnover rate will decrease (Yücel, 2012).

The effect of an organization's performance management system on employee job satisfaction has been a topic of considerable interest in the field of human resource management. Extensive research has highlighted the critical role that performance management plays in shaping employee attitudes and behaviors, including their level of job satisfaction (Dusterhoff et al., 2014; Kuvaas, 2006).

One of the key factors connecting performance management and job satisfaction is the perceived fairness of the performance appraisal process. When employees perceive the performance evaluation system as fair, transparent, and based on objective criteria, they are more likely to be satisfied with their jobs (Levy & Williams, 2004; Boswell & Boudreau, 2002). Conversely, a lack of perceived fairness in the performance management system can lead to decreased job satisfaction, as employees may feel that their efforts are not being properly recognized or rewarded (Kuvaas, 2006).

In addition to fairness, the provision of meaningful feedback and opportunities for development within the performance management system has been shown to enhance employee job satisfaction. When employees receive regular, constructive feedback on their performance and have the chance to acquire new skills and advance their careers, they tend to be more satisfied with their jobs (Boswell & Boudreau, 2002; Gong et al., 2009).

Moreover, the alignment between individual and organizational goals, facilitated through the performance management process, can contribute to increased job satisfaction. When employees understand how their work contributes to the overall success of the organization, they are more likely to feel a sense of purpose and fulfillment, leading to higher levels of job satisfaction (Locke & Latham, 2002; Gong et al., 2009).

This study therefore intends to investigate the performance management system and its effect on employees' job satisfaction in the case of Ethio telecom.

1.2   Statement of the Problem

Building a strong performance management system is like feeding the engine of a successful company. Effective communication and clear company goals are the fuel, powering employee commitment and competence. When employees understand the big picture, agree on their specific tasks, and know the rewards that wait, they become invested in driving the company forward. Aligning individual goals with overall objectives and core values creates a unified team, working towards a shared vision. To ensure everyone contributes their best, achievements need to be measured fairly and rewarded accordingly. This way, the performance management system acts as a motivator, propelling both individual and company success (Armstrong 2009).

Several research studies have been conducted in the area of performance management systems, each exploring different variables and aspects. For instance, N. Siraj and I. Hagen (2023), Abdur Rahim (2021), Ying (2012), and Dr. A.B. Saraswathi (2018) have examined the relationship between performance management systems and employee performance. Some studies focused on specific components of performance management, such as performance measurement tools, as seen in the research by Amirsaleh Azadinamin (2011) and Elmgasbi Alladyn (2019). Additionally, there are studies that explore the impact of job satisfaction on various factors, including turnover and employee performance, such as the research by Dr. Ranjeet Vijaysight Tehra (2020), Alamdor Hussainkhan and Muhammed Aleen (2014), and Mercy Busayo Bello (2023).

However, there are few studies specifically investigating effect of performance management systems on employee job satisfaction, including Gupta and Upadhyay (2012), Gathoni (2012), Mallaiah (2008), and Jaksic and Jaksic (2013), as well as Sandalika, KDM, and Jayasekara, P (2017), have explored this relationship. Therefore, further research is needed to better understand how performance management systems affect employee job satisfaction.

The effectiveness of a performance management system in fostering employee job satisfaction is a critical concern for organizations striving to optimize workforce productivity and retention. Despite its acknowledged importance, empirical evidence suggests that challenges within such systems may undermine their ability to positively impact employee satisfaction levels. This study

seeks to investigate the specific factors within the performance management system that influence employee job satisfaction, with a focus on identifying areas for improvement. By examining the relationship between performance evaluation criteria, feedback mechanisms, career development opportunities, and overall job satisfaction, this research aims to provide insights into enhancing the effectiveness of performance management systems to better meet the needs and expectations of employees, thereby fostering a more engaged and satisfied

Ethio telecom implements performance management system (PMS) to improve the management of its human capital. However, the existing performance management system has encountered different challenges. Based on the preliminary research the system has confronted lack of a fair job rotation system this hinders employee growth and development opportunities and employees with similar positions are given vastly different workload targets, raising concerns about fairness and equity, unequal workload distribution within the organization's. This propensity creates dissatisfaction among employee that their efforts are unfairly judged and their complaint on the workload distribution. These systemic issues within the performance management system raise serious questions about its effectiveness in fostering employee satisfaction. Inconsistent goal setting, limited career advancement opportunities, and imbalanced workloads can contribute to feelings of demotivation, frustration, and ultimately, decreased job satisfaction. So, in this study, the researcher was investigating the relationship between performance management system and employee job satisfaction empirically. And how could the different dimension (performance planning, managing performance, performance appraisal and rewarding performance) in performance management system affect employee job satisfaction with the following basic research questions to be examined in the course of the study.

1.3   Basic research question

This study tried to address the following basic research questions:

- To what extent performance planning affect employee job satisfaction in Ethiotelecom?
- To what extent managing performance affect employee job satisfaction in Ethiotelecom?
- To what extent performance appraisal affect employee job satisfaction in Ethiotelecom?
- To what extent rewarding performance affect employee job satisfaction in Ethio telecom?

1.4　Objective of the study

1.4.1　General objective

The main objective of this study was to determine the effect of performance management system on employees' job satisfaction in the case of Ethio telecom.

1.4.2　Specific objectives

The specific objectives of the study include:

- To investigate if performance planning has statistically significant effect on employee job satisfaction in Ethio telecom
- To identify if managing performance has statistically significant effect on employee job satisfaction in Ethio telecom
- To explore if performance appraisal has statistically significant effect on employee job satisfaction in Ethio telecom
- To examine if rewarding performance has statistically significant effect on employee job satisfaction in Ethio telecom

1.5　Definition of Basic Terms of the Study

Performance Management System:

"A performance management system is a comprehensive framework that aligns individual and team goals with the organization's strategic objectives. It provides a structured approach to planning, monitoring, and evaluating employee performance, with the aim of improving organizational effectiveness and enhancing employee motivation and development." (Aguinis, 2013)

Performance Planning:

"Performance planning is the process of setting clear, measurable, and achievable goals and objectives for an employee or team. It involves identifying the specific tasks, responsibilities, and expected outcomes that will contribute to the organization's overall success." (Bacal, 2012)

Managing Performance:

"Managing performance is the ongoing process of providing feedback, coaching, and support to employees to help them improve their work performance and achieve their goals. It includes setting clear expectations, monitoring progress, and addressing any performance issues in a timely and constructive manner." (Armstrong, 2009)

Performance Appraisal:

"Performance appraisal is the formal evaluation of an employee's work performance over a specific period, typically conducted annually or semi-annually. It involves assessing the employee's achievements, strengths, weaknesses, and areas for improvement, and providing feedback to help the employee develop and grow." (Armstrong, 2017)

Rewarding Performance:

"Rewarding performance is the process of recognizing and acknowledging an employee's exceptional work or contributions to the organization. This can take the form of financial rewards, such as bonuses or salary increases, as well as non-financial rewards, such as promotions, recognition awards, or opportunities for professional development." (Henderson, 2003)

Job Satisfaction:

"Job Satisfaction: is an attitude towards work related condition in organization perspective." (Okpara, 2006).

1.6   Scope of the study

The conceptual boundary was delimited to dimension PMS the variables performance planning, managing performance, performance appraisal & rewarding performance. The study was bounded only by the effect of the performance management system on employee job satisfaction by using the above variables.

Methodological delimitation of the study was to examine the relationship of performance management system and employee job satisfaction by using leaner regression model analysis such as correlation and regression.

The geographical boundary was delimited to Ethio telecom head quarter in Addis Ababa. Even though Ethio telecom has different Zones and Regions, this research only considers Addis Ababa head quarter because of time and cost limitation.

The study was bounded by the activities of the performance management system in the Ethio telecom during the period of 2024.

1.7 Significance of the study

This research is expected to provide helpful insight that could enable the organization to attain a better performance management system by recognizing and addressing its effect on employee job satisfaction. Help the management of the Ethio telecom to know better how to use performance management systems and its stages to improve job satisfaction of their employees. Inform the organization any gaps in its stage of performance management system effect on employee motivation and help to make the necessary adjustment. Help employee of the Ethio telecom to know about how performance management system effect on their job satisfaction.

It will be an input for other organizations who are interested in designing and implementing a performance management system. Managers in different organization will use the findings of this study to use effective performance management system to create policies that improved performance and employee satisfaction. It serves as a stepping stone for those who want to make further study on this topic and it will add something on the literature regarding the performance management system.

1.8 Limitation of the Study

The study was focused on Ethio telecom Addis Ababa head quarter and does not represent the broad spectrum of telecommunications companies in Ethiopia. The result and conclusions that comes from the study was limited and can be viewed as encouraging further intra-industry studies.

1.9 Organization of the Study

This research is organized in five chapters. The first chapter introduces the background of the study, statement of the problem, research questions, objectives, scope, and significance of the

study. The second chapter deals with related literature review. The third chapter is concerned with research design and methodology of the study. The fourth chapter contains presentation, analysis and interpretation of the data. The last chapter presents summary of the findings, conclusion, and recommendation of the study

CHAPTER TWO:

2. REVIEW OF RELATED LITERATURE

In this section, the author conducts a comprehensive examination of relevant literature, organizing it into three main subsections: theoretical review, empirical review based on previous related studies, and the subsequent development of a conceptual framework. Additionally, the chapter concludes by drawing valuable lessons from the literature reviewed.

2.1 Conceptual Literature Review
2.1.1 Definition of Performance Management

Fletcher (2001) characterizes performance management as a method aimed at fostering a common understanding of the organization's objectives and goals, aiding employees in grasping their roles in advancing them, and thereby, optimizing both individual and organizational performance. Similarly, performance management encompasses managerial procedures designed to ensure that employees are aligning their efforts with the organization's mission. It involves three key stages: (a) establishing performance expectations for employees, (b) evaluating actual performance against these expectations, and (c) enhancing performance as necessary.

Armstrong (2004) offers a comprehensive definition of performance management as a method aimed at enhancing overall organizational outcomes by comprehending and managing performance within an agreed-upon framework. This involves overseeing the attainment of planned goals, standards, and competency requirements. Furthermore, performance management is described as a process involving the design and implementation of motivational strategies, interventions, and incentives to leverage the inherent potential of the workforce into tangible performance. While every individual possesses potential across various functional domains, converting this potential into actual performance is often hindered by obstacles. Performance management serves as a facilitator in this conversion process by addressing intermediate barriers and fostering motivation among employees. Additionally, it involves (b) facilitating ongoing dialogue between supervisors and employees to ensure performance remains aligned with organizational goals and (c) Performance management involves establishing clear objectives and targets for both individuals and teams, regularly reviewing actual achievements, and ultimately rewarding successful target attainment (O'Callaghan, 2005). Akata (2003) views performance

management as a comprehensive and systematic process encompassing work planning, monitoring, and measurement with the aim of continually enhancing the contributions of both teams and individual employees towards organizational goals. Similarly, Rothwell (2002) defines performance management as an ongoing process that involves identifying, measuring, and enhancing performance within organizations by aligning individual performance and objectives with the overall mission and goals of the organization. Consequently, performance management serves as a tool to enhance organizational performance by aligning the organization's general objectives and mission with the goals of each individual or team. While performance management systems and performance appraisals are often linked, with performance appraisal being a subset of performance management used for evaluating employee competence, the broader scope of performance management involves identifying, measuring, managing, and developing the performance of human resources within an organization (Robert and John, 2013).

In broad terms, performance management can be described as a continuous communication process between an employee and their direct supervisor, conducted collaboratively. This process entails establishing transparent expectations and clarity regarding: the fundamental duties and responsibilities expected of the employee; the alignment of the employee's role with the organization's objectives; specific criteria defining successful job execution; strategies for maintaining, enhancing, or developing the employee's performance; methods for evaluating performance; and the identification and elimination of obstacles hindering performance (Bacal, 1999).

2.1.2 The performance Management Process

Different researchers try to describe the process of performance management using different kind of models. Fisher et al., (2006, p.421) provided explanation of the process of performance management based on a model that consists of four parts:

1. Defining performance: it is desirable to carefully define performance so that it supports the organization's strategic goals. Setting clear goals for individual employees is a critical component of performance management.

2. Appraisal process: it is important to conceptualize an appraisal process that will be steady across the organization and consistent with the culture of the organization. There are many ways of appraising employee performance, and the system adopted has to be one that will work in the context of the particular organization involved.

3. Measuring performance: measuring performance does not need to be narrowly conceived but can bring together multiple types of performance measured in various ways. The key is to measure often and use the information for midcourse corrections.

4. Feedback and coaching: to improve performance, employees need information (feedback) about their performance, along with guidance in reaching the next level of results. Without frequent feedback, employees are unlikely to know that their behavior is out of synchronization with relevant goals or that to do about it.

2.1.3 The performance Management stages

Stage1: Pre-requisites - There are two important prerequisites that are needed before a performance management system is implemented: (a) Knowledge of the organization's mission and strategic goals and (b) Knowledge of the job in question.

Stage 2: Performance Planning - The performance planning stage has the goal for employees to have a thorough knowledge of the performance management system. In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done. This performance planning discussion includes a consideration of results, behaviors, and development plan.

Stage 3: Performance Execution - Once the review cycle begins, the employee strives to produce the results and display the behaviors agreed on earlier as well as to work on development needs. The employee has primary responsibility and ownership of this process and supervisors also have primary responsibility over the issues of observation and documentation, feedback, resources, and reinforcement.

Stage 4: Performance Assessment - In the assessment phase, both the employee and the manager are responsible for evaluating the extent to which the desired behaviors have been displayed, and

whether the desired results have been achieved. It is important that both the employee and the manager take ownership of the assessment process.

Stage 5: Performance Review - The performance review stage involves the meeting between the employee and the manager to review their assessments. This meeting is usually called the appraisal meeting or discussion. The appraisal meeting is important because it provides a formal setting in which the employee receives feedback on his or her performance.

Stage 6: Performance Renewal and Re-contracting- The final stage in the performance process is renewal and re-contracting. Essentially, this is identical to the performance planning component. The main difference is that the renewal and re-contracting stage uses the insights and information gained from the other phases. (Henderson, R. I., 2003).

2.1.4 Performance Management System

Performance Management (PM) is a relatively modern management concept that gained prominence in the 1980s, according to McDonnell & Gunnigle (2009). However, its origins trace back to the early 20th century when Frederick Taylor and his followers introduced the first formal monitoring system before World War I (Armstrong & Baron, 2010). The practice of performance appraisal was pioneered by W.D. Scott in the early 1900s (Brooks, 2015), but it wasn't widely recognized at that time. Formal performance appraisals emerged in the mid-1950s, initially focusing on personality-based assessments, which were deemed less effective for monitoring performance (Brooks, 2015). By the 1960s, there was a shift towards goal-oriented performance appraisals, introducing management by objectives (MBO) alongside critical incident techniques and behaviorally anchored rating scales (BARS) (Armstrong & Baron, 2010). Performance management evolved from this MBO approach. Over the next two decades, there was increasing emphasis on employee motivation and engagement, leading to a more comprehensive approach to performance management and appraisals (Brooks, 2015). During this time, a revised form of results-oriented performance appraisal emerged and continues to be used today (Armstrong & Baron, 2010). In recent years, performance management has continued to evolve, with companies adopting new methods and systems, often leveraging mobile technology, to manage employee performance (Brooks, 2015).

According to Rudman (2003), a performance management system is increasingly recognized as a tool for aligning HRM activities with the organizational goals, where both management and HR activities collaborate to shape individual and collective behavior in support of the organization's strategy. Moreover, Rudman emphasizes the importance of ensuring that the performance management system aligns with the organization's culture. Essentially, a performance management system represents a comprehensive and integrated cycle for managing performance. The primary focus of such systems is on continually enhancing organizational performance, which is accomplished through improving individual employee performance (Macky & Johnson, 2000). Similarly, Lawler (2003) suggests that the objectives of performance management systems typically include motivating performance, facilitating individual skill development, fostering a performance-oriented culture, identifying candidates for promotion, addressing poor performance, and aiding in the implementation of business strategies.

2.1.5 Purposes of Performance Management System

Organizations install performance management system in human resource management practice to be benefited from the advantages obtained from it. Bratton and Gold (2007) categorized purposes of performance management system based on the judgments to be made as control and development purposes such that:

• The making of administrative decisions concerning pay, promotions and careers, and work responsibilities-the control purpose and

 • The improvement of performance through discussing development needs, identifying training opportunities and planning action-the development purpose.

However, a more elaborated explanation of performance management system was given by Cleveland and Murphy (1989), as cited by Bratton and Gold (2007), and they describe that the purpose of performance management system is not just to manage and measure performance of employee; it has strategic significance to the organization. So performance management systems can serve six important purposes:

1. Strategic: It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.

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

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

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

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

6. Documentation: It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be After depth analysis of various organizations, it is found that every organization has been taken different steps and there is no similarity in steps in performance management process (Balyan 2011). Also various authors (Hartle 1994; Schneier et al. 1987 as cited in Ying 2012; Armstrong & Baron 2010) identified different steps as the steps that included in performance management system. According to Hartle (1994), strategy and objectives, job definition, objective setting, coaching and counseling, performance review, skills training, performance related pay and training and development can be considered as the elements of performance

2.1.6 Stages of the performance Management system

A study by Balyan (2011) found wide variation in how organizations approach performance management, with no universal set of steps. This aligns with the views of multiple authors (Hartle, 1994; Schneier et al., 1987; Armstrong & Baron, 2010) who highlight the different potential components of a performance management system. While Hartle (1994) suggests

elements like strategy, objectives, job definition, coaching, reviews, training, and compensation, the specifics remain flexible across organizations.

Different experts propose different structures for performance management systems. Schneier et al. (1987) break it down into five phases: development, planning, managing, reviewing, and rewarding. Meanwhile, the Chartered Institute of Personnel and Development (CIPD, 2011) focuses on six key practices: performance appraisal, objective setting, regular feedback, regular reviews, performance-related pay, and assessing development needs. Despite these variations, there seems to be no single, universally accepted structure. Despite various experts like Armstrong & Baron (2010) proposing numerous elements (performance planning, objectives, feedback, etc.) within performance management systems, there's no single, universally agreed-upon structure. While some elements appear consistently across models, the specific organization varies. Therefore, to assess the impact of the performance management system in your study, you'll focus on key common elements such as Performance Planning (this encompasses setting clear goals and effectively communicating them to ensure everyone understands expectations), Managing Performance (this involves providing ongoing support through training, coaching, and regular feedback to facilitate employee development), Performance Appraisal (this entails conducting comprehensive reviews to evaluate employee performance against established goals) and Rewarding Performance (this acknowledges achievements and contributions through relevant rewards and recognition to maintain motivation). Use this element as criteria's to measure the effect of the performance management system in this study.

2.1.7 The Concept of Job Satisfaction

One of the most significant investigations into job satisfaction was the Hawthorne study, conducted from 1924 to 1933 by Elton Mayo of Harvard Business School. Mayo sought to understand how different work conditions affected worker productivity. The study revealed that introducing new changes to work conditions temporarily boosted productivity, a phenomenon known as the Hawthorne Effect. This discovery underscored that factors beyond just pay influence people's work behavior, prompting further research into additional elements contributing to job satisfaction.

According to Susan (2010), employee satisfaction pertains to the contentment and fulfillment of employees in their workplace. She highlights several factors influencing employee satisfaction, including treating employees respectfully, consistently acknowledging their contributions, empowering them, and offering competitive benefits and compensation packages. Similarly, Freeman (2003) asserts that the prosperity of any organization hinges on the satisfaction levels of its employees, who serve as the embodiment of the company.

Employee satisfaction is evaluated through periodic anonymous surveys aimed at assessing various aspects such as management effectiveness, alignment with the organization's mission and vision, empowerment levels, teamwork, communication, and interactions with coworkers (Susan, 2010). Additionally, methods for measuring employee satisfaction include exit interviews and conducting small group meetings where employees are verbally asked the same questions. Employee satisfaction serves as a metric for gauging the contentment of workers with their job roles and work environment. Modic (2005) describes employees as valuable assets who actively choose to return to work each day. Similarly, Kash (2003) emphasizes the importance for organizations to prioritize their employees alongside their customer base.

Employee satisfaction significantly impacts various aspects of an organization's business operations. According to Carpittella (2003), businesses that prioritize employee satisfaction tend to experience a range of benefits, including a notable 50% reduction in turnover rates compared to industry norms, an average increase in customer satisfaction to 95%, a decrease in labor costs by 12%, and a boost in pretax margins by an average of 4%. Similarly, Greenberg (2004) emphasizes that profit and growth are predominantly driven by customer loyalty, which in turn is heavily influenced by customer satisfaction stemming from their perceived value of the services received. This value is fundamentally shaped by the satisfaction, loyalty, and productivity of employees.

Job satisfaction plays a crucial role in decreasing turnover rates and enhancing motivation. Previous research has identified various tools for managing job satisfaction, including compensation, recognition, and the work environment (Mathauer et al., 2006). This aspect is significant not only for the well-being of employees but also for the overall success of the organization (Lim, 2008). When employees are dissatisfied with their jobs, they are less likely to

demonstrate loyalty to the organization and may actively seek alternative employment opportunities (Reed et al., 1994).

2.1.8 Importance of Job Satisfaction

Employee satisfaction or dis-satisfaction is related with organizational development. If the employees are satisfied by working in the organization, it is better for the organization. Employees are the root element of an organization. That's why job satisfaction is a major considerable matter for an organization. Now we're going to discuss about the importance of job satisfaction.

1. It provides better working environment:-Job satisfaction provides better working environment in the organization. Employees can submit their problem to the authority. Then authority takes appropriate actions to solve the problem or discuss with the employee. So the environment is become calm in the organization

2. It Gladdens the managers:-High job satisfaction develops the quality of the employees. They get encourage to perform their own duty and responsibility with more dignity. As a result Managers get proper feedback from the workers and they do good attitude with the workers. So job satisfaction gladdens the managers.

3. Reduces the Absenteeism:-Job satisfaction makes positive intention to work of employees in the organization. They become satisfied and feel easy then before in the job. This matter brings eagerness and inspiration among the employees to perform their job. Employees attend in their working place regularly. So it reduces the absenteeism of the employees.

4. Reduces the labor turn-over:-Job satisfaction depends on the employee's mental satisfaction to his working condition. When employees don't get facility and opportunity in their work place then they remove their place. This creates negative impact on the organization. But when employees get satisfaction in their work then they want to work as long as possible. So it reduces the labor turn over.

5. Reduces the industrial dispute:-In organization the disputes occurred between worker & supervisor, worker & worker or one factory with other factory. This occurrence is called

industrial dispute. As a result company faced losses and they cannot continue their productivity in the factories. Job satisfaction reduces the industrial dispute

6. It increases the productivity:-High satisfaction brings high productivity in the organization. When employees get satisfaction and assurance of their job then they do more work than before. They continuously perform their job. So automatically production increases in the organization.

7. Reduces the accident:-Every day there are many accidents occurs in the organization. The main reason is for no concentration and feel tiredness among the employees to perform their job. This is negative sign for them. But when they get job satisfaction then 11 they give more concentration on duty. The different accident will be reduces. So job satisfaction progress the organization.

8. Increases the quality of the products:-High quality products needed for the success of the organization. When a company gives proper training to employees, they become eager to give full concentration in their work. They maintain the quality of the product and try to increases the quality.

9. High morale of the worker's:-Job satisfaction creates positive morality among the workers, because this fulfilled employee's expectation. It develops the workers mental expectation. So it is related with high morale of the worker's.

10. Increases the discipline:-The success of an organization depends on the employee working discipline. Job satisfaction creates discipline among the employees in the organization. So it helps to bring success in the organization (Hossain, M. K. ,2016).

2.2 Theoretical review
2.2.1 Two-Factor Theory

Fredrick Herzberg looked not at motivation directly but at the causes of job satisfaction and dissatisfaction in an attempt to more fully understand what motivates people at work. The two factors were:

1. Motivators - These were such things as 'a sense of achievement', 'an opportunity for personal growth', 'the sense of having done a job well', 'having responsibility', and 'achieving recognition for your work'.

2. Hygiene factors - These included such things as pay, physical working conditions, job security, company policy, and quality of supervision and interpersonal relations.

Motivators and hygiene factors are qualitatively different and have different effects. If the objective is to remove dissatisfaction, then the organization will need to improve the hygiene factors. However, improving them beyond the level at which dissatisfaction disappears will not result in an increase in satisfaction. The only way satisfaction can be increased further is by giving more of the motivators. The converse also applies in that giving more of the motivators may not, by itself, remove dissatisfaction (Herzberg, F., 1964).

For Herzberg, therefore, the opposite of satisfaction is not dissatisfaction, it is merely no satisfaction, and equally, the opposite of dissatisfaction is not necessarily satisfaction, simply no dissatisfaction. As Robbins and Judge (2013, p.206) explain, 'if we want to motivate people on their jobs, Herzberg suggested emphasizing factors associated with the work itself or with outcomes directly derived from it, such as promotional opportunities, personal growth opportunities, recognition, responsibility, and achievement. These are the characteristics people find intrinsically rewarding.'

2.2.2 Goal-setting Theory

This approach to motivation is based on a simple premise; performance is caused by a person's intention to perform. Goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. It potentially improves employee performance in two ways: (1) by stretching the intensity and persistence of effort and (2) by giving employees clearer role perceptions so that their effort is channeled toward behaviors that will improve work performance (Robbins and Judge, 2013).

Goals are what a person is trying to accomplish or intends to do and, according to this theory, people will do what they are trying to do. What follows is clear, a person with higher goals will do better than a person with lower goals and if someone knows what they want to do, or is supposed to do, that person will perform better than someone whose goals or intentions are vague. These two basic ideas underlie the propositions of goal-setting theory which begins by stating that there is a general positive relationship between goal difficulty and performance. Challenging goals which generally result in improved performance compared to easy goals.

Further, the theory proposes that knowledge of results (feedback) is essential if the full performance benefits of setting more difficult goals are to be achieved. Hence feedback offered in an appropriate manner can have a motivating effect on the employee. Goal-setting theories of motivation emphasize the importance of feedback in order to:

 • Increase the employee's feeling of achievement;
• Increase the sense of personal responsibility for the work;
• Reduce uncertainty; and Refine performance.

2.3 Empirical Review

Several studies suggest a strong link between effective performance management systems and enhanced employee job satisfaction. Gupta & Upadhyay (2012) found a significant correlation in Indian banks, highlighting the system's impact on satisfaction. Lawson (1995) emphasizes how well-designed systems promote individual development, satisfaction, and potential fulfillment, benefiting both employees and organizations. Armstrong (2000) underscores the importance of meeting employee needs, including through performance management. Robby (2010) highlights the association between practices related to people, performance management, and organizational results with employee satisfaction. Williams (1991) and DDI (n.d.) (cited in Gathoni, 2012 & Aguinis, 2005, respectively) suggest that proper implementation of performance management systems leads to higher satisfaction.Gathoni (2012) further confirms this in an NGO setting, concluding that performance management practices enhance employee satisfaction. Torrington (2008) and Fletcher & Williams (1996) also emphasize the positive relationship between these systems and employee job satisfaction.

Different studies point to a positive connection between effective performance planning and increased employee job satisfaction**.** Gathoni (2012), citing Berger (2008), highlights this link, while Fletcher and Williams (1996) specifically mention how goal-setting within performance planning leads to higher satisfaction. Further research by Decramer et al. (2012) reinforces this, showing that consistent performance planning practices contribute to employees feeling more satisfied with the system itself.

Numerous studies link key activities within performance management, like feedback, coaching, and training, to increased employee job satisfaction. Ying (2012) identifies these activities as part of the "managing performance" step in a performance management system. Aguinis et al. (2011) and Islam & Rasad (2006) specifically highlight the effectiveness of performance feedback in boosting satisfaction. Additionally, training and development, as highlighted by Gathoni (2012) and Gagne & Deci (2005), are shown to improve both performance and satisfaction simultaneously.

Various researches the reinforce idea that effective performance appraisal systems can magnify employee job satisfaction. Herpen et al. (2005) and Martinez (2005) found a direct link between perceived fairness in appraisals and higher job satisfaction. Likewise, Waal (2003) observed that performance appraisals themselves contribute to positive employee feelings. Ukko et al. (2008) further explored this, demonstrating that performance measurement positively impacts job satisfaction as part of overall quality of working life. Finally, Brown et al. (2010) highlighted that poor-quality appraisals (lacking trust, communication, clarity, or fairness) lead to lower job satisfaction.

Several studies support the idea that linking rewards to performance raise employee satisfaction. Usman and Danish (2010) highlight this connection, along with Heywood & Wei (2006) and Green & Heywood (2008). Furthermore, Bryson et al. (2012) found employees in performance-related pay schemes (piece-rate, team-incentive, or profit-sharing) reported higher job satisfaction.

Despite its potential benefits, performance management often ranks poorly in employee surveys, according to Pulakos (2009). She suggests this dissatisfaction stems from a misunderstanding of how effective performance management works. Too often, it's seen as merely a burdensome paperwork exercise for human resources, neglecting the potential for employee development and engagement.

Ajitha & Panchanatham (2014) highlight how employee perceptions of fairness and accuracy in performance appraisals impact their motivation. If employees believe the system is fair and accurate, they're more likely to be motivated to improve weak areas or develop their potential.

Conversely, a system perceived as unfair or inaccurate can demotivate employees, hindering their growth and performance.

Lloyd Mphahlele, Leigh-Anne P. Dachapalli (2022) conduct study on the influence of performance management systems on employee job satisfaction levels at a telecommunications company in South Africa and the study found that "there is a clear link between performance management and employee JS, more specifically as this relates to the implementation of performance management systems and the perceived fairness thereof. While employees believe that performance management systems are both needed and important, they consistently report neutral sentiments regarding the manner in which the system is applied. They are neutral as concerns perceived managerial fairness in application; this neutrality in opinion runs counter to the very purpose of a performance management system, which is built to improve relations between management and employees. Furthermore, the high levels of standard deviation across all question responses are possibly indicative of the inconsistent application of the performance management system, insofar as a performance management system is geared at homogenizing employee expectations and managerial experience in a consistent and procedurally understood manner. The high levels of variability in employee perception of performance management thus run contrary to the principles of a good performance management system and are indicative of poor implementation or coordination of the performance management system both across departments and in general."

Sandalika, KDM and Jayasekara, P (2017) did research on impact on performance management system on employee job satisfaction in Automobile Companies in Western Province, Sri Lanka and found that "performance management system and job satisfaction are highly correlated with each other and there is significant impact of effectiveness of performance management system on employee satisfaction. Additionally the research findings revealed that there was a strong positive impact of independent variable (performance management system) and all four dimensions of performance management system performance planning (goal setting and communicating the established goals), managing performance (training, coaching, feedback), performance appraisal and rewarding performance for the dependent variable (job satisfaction) in executives and above level staff in automobile companies in western province."

Abebe Kassaye (2017) did study on the role of performance management practice on employee motivation the Case of Commercial Bank of Ethiopia and he concluded that effective performance management system is positively related to employees 'motivation. He added that a "well performed performance management process gives a powerful tool for addressing or improving poor performance issues, when they identified." Hamid Abdurehim (2017) had studied The Role of performance Management Practice on Employee Productivity in East Africa Bottling Share Company and found out that "the performance management practice of the company has a significant role on employee productivity. Regarding its relationship with employee productivity, it has positive and significantly high correlation. And, it has also positive and significant effect on employee productivity." (2017)

Mersha Menberu (2022) did study on the effects of performance management practices in motivating employees in the case of Hibret Bank S.C the study found an effective performance management practice and evaluation system can enhance the motivation and effectiveness of the employees leading to the completion of specified work and Performance management system is a key driver to employee motivation and Netsanet Nega (2022) conducted study on the effects of performance management practices in motivating employees The Case of Ethiopian Air Lines she found that "The dependent variable of the study - employees' motivation - was analyzed separately and in relation to the performance management system. Accordingly, the study has found out that the motivation level of the employees to be positive, as 57% of the employees feel that they are motivated in response to the six separate questions asked in relation to their motivation. The analysis of the study has indicated that employees are hardly affected by the effectiveness of the performance management system. While the relationship model has shown that the performance management system and motivation variables are positively related and significant."

2.3.1 Literature Gap

According to the literature review there are a number of studies conducted in the area of performance management system and employee job satisfaction independently using different variables but there is limited number of researches on the effect of performance management on employee job satisfaction. In case of our country Ethiopia more needs to be done .Also the

relationship of performance management system and employee job satisfaction in Ethio telecom was not researched.

2.4   Conceptual framework

Researcher has reviewed various studies and created a model exploring the link between performance management systems (PMS) and employee job satisfaction. This model only focuses on PMS factors (planning, managing, appraising, and rewarding performance) and their effect on employee motivation. Essentially, the model treats PMS features as the main influences (independent variables) and employee motivation as the outcome (dependent variable). A visual representation of this model is provided in Figure 1.
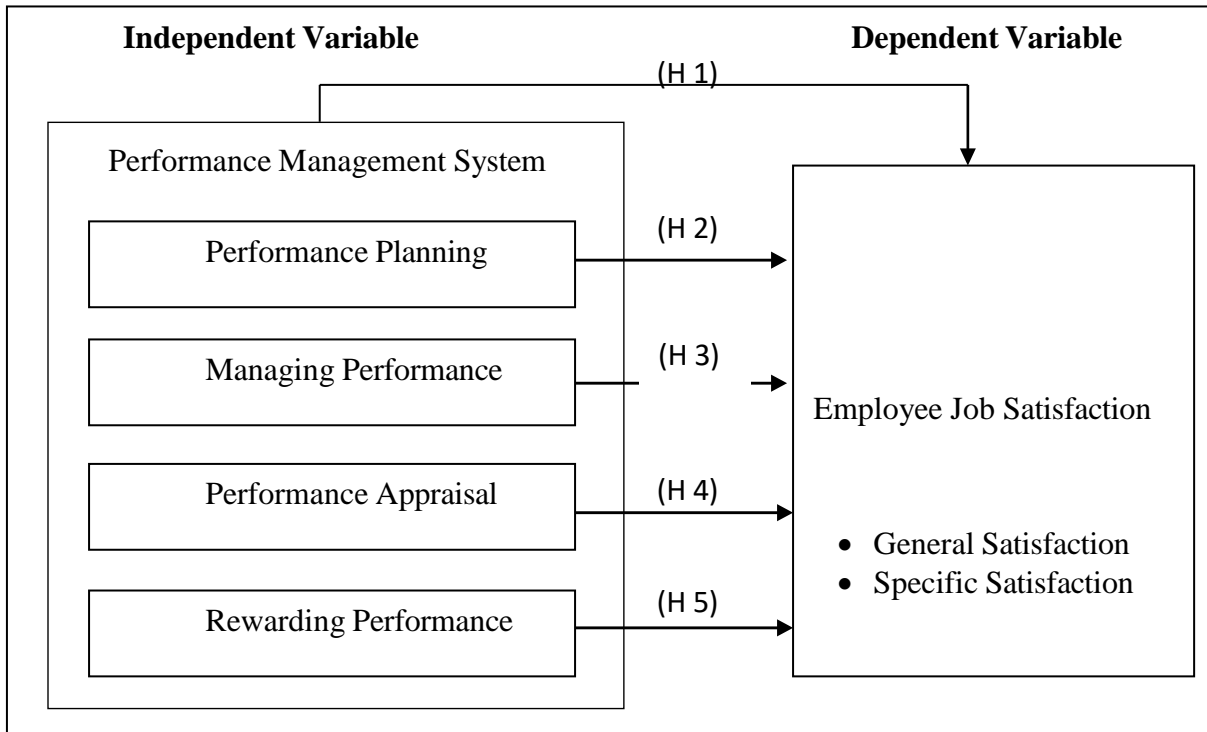
Figure.1. Conceptual Model of the Study: Adopted from Sandalika, KDM and Jayasekara P (2017)

2.5 Research Hypothesis

H1: Performance planning has statistically significant effect on employee job satisfaction.

H2: Managing performance has statistically significant effect on employee job satisfaction.

H 3: Performance appraisal has statistically significant effect on employee job satisfaction.

H4: Rewarding performance has statistically significant effect on employee job satisfaction.

CHAPTER THREE

3   RESEARCH DESIGN METHODOLOGY

3.1 Introduction

In order to achieve the objective of this paper, using of appropriate methodology that helps to approach the research scientifically is the priority attention given by the researcher. Therefore, this chapter includes research design, sample and sampling technique, instrument for data collection, procedure of data collection, method of data analysis, reliability and validity and ethical issue.

3.2 Research Design

Research design is a plan of methods and a procedure that is used by researchers to collect and analyze the data which is needed. Shukala (2010)

The researcher used both descriptive and explanatory research design in order to assist the decision maker in determining, evaluating and selecting the best course of action to take in a given situation. It is typically more formal and structured. Explanatory type of research is grounded in theory, and theory is created to answer why and how questions. In business research, we often find that the cause-effect relationship is less explicit. We are more interested in understanding, explaining, predicting and controlling relationships between variables than we are in detecting causes. Explanatory studies go beyond description and attempts to explain the reasons for the phenomenon that the descriptive study only observed. In an explanatory study, the researcher uses theories or hypotheses to account for the forces that caused a certain phenomenon to occur. Explanatory research design is the proper way to collect the necessary data to determine the effect of performance management system on job satisfaction of the employees.

3.3 Research Approach

Research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. According to Creswell (2009), there are three common approaches or methods to conduct research quantitative, qualitative and mixed approach.

Qualitative research is a means for exploring and understanding the meaning of individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participants setting, data analysis inductively building from particulars to the general theme, and the researcher interpreting the meaning of the data.

Quantitative research is a means of testing objective theories by examining the relationship among variables. These variables can be measured, typically on instruments so that numbered data can be analyzed using statistical procedures.

Mixed is an approach to inquiry that combines or associates both qualitative and quantitative forms.

From the above research approaches the researcher was used quantitative research approach in conducting this study.

3.4 Data type and sources and data collection instruments

In this research, the researcher was used both primary and secondary data. The primary data is information that is gathered for the first time which is obtained from the questionnaire and interviews from the employees of the Ethio telecom.

The secondary data is data that is collected for some other purposes. For this research the researcher was used secondary data from human resource management manual, annual report and Add Hoc, the internal portal, and varied organizational document such as Procedure, Manual and Process, which are linked with performance management system and other related researches in this area.

3.4.1 Data collection instruments

A questionnaire is a research instrument consisting of a set of questions or items intended to capture responses from respondents in a standardized manner. Structured questions ask respondents to select an answer from a given set of choices B hattacharjee (2012).

The researcher was collect primary data through questionnaires from the employee of Ethio telecom by using survey method. The questionnaires was try to translate research objectives into specific questions. Most of the questions in the questionnaire was developed from the previous researches, review of related literature and was adapted to the current study. The questionnaire

was containing two sections. Section A covers the demographics of the respondents; section B establishes to collect information about subject matters of performance management system effect on employee job satisfaction. Five point Liker scale ranging from 1 (strongly Diagree) to 5 (strongly agree) was used because it is helpful to choose one option from the given scaling that best align with their views.

3.4.2 Population and Sampling size

As discussed above, this research was aimed at investigating effect of performance management system on employee job satisfaction in the Ethio telecom. The total population of the study was employees of the Ethio telecom found in Addis Ababa city head quarter which is 6,630. Though incorporating all employees' idea on the analysis could have better for conclusion and generalization but economically and operationally it was very difficult to contact all employees in the research. Therefore, taking a representative sample of the population of the employees' was feasible. The target populations are employees of Ethio telecom who are working at the Head quarter in Addis Ababa who have one and above year service in the organization.

3.4.2.1   Sampling Size

The study selected 378 samples out of the 6,630 head quarter staffs. The number of samples need for the study will determine by the following general formula enough provide a more reliable sample for the study. Yamane's formula: $n = N / (1 + N * e^2)$

Where: n is the sample size, N is the population size (6630 in this case), e is the margin of error (5% or 0.05 in this case). $n = 6630 / (1 + 6630 * 0.05^2)$ Simplify the expression: $n \approx 6630 / (1 + 16.575) \approx 6630 / 17.575 \approx 377.240 = 378$

3.5   Sampling Technique

Table 3.1 the population and sample distribution

Stratum	Division	Number of Employee	Percentage	Sample Size
S1	Commercial division	1,888	28.57	108
S2	Support division	2,576	38.89	147

S3	Technical division	2,166	32.54	123
	Total	**6,630**	**100**	**378**

Stratified sampling adopted and conducted by systematic sampling because method of sampling from a population which can be separated into sub-populations. The research was targeted a sample from the three division employees within the sampling frame. And systematically select participants from the given 3 strata in order to give equal chances for all groups of employees find in each stratum the size of each stratum varies, then the researcher decides to choose proportionate stratified sample. To find the sample using systematic sampling:

First: Calculate the sampling interval for each stratum and select random starting point

Commercial Division: Sampling interval = 1,888 / 108 = 17.48 ≈ 17 and starting point 5

Support Division: Sampling interval = 2,576 / 147 = 17.51 ≈ 17 and starting point 9

Technical Division: Sampling interval = 2,166 / 123 = 17.61 ≈ 18 and starting point 12

Then: Select every nth employee from the stratum

Commercial Division: Select the 5th, 22nd (5 + 17), 39th (22 + 17), 56th (39 + 17), and so on until 5 + (108-1) * 17 = 108 * 17 = 1,836th, 108 employees have been selected.

Support Division: Select the 9th, 26th (9 + 17), 43rd (26 + 17), 60th (43 + 17), and so on until 9 + (147-1) * 17 = 147 * 17 = 2,499th, 147 employees have been selected.

Technical Division: Select the 12th, 30th (12 + 18), 48th (30 + 18), 66th (48 + 18), and so on until 12 + (123-1) * 18 = 123 * 18 = 2,214th, 123 employees have been selected.

3.6   Variables

In this study, many variables were identified from literature review. These variables will be categorized into planning performance, managing performance, performance appraisal and rewarding performance.

3.6.1 Independent and dependent variables

In this study, the independent variables are the activities in performance management system. The Table 3.2 is the conclusion of independent and dependent variables from literature review and also the established relationship of these independent variables with dependent variables.

Table 3.2 Independent and dependent variables from literature

Independent variables	Dependent variable
Planning performance :	
Managing performance:	**Job satisfaction**
Performance appraisal:	
Rewarding performance:	

3.7 Data Analysis Methods

This study was utilizing a structured questionnaire with five sections for data collection. The analysis would be facilitating by the Statistical Package for Social Science (SPSS) software. Aim to transform the raw data into meaningful information through descriptive statistics, with particular emphasis on means as they are crucial for interpreting the data and preparing it for parametric tests. To elucidate the relationship between the independent variable (PMS encompassing all dimensions of (performance planning, managing performance, performance appraising, and rewarding performance) and employees' job satisfaction, the study would employ leaner regression models such as correlation and regression analyses.

3.8 Research Model

The objective of this study is to determine the effect of performance management system in employee's job satisfaction. Accordingly, to test the effect, the researcher estimated a linear regression model in the following model. Model $Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ Where by: Y_i = Employees job satisfaction β_0 =Constant intercept β_1, β_2, β_3, β_4 = the parameters (coefficients) to be estimated X_1=Performance planning X_2=managing Performance X_3=performance appraisal X_4=rewarding performance ε = Error Term or residual.

3.9 Reliability and Validity

3.9.1 Validity of data Instrument

The objective of this study is to ensure instrument validity, meaning that each item within the questionnaire accurately measures the intended concept (Kothari, 2008). To achieve this, content validity were a primary concern from the outset of questionnaire development. This focus on content validity will entail: Thorough literature review: extensively reviewed relevant literature to identify and develop an initial pool of items that comprehensively represent each construct under study. This ensures the items are grounded in existing knowledge and address the specific research questions. Expert consultation: The research advisor also provided valuable feedback on the questionnaire, further refining the clarity, relevance, and representativeness of the items..

3.9.2 Reliability of Research Instrument

To assess the internal consistency of the research instrument, the study was employed Cronbach's Alpha**.** Internal consistency refers to the degree to which the instrument produces consistent results across repeated trials, reflecting the concept of reliability as defined by Mugenda & Mugenda (2003). Following Davidson's (1996) suggested threshold, an alpha score exceeding 0.70 considered acceptable for this study. This aligns with the common rule of thumb use to evaluate internal consistency through Cronbach's alpha.

Table 3.3 Reliability Test

Reliability Statistics	
variables	Cronbach's Alpha
Planning Performance	.883
Managing performance	.858
Performance appraisal	.865
Rewarding performance	.883
Employee job satisfaction	.883

Source: Own Survey computed in SPSS data, 2024

From Table 3.3 Presents the results from the study, it can be observed that the reliability and internal consistency of the items constituting performance planning, managing performance, performance appraisal, rewarding performance and employee job satisfaction construct was established. The overall cronbach's alphas for these variables was 0.883, 0.858, 0.865, 0.883 and 0.883 respectively which were above the required cut off value of 0.7 therefore all the item in the questionnaire were reliable. The interpretation was that all the items in the research instrument were eligible for the inclusion in further analysis.

3.10 Ethical Consideration

Ethical considerations were paramount throughout the study. Permission was obtained from the involved organization, and respondents were fully informed about the study's academic purpose. To ensure their privacy and protection, anonymity will strictly maintain through anonymous questionnaires and confidential data handling. Office information confidentiality was further upheld by not disclosing raw data, and ensured that all data will be destroyes after serving its purpose. Finally, fostering transparency and open communication, a copy of the final report will provide to the organization for reflection and potential action, if deem necessary.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRATION

4.1. Introduction

This study assessed how employees of Ethio telecom view the effectiveness of their company's performance management system and how it affects their satisfaction with their jobs. To this end, a survey was administered to Ethio telecom employees. This chapter presents the results of the study based on the analysis of the data collected from the respondents and discussion of results based on the literature reviewed. This part incorporates the descriptive, correlation and regression analysis that evaluated the relationship between the variables.

4.1.2 Response Rate

Table4.1 Response rate

Response rate	Number	Percentage
Responded	340	90
Did Not respond	38	10
Total	378	100

Source: Own Survey computed in SPSS data, 2024

Table 4.1 indicates that 378 questionnaires were distributed, only 353 were returned and 13 questionnaires were discarded due to the in completion of data. The overall response rate was thus found to be 90%. The 10% of the respondents did not respond. Therefore 340 questionnaires were considered for the data analysis.

4.1.3 Profile of survey respondents

The following table summarizes the demographic information of the respondents based on gender, age, education, job experience and current work division of employees that they have worked for Ethio telecom. The results are shown below:

Table 4.2 Demographic variable of respondents

S/No	Respondents' Variable	Number of respondents' (Frequency)	% of respondents'
	Gender		

	Male	199	58.5
	Female	141	41.5
	Total	340	100.0
	Employee's Age Group		
	18-25 years	16	4.7
	26-33 years	130	38.2
	34-41 years	142	41.8
	42-49 years	42	12.4
	Above 49 years	10	2.9
	Total	340	100.0
	Educational back ground		
	Diploma holder	39	11.5
	Degree holder	145	42.6
	MA	156	45.9
	PHD holder & above	0	0
	Total	340	100.0
	Work Experience		
	0-5 years	53	15.6
	6-10 years	159	46.8
	11-15 years	81	23.8
	Above 15 years	47	13.8
	Total	340	100.0
	Current work division		
	Support	133	39.1
	Commercial	96	28.2
	Technical	111	32.6
	Total	340	100.0

Source: Own Survey computed in SPSS data, 2024

As shown above in table 4.2, the number of female respondents are 141(41.5%) whereas 199(58.5%) of them were male. This shows majority of the respondents are males. The data reveals that the majority of the respondents are age group composed of 34-41 years and 26-33 years that accounted to 142(41.8%) and 130(38.2%). And also a least share of respondents, i.e.

26(7.6%) from the data shows above table most of the age group that of below 26 and above 49 years.

The data obtained on educational qualification of the participants reveal that 156(45.9%) of the participants holds second degree whereas the number of first degree holders is accounted for 145(42.6%) of the total response and the remaining 39(11.5%) are holders of college diploma. This shows that the level education of the employees in the Ethio telecom indicate that a knowledgeable pool of professionals are being employed.

Regarding the years of work experience of the respondents, it is found that 53(15.6%) have five and below years' work experience. While 159 (46.8%) of the respondents serve Ethio telecom for six and above years. The rest 23.8% and 13.8% were worked for 11-15 years and above 15 years. This shows that the majority of the respondents have experienced more than 5 years and they have more reliable and accurate information about the effect of performance management practices on the organization. Division wise, the respondents were selected based on the stratified systematic sampling technique and comprises 133(39.1%) from support division, 96(28.2%) from commercial division and the rest 111(32.6%) from technical division. As it was mentioned earlier total population of the study was 6,630 the researcher use stratified sampling in order to draw smaller, more manageable samples from each subgroup.

4.1.4   Descriptive Statistics and Analysis

Quantitative data was analyzed using descriptive statistics such as mean and standard deviation with the use of Statistical Package for Social Sciences (SPSS). Descriptive statistics such as frequencies, percentages, mean and standard deviation were used to describe the quantitative data. Analysis of the results obtained from the respondents on a Likert scale, of 1 to 5, was interpreted based on standard adopted from Tekin (2000)

Table 4.3 Evaluation Criteria for Likert Scale Questions

No	Mean range	Response option
1	(1.00-1.79)	Strongly disagree
2	(1.80-2.59)	Disagree
3	(2.60-3.39)	Neutral

4	(3.40-4.19)	Agree
5	(4.20-5.00)	Strongly agree

Source (Tekin, 2000)

Employees' response with regards to the questions on the performance planning, in the performance management system is composed and presented in the table below.

Table 4.4 Performance planning

S/N	Variables	Mean	Standard Deviation	N
1	My Organization clearly communicates its overall goals and objectives	4.17	.825	340
2	My performance goals are clear and easy to understand	4.12	.796	340
3	My performance goals are aligned with my individual development goals and career aspirations	3.91	.818	340
4	I believe achieving my performance goals will contribute to the success of my team and organization	4.01	.981	340
5	I feel my opinions and suggestions are valued and considered during goal setting discussions	3.80	.983	340
6	I have a sense of ownership and commitment towards achieving my performance goals	3.96	.966	340
	Overall Mean	4.O	.895	

Source: Own Survey computed in SPSS data, 2024

Table 4.4 indicates those employees' responses to the questions on the Performance planning factors aggregate mean of 4.0 across all questions indicates that on average, employees have a positive perception on performance planning process of their organization. However, the standard deviations show there is room for improvement, particularly in aligning individual and organizational goals, including employees in goal setting, and fostering a stronger sense of ownership and commitment towards performance goals.

The individual mean of the performance planning factors indicates that "My Organization clearly communicates its overall goals and objectives:" The mean score for this variable is 4.17, indicating that on average; employees feel their organization clearly communicates its overall goals and objectives. "My performance goals are clear and easy to understand:" The mean score

of 4.12 suggests that on average, employees find their performance goals to be clear and easy to understand. "My performance goals are aligned with my individual development goals and career aspirations:" The mean of 3.91 indicates that on average, employees feel their performance goals are somewhat aligned with their individual development and career goals. "I believe achieving my performance goals will contribute to the success of my team and organization:" The mean of 4.01 suggests that on average, employees believe achieving their performance goals will contribute to team and organizational success. "I feel my opinions and suggestions are valued and considered during goal setting discussions:" The mean of 3.80 indicates that on average, employees feel their opinions and suggestions are somewhat valued and considered during goal setting. "I have a sense of ownership and commitment towards achieving my performance goals:" The mean of 3.96 suggests that on average, employees have a moderate sense of ownership and commitment towards achieving their performance goals.

Table 4. 5 Managing Performance

S/N	Variables	Mean	Standard Deviation	N
1	I receive regular and timely feedback on my performance	3.84	.923	340
2	The feedback I receive helps me understand my strengths and weakness	3.92	.994	340
3	My supervisor is open to receiving feedback from me on their approach to providing feedback	3.95	1.003	340
4	I have access to coaching and development opportunities that help me improve my skills and knowledge	3.79	.943	340
5	I have the opportunity to apply what I learn from coaching and development opportunities in my work	3.80	.930	340
6	The organization invests in the development of its employees	3.76	.987	340
	Overall Mean	3.84		

Source: Own Survey computed in SPSS data, 2024

Based on the information provided in Table 4.5 on the managing Performance factor the group mean of 3.84 across managing performance variables indicates that employees have a moderate positive perception of the performance management process in their organization. The standard deviations are below 1, which indicates that there is a general consistency in employee

perceptions across all variables. However, the standard deviations show there is room for improvement, particularly in providing more consistent and impactful feedback, creating a more open feedback culture, and investing further in employee development opportunities and their application.

The individual mean of the managing performance factors indicates that "I receive regular and timely feedback on my performance:" The mean score for this variable is 3.84, indicating that on average; employees feel they receive regular and timely feedback on their performance. "The feedback I receive helps me understand my strengths and weaknesses:" The mean score of 3.92 suggests that on average, employees find the feedback they receive to be helpful in understanding their strengths and weaknesses. "My supervisor is open to receiving feedback from me on their approach to providing feedback:" The mean of 3.95 indicates that on average, employees feel their supervisors are somewhat open to receiving feedback on how they provide feedback. "I have access to coaching and development opportunities that help me improve my skills and knowledge:" The mean of 3.79 suggests that on average, employees feel they have moderate access to coaching and development opportunities. "I have the opportunity to apply what I learn from coaching and development opportunities in my work:" The mean of 3.80 indicates that on average, employees feel they have some opportunity to apply what they've learned from coaching and development. "The organization invests in the development of its employees:" The mean of 3.76 suggests that on average, employees feel the organization moderately invests in their development.

Table 4. 6 Performance appraisals

S/N	Variables	Mean	Standard Deviation	N
1	The performance appraisal process is fair and unbiased	3.56	1.131	340
2	The criteria used for evaluation are clear and understandable	3.64	1.089	340
3	The performance appraisal process is applied frequently	3.75	1.033	340
4	I have the opportunities to provide feedback on my appraisal	3.77	1.077	340
5	I understand the link between my appraisal results and career advancement/promotions	3.58	1.112	340

S/N		Mean	Standard Deviation	N
6	The appraisal process motivates me to strive for higher levels of performance	3.53	1.145	340
	Overall Mean	3.64		

Based on the information provided in Table 4.6 on the Performance appraisal factor the grand mean of 3.64 across all questions performance appraisal factors indicates that on average, employees have a somewhat positive but variable perception of the performance appraisal process. The standard deviations highlight several areas for potential improvement, such as fairness and objectivity, clarity of criteria, frequency of reviews, employee feedback opportunities, linkage to career advancement, and the motivational impact of the appraisal process.

The individual mean of the performance appraisal factors indicates that "The performance appraisal process is fair and unbiased:" The mean score for this variable is 3.56, indicating that on average; employees feel the performance appraisal process is somewhat fair and unbiased. "The criteria used for evaluation are clear and understandable:" The mean score of 3.64 suggests that on average, employees find the evaluation criteria to be moderately clear and understandable. "The performance appraisal process is applied frequently:" The mean of 3.75 indicates that on average, employees feel the appraisal process is applied with moderate frequency. "I have the opportunities to provide feedback on my appraisal:" The mean of 3.77 suggests that on average, employees feel they have some opportunity to provide feedback on their performance appraisal. "I understand the link between my appraisal results and career advancement:" The mean of 3.58 indicates that on average, employees have a moderate understanding of how their appraisal results are linked to career advancement and promotions. "The appraisal process motivates me to strive for higher levels of performance:" The mean of 3.53 suggests that on average, employees feel the appraisal process only moderately motivates them to perform at higher levels.

Table 4. 7 Rewarding Performance

S/N	Variables	Mean	Standard Deviation	N
1	The reward system is fair and recognizes contributions	3.30	1.130	340

S/N	Variables	Mean	Standard Deviation	N
	equally			
2	Rewards are delivered in timely manner after achieving performance goals	3.30	1.114	340
3	Rewards are awarded based on individual performance and merit	3.31	1.066	340
4	I understand the criteria for receiving different type of reward	3.28	1.137	340
5	The reward system motivates me to perform at a higher level	3.31	1.134	340
	Overall Mean	3.3		

Source: Own Survey computed in SPSS data, 2024

Based on the information provided on Table 4.7 on the Rewarding Performance factor, the analysis suggested that rewarding performance factors reveals that employees have grand mean value of 3.3 which implies a neutral perception of the reward system in their organization. The high standard deviations across all questions highlight that there is a wide range of views, with some employees feeling strongly dissatisfied with the fairness, timeliness, and motivational aspects of the rewards, while others may be more satisfied.

The individual mean of the rewarding performance factors indicates that "the reward system is fair:" The mean score for this variable is 3.30, indicating that on average, employees feel neutral about the fairness of the reward system. "Rewards are delivered in a timely manner:" The mean score of 3.30 implies that on average, employees are neutral about the timeliness of rewards being delivered. "Rewards are awarded based on individual performance and merit:" The mean score of 3.28 implies on average, employees are neutral about rewards are awarded based on individual performance and merit. "I understand the criteria for receiving different type of reward:" The mean score of 3.31 implies on average, employees are neutral about the criteria of receiving different types of reward. "The reward system motivates me to perform better:" The mean of 3.31 suggests that on average, employees feel neutral about whether the reward system motivates them to improve performance.

Table 4.8 Job satisfaction

S/N	Variables	Mean	Standard Deviation	N

1	I feel my work is meaningful and contributes to the success of the company	4.04	.984	340
2	I have opportunities to learn and grow in my role	3.94	1.010	340
3	My work is challenging and stimulating	3.60	1.197	340
4	I am compensated fairly for my work	3.66	.978	340
5	The work environment is positive and supportive	3.81	.987	340
6	I see opportunities for career advancement within the company	3.62	1.134	340
7	I believe the performance management system help me to understand and achieve my goal	3.59	1.023	340
8	The performance management system motivates me to perform well	3.57	.986	340
9	The performance management system helps to feel valued and appreciated	3.69	.985	340
10	I satisfied with my company's performance management system	3.71	1.050	340
11	I believe the performance management system has a positive effect on my overall satisfaction	3.81	1.024	340
	Overall Mean	3.73		

Source: Own Survey computed in SPSS data, 2024

Based on the information provided in Table 4.8 on the job satisfaction factor, the analysis suggested that job satisfaction factors reveal that employees have grand mean value of 3.73 which implies a positive perception of job satisfaction in their organization. While employees generally feel their work is meaningful and the work environment is supportive, there are areas for improvement, such as learning and growth opportunities, work challenge, compensation fairness, and the performance management system. The high standard deviations across many variables also indicate a need to address the variability in employee perceptions and experiences.

The individual mean of job satisfaction factors indicates that" I feel my work is meaningful and contributes to the success of the company:" The mean score for this variable is 4.04, indicating that on average; employees feel their work is meaningful and contributes to the company's success. "I have opportunities to learn and grow in my role:" The mean score of 3.94 implies that on average, employees feel they have moderate opportunities to learn and grow in their roles. "My work is challenging and stimulating:" The mean of 3.60 suggests that on average,

employees feel their work is moderately challenging and stimulating. "I am compensated fairly for my work:" The mean score of 3.66 indicates that on average, employees feel they are moderately fairly compensated for their work. "The work environment is positive and supportive:" The mean of 3.81 implies that on average, employees feel the work environment is somewhat positive and supportive.

The remaining variables related to performance management and overall satisfaction: The mean scores for these variables range from 3.57 to 3.81, suggesting employees have a moderately positive view of the performance management system and its impact on their overall satisfaction. The standard deviations are all above 0.98, indicating significant variability in how employees perceive these aspects of performance management and satisfaction.

4.2 Inferential Data Analysis

A correlation analysis method has been implemented to analyze the relationship between the independent variables of the performance management system and the dependent variable – job satisfaction. According to Saunders, Levin and Thorn hill (2016), a correlation coefficient of +1 means that the items are positively and strongly related and 0 to 1 implies positive relationship, while a correlation coefficient of 0 means that the two variables are not related, -1 for perfect negative relationship and between - 1 to 0 indicate the existence of negative relationship. The following table presents the correlation between the independent and dependent variables.

Table 4.9: Correlation of independent variables and the dependent variable

Correlations		
Independent variables		**Job Satisfactipon**
Performance planning	Pearson Correlation Sig. (2-tailed)	.675** .000
Managing performance	Pearson Correlation Sig. (2-tailed)	.801** .000
Performance appraisal	Pearson Correlation Sig. (2-tailed)	.715** .000
Rewarding performance	Pearson Correlation Sig. (2-tailed)	.698** .000
Performance Management System	Pearson Correlation Sig. (2-tailed)	.837** .000

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

Source: Own Survey computed in SPSS data, 2024

According to the above correlations table 4.9, each of the independent variables has strong and positive relationship with the dependent variable when their relationship against the dependent variable is analyzed. The performance planning of the performance management system has a Pearson's correlation coefficient (r) of +0.675 with job satisfaction, this coefficient is considered a strong positive relationship between the performance planning factor of the performance management system and the dependent variable.

On the other hand, the relationship between the managing performance variable and job satisfaction has a correlation coefficient of r = +0.801, which implies that there is a strong and positive relationship between the two variables. Similarly, the correlation coefficient of r = +0.715 obtained for the performance appraisal factor of the performance management system indicates that there is a strong and positive relationship between the performance appraisal factor and job satisfaction. Finally, the rewarding performance factor of the performance management system with job satisfaction has a coefficient of r = +.698, which is again a strong and positive relationship. Each independent variable has scored a significance value of 0.000 which implies that the relationship model was significant.

The correlation between all the independent variables and the dependent variable was also analyzed and the relationship has a Pearson Correlation coefficient of +0.837 values. This coefficient, like the individual variables implies that there is a strong and positive relationship between all the determinant factors of the performance management system, in general, and job satisfaction. The relationship has also a value of 0.000 in significance which indicates that the model was significant.

4.3 Effect of Performance Management System on Employee job satisfaction

4.3.1 Assumption test of regression Analysis

4.3.1.1 Multicollinearity

Based on the provided collinearity statistics in table 4.10, the data does not indicate the presence of severe multicollinearity among the independent variables. Tolerance values range from 0.274 to 0.506, suggesting that the variables are not highly correlated with each other. The VIF values range from 1.975 to 3.646, indicating that the variables are not excessively correlated. In this case, the collinearity statistics suggest that multicollinearity is not a major concern among the independent variables. The tolerance and VIF values are within the acceptable ranges (O'Brien, R. M., 2007).

Table 4.10: Collinearity statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Performance management	.357	2.798
Managing performance	.274	3.646
Performance appraisal	.369	2.710
Rewarding performance	.506	1.975

Source: Analysis of survey data using SPSS data, 2024

4.3.1.2 Normality of the Error Term Distribution

Normality refers to the shape of a normal distribution of the matric variable (Roberts & Priest 2007). For variables with normal distribution, the values of skewness and kurtosis are zero, and any value other than zero indicated deviation from normality (Hair, 2010).

Skewness indicates the symmetry of the distribution. A value of zero indicates symmetry, while positive and negative values indicate right and left skew, respectively. Kurtosis measures how much the peak of a distribution differs from a normal distribution. Positive values indicate a more pointed distribution, while negative values indicate a flatter distribution. Table 3 shows that all variables have acceptable skewness statistics for normality (-1.0 to +1.0). The skewness and kurtosis values are between the acceptable ranges and the data still meets the assumption of normality for multiple regressions.

Table *4.11*: Skewness and Kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Performance planning	340	-.273	.157	.054	.313
Managing performance	340	-.068	.157	-.415	.313
Performance appraisal	340	-.185	.157	-.214	.313
Rewarding performance	340	-.092	.157	-.412	.313
Job Satisfaction	340	-.181	.157	-.258	.313

Source: Own Survey computed in SPSS data, 2024

4.3.1.3 Heteroscedasticity

The Heteroscedastic assumption can easily be checked using scatter-plots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra et al., 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 2.
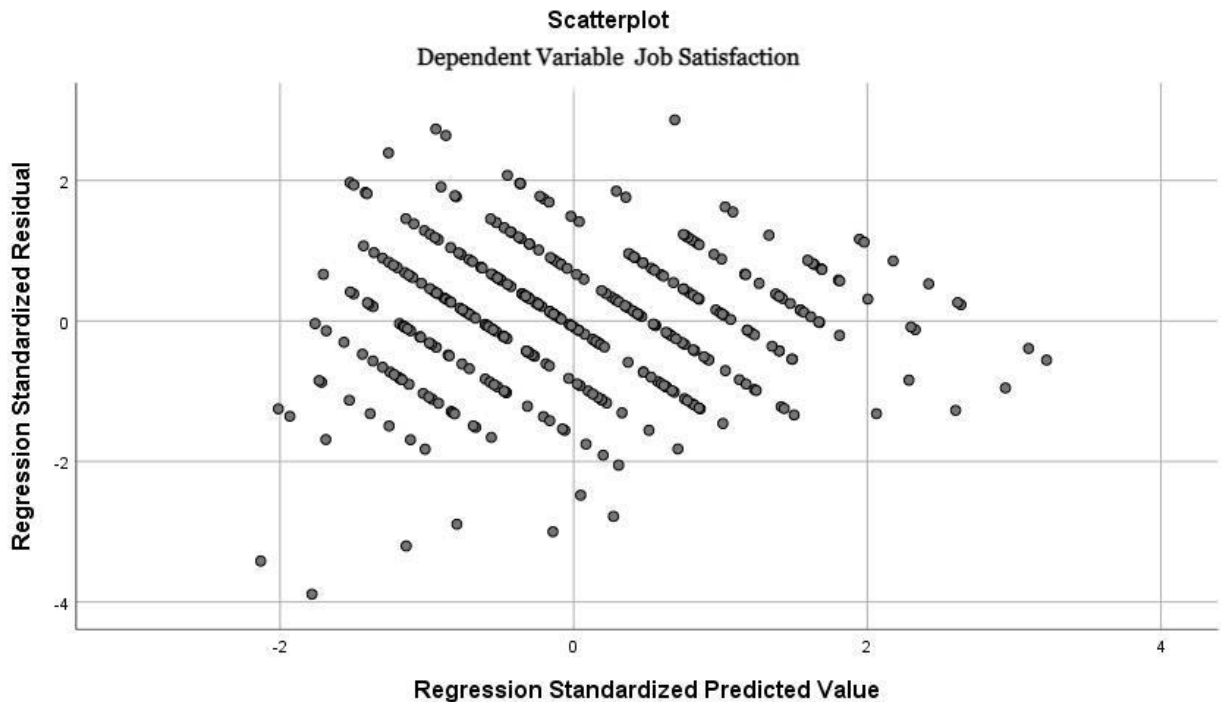

Scatterplot
Dependent Variable Job Satisfaction

Figure2: Heteroscedasticity test

Source: Own Survey computed in SPSS data, 2024

4.3.1.4 Auto-correlation

The Durbin Watson test detects auto-correlation in regression analysis, which occurs when the dependent variable at time t is related to its value at the previous time period. A value of 2 indicates no auto-correlation, while values 0-2 indicate positive autocorrelation and values 2-4 indicate negative auto-correlation. The acceptable range for no auto-correlation is 1.5<DW<2.5. The Durbin-Watson value in this study is 1.65, which falls within the acceptable range, indicating no significant auto-correlation.

4.3.2 Regression Model Summary of the relationship

From table 4.12 and 4.13 the value of the adjusted R square is 0.718. According to the scores obtained from the ANOVA table, it is indicated that the model is significant with the value of 0.000. This value clearly suggests that there is a strong relationship between performance planning, managing performance, performance appraisal, rewarding performance and employee's job satisfaction. This indicates performance management system effect of a variation of 71.8 % on employee's job satisfaction in Ethiotelecom. The conclusion is that the Four variables explains 71.8% of the variation on the dependent variable hence there are other factors to be consider that influence employee job satisfaction and are not captured in the model.

There is a consistency of the findings of the study with the findings of the researches conducted by Gupta and Upadhyay (2012), Lawson (1995), Armstrong (2000), Robby (2010), Gathoni (2012), Aguinis (2005), Torrington (2008), Fletcher and Williams (1996), Sandalika, KDM and Jayasekara, P(2017).

Table 4.12 Regression Model Summary of the relationship

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852[a]	.726	.718	0.861

 a. Predictors: (Constant), rewaperfo, perf.pla, perfoappr,
 managper

b. Dependent Variable: job satisfaction

Source: Own Survey computed in SPSS data, 2024

Table 4.13: ANOVA test of the relationship

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	667.760	4	166.940	225.000	.000[b]
Residual	252.240	341	0.740		
Total	920.000	345			

a. Dependent Variable: job satisfaction
b. Predictors: (Constant), rewaperfo, perf.pla, perfoappr, managper
Source: Own Survey computed in SPSS data, 2024

A regression analysis was conducted in order to understand and analyze the effect of the independent variables of the model on the dependent variable. According to Kothari (2004), the objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables. Therefore, the relationship between the independent variables of the performance management system and the dependent variable (job satisfaction) hypothesis testing was performed and the results are presented and discussed below.

Table 14: Regression analysis of individual independent variables against job satisfaction

Coefficients[a]

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	2.500	.800		3.125	.002
Performance planning	.350	.035	.175	10.000	.000
Managing performance	.700	.070	.393	10.000	.000
Performance appraisal	.300	.050	.196	6.000	.000
Rewarding performance	.400	.050	.226	7.050	.000

a. Dependent Variable: job satisfaction

Source: Own Survey computed in SPSS data, 2024

The relative importance of each individual predicator is explained by the value of beta which tells us that a certain improvement or problem on these variables will improve or decrease by the given values which is statistically significant. Hence, the regression model overall predict, employees' job satisfaction significantly by using the following formula which relates the dependent and the independent variables, that is:

Model

$Y_i = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ Where by: Y_i = Employees job satisfaction β_0 =Constant intercept β_1, β_2, β_3, β_4 = the parameters (coefficients) to be estimated X1=Performance planning X2=managing Performance X3=Performance appraisal X4=rewarding Performance ε = Error Term or residual. The fitted regression model is

Y = 2.500+0.350 performance planning + 0.700 managing performance +0. 300 performance appraisal +0.400 rewarding performance + ε

H1 Performance planning has statistically significant effect on employees' job satisfaction.

The results of regression as presented in table14 indicate that performance planning level of the performance management system has significant effect on level of employees' job satisfaction with a beta value of (β_1 = 0.350, P value less than 0.05). It is accepted that for each unit increase in performance planning factor of the performance management system, there is 35% improvement in level of employees'job satisfaction. This finding can be verified the findings of Berger (2008) as cited in Gathoni (2012), Fletcher and Williams (1996), Decramer et al. (2012), and Sandalika, KDM and Jayasekara, P(2017). Hence the hypothesis one is accepted.

H2 Managing performance has statistically significant effect on employees' job satisfaction.

The results of regression presented in the table 14 has also indicated that managing performance nature of the performance management system has a positive and significant effect on level of employees job satisfaction with a beta value of (β_2 = 0.700, P value less than 0.05). It is accepted that for each unit increase in managing performance factor of the performance management system, there is 70% improvement in level of employees'job satisfaction. This study findings confirmed by the studies done by Aguinis et al (2011), Islam and Rasad (2006), Gathoni (2012),

Gagne and Deci (2005), Ying (2012) and Sandalika, KDM and Jayasekara, P(2017). Hence the hypothesis two is accepted.

H3 Performance appraisal has statistically significant effect on employees' job satisfaction.

The results of regression presented in the table 14 has also indicated that performance appraisal factor of the performance management system has a positive and significant effect on level of employees' job satisfaction with a beta value of ($\beta3$ = 0.300, P value less than 0.05). It is accepted that for each unit increase in the performance appraisal factor of the performance management system, there is 30% improvement in level of employees'job satisfaction. Herpen et al. (2005)[, Martinez (2005), Waal (2003), Ukko et al. (2008) and Sandalika, KDM and Jayasekara, P(2017). also pointed out the positive relationship between these two variables. Hence the hypothesis three is accepted.

H4 Rewarding performance has statistically significant effect on employee job satisfaction.

The results of regression presented in the table 14 has also indicated that the rewarding performance variable of the performance management system has a positive and significant effect on level of employees'job satisfaction with a beta value of ($\beta4$ = 0.400, P value less than 0.05). It is accepted that for each unit increase in the rewarding performance variable of the performance management system, there is 40% improvement in level of employees'job satisfaction. Findings of current study relating to rewarding performance also similar to the findings obtained by Usman and Danish (2010), Heywood and Wei (2006), Green and Heywood (2008) and Sandalika, KDM and Jayasekara, P(2017). Hence, Hypothesis four is accepted.

CHAPTER FIVE

5 FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Key Findings

The analysis of this study has the following major findings.

Performance Planning: Mean rating: 4.0 (positive) and Beta value: 0.350. This indicates that performance planning is generally positive, and a 1-unit increase in the quality of performance planning is associated with a 35% increase in job satisfaction. Performance Management: Mean rating: 3.84 (somewhat positive) and Beta value: 0.700.This is the strongest predictor, with a 1-unit increase in the quality of performance management leading to a 70% increase in job satisfaction. Performance Appraisals: Mean rating: 3.64 (somewhat positive) and Beta value: 0.300. A 1-unit improvement in performance appraisals is linked to a 30% increase in job satisfaction. Rewarding Performance: Mean rating: 3.30 (unimpressive) and Beta value: 0.400. This area has the lowest mean rating, but a 1-unit increase still results in a 40% boost in job satisfaction.

From the above result, we can see that the performance management system has both strengths and weaknesses. The strongest driver of job satisfaction is the quality of performance management, followed by rewarding performance, performance planning, and performance appraisals. However, the lower mean ratings for rewarding performance and appraisals indicate these are areas that need the most improvement.

The study found a strong positive relationship between all aspects of a performance management system and job satisfaction. Each factor (planning, managing, appraising, rewarding performance) has a strong positive correlation with job satisfaction (coefficients above +0.675). All these relationships are statistically significant (significance value of 0.000). Combining all factors, there's also a strong positive correlation with job satisfaction (coefficient +0.837) and a significant model (significance value of 0.000).

5.2 Conclusion

The influence of the performance management system on employee satisfaction is uneven. While some aspects function well, others require improvement. Positive aspects: Employees feel their goals are clear and their work is meaningful based on performance planning and job satisfaction findings. They receive regular feedback and supervisors seem open to it according to performance management findings. Room for improvement: Some employees feel their input during goal setting isn't valued. There's a need to strengthen development opportunities and ensure employees can apply learned skills depend on performance management findings. The current reward system is perceived as unfair, delayed, and doesn't motivate employees. The connection between performance appraisals and career advancement is unclear ground on performance appraisals & rewarding performance findings. Compensation could be improved found on job satisfaction findings. The study confirms that a well-designed performance management system with effective planning, managing performance, appraisals, and rewards can significantly contribute to employee motivation. Also the findings of this research study shall be important on the theoretical as well as practical scenario. These findings are important to improve job satisfaction of the employee in Ethio telecom.

This study successfully achieved its goals of examining how different dimension of a performance management system (performance planning, managing performance, performance appraisal, and rewarding performance) influence employee job satisfaction. The findings from the research support this connection.

5.3 Recommendations
Based on the conclusions derived from the study the following recommendations are drawn.

Enhance Performance Planning process by Ensure clear, measurable and achievable performance goals that align with organizational objectives and Involve employees in the goal-setting process to foster ownership and commitment in addition provide training and resources to help managers and employees effectively plan performance

Improve Performance Management Processes through Implementing regular check-ins and feedback sessions between managers and employees and encourages a culture of continuous

feedback and coaching to support employee development further Leverage performance management technology to streamline processes and provide visibility

Strengthen Performance Appraisal process by Develop a fair and transparent performance appraisal system with well-defined criteria and Train managers on conducting effective performance reviews and providing constructive feedback additionally establishes a clear appeals process to address any concerns or disputes.

Implement Performance-based Rewards through Reviewing the compensation and benefits structure to ensure it is competitive and aligned with market standards and Implement a performance-based reward system, such as bonuses, incentives, or recognition programs moreover communicate the performance-based reward structure clearly and apply it consistently.

Foster a Positive Work Environment by Implement initiatives to improve the overall work environment, such as team-building, wellness programs, and recognition and Encourage open communication and collaboration between employees and managers correspondingly Provide training and support for managers to develop their people management skills

Provide Learning and Growth Opportunities by Invest in employee development through training, workshops, and mentorship programs and Provide clear career paths and opportunities for internal promotions likewise encourages a culture of continuous learning and support employees in pursuing their professional goals

Promote Meaningful Work by Ensure employees understand how their roles and contributions align with the organization's mission and goals and Provide opportunities for employees to engage in meaningful, challenging work similarly recognize and celebrate the positive impact of employees' work on the organization's success.

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Appendix I -Questionnaire

St'Marry University

School of Graduate Studies Program

Department of Business Administration

Questionnaire for Employees of Ethiotelecom

Dear valued respondent,

My Name is Rahel Antewan, I am a post graduate student at St'Marry University. This questionnaire is prepared to collected data for my thesis project on the topic: "The Effects of performance management system on employee's job satisfaction in partial fulfillment of the requirement for MBA program. Your contribution is very important to the study. I would be grateful if you kindly take a few minutes of your time to fill out this questionnaire to putting your personal experience with regard to the issue. Your willingness and cooperation in giving genuine information is well appreciated and the information you provide will be used for academic purpose and will be kept in strict confidentiality. Therefore, you are kindly requested to give your response to each questions after you have read carefully, please complete each part of the questionnaire with at most commitment, care and honesty.

Thank you very much in advance for your time and support in this survey and providing your thoughtful feedback.

For any further enquiry or any opinion, please don't hesitate to forward, you can reach me through rahelantewan@gmail.com and/or 0911 003429.

Part I: General Questions

Please read each question carefully and tick or mark in the appropriate spaces provided.

1. Gender: - Male ( )   Female ( )
2. Age group: - 18-25 ( ) 26-33 ( )   34-41( )   42-49 ( )   above 49 ( )
3. Academic qualification: - College diploma ( ) BA Degree ( ) MA Degree ( )
   Phd ( )
4. Work Experience at Ethiotelecom: - 0 - 5 years( ) 6 - 10 years ( ) 11-15years ( )
   above 15 years( )
5. Where is current work division:- Support ( ) Commercial ( )   Technical ( )

Part II. Performance Management

This questionnaire is prepared based on a five point Likert scale. The questions in this section concern with the context of performance management practice please indicate to what extents do you agree or disagree with the following statements. If the statement strongly matches with your response, choose 5(Strongly Agree), if you discreetly agree on the idea, choose 4(Agree), if you do not have any response on the point, choose 3 (Neutral), if you discreetly disagree with the statement, choose 2 (Disagree) and if you completely differ with the statement, choose 1 (Strongly Disagree).

No	Descriptions	strongly disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
1	**Performance Planning**					
1.1	My organization clearly communicates its overall goals and objectives					
1.2	My performance goals are clear and easy to understand.					
1.3	My performance goals are aligned with my individual development goals and career aspirations.					

1.4	I believe achieving my performance goals will contribute to the success of my team and organization.					
1.5	I feel my opinions and suggestions are valued and considered during goal setting discussions.					
1.6	I have a sense of ownership and commitment towards achieving my performance goals.					
2	**Managing performance**					
2.1	I receive regular and timely feedback on my performance.					
2.2	The feedback I receive helps me understand my strengths and weaknesses					
2.3	My supervisor is open to receiving feedback from me on their approach to providing feedback.					
2.4	I have access to coaching and development opportunities that help me improve my skills and knowledge.					
2.5	I have the opportunity to apply what I learn from coaching and development opportunities in my work.					
2.6	The organization invests in the development of its employees.					
3	**Performance appraisal**					
3.1	The performance appraisal process is fair and unbiased.					
3.2	The criteria used for evaluation are clear and understandable.					
3.3	The performance appraisal processes is applied frequently.					
3.4	I have the opportunity to provide feedback on my appraisal.					
3.5	I understand the link between my appraisal results and career advancement/promotions.					
3.6	The appraisal process motivates me to strive for higher levels of performance.					
4	**Rewarding performance**					
4.1	The reward system is fair and recognizes contributions equally.					
4.2	Rewards are delivered in a timely manner after achieving performance goals.					

4.3	Rewards are awarded based on individual performance and merit.					
4.4	I understand the criteria for receiving different types of rewards.					
4.5	The reward system motivates me to perform at a higher level					
5	**Job Satisfaction:**					
5.1	I feel my work is meaningful and contributes to the success of the company					
5.2	I have opportunities to learn and grow in my role					
5.3	My work is challenging and stimulating					
5.4	I am compensated fairly for my work					
5.5	The work environment is positive and supportive					
5.6	I see opportunities for career advancement within the company					
5.7	I believe the Performance Management System help me to understand and achieve my goals					
5.8	The Performance Management System motivates me to perform well					
5.9	The Performance Management System helps to feel valued and appreciated					
5.10	I satisfied with my company's performance management system					
5.11	I believe the Performance Management System has a positive effect on my overall satisfaction					