



ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF PRACTICES AND CHALLENGES  
OF EMPLOYEE PERFORMANCE MANAGEMENT  
SYSTEM :- THE CASE OF NYALA INSURANCE  
SHARE COMPANY**

BY  
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JUNE 15, 2023  
ADDIS ABABA, ETHIOPIA

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PERFORMANCE MANGMENT SYSTEM:-THE CASE OF NYALA  
INSURANCE S.CO**

**BY**

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**A THESIS SUBMITTED TO ST.MARY’S UNIVERISTY, SCHOOL  
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## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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\_\_\_\_\_

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**June , 2023**

## ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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Advisor

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\_\_\_\_\_

Signature

**Month, Year**

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# Table of Contents

ACKNOWLEDGMENTS .....	vi
LIST OF ACRONYMS .....	ix
LIST OF TABLES .....	x
LIST OF FIGURES .....	xi
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.2 Definition of Terms and Concepts.....	3
1.3 Statement of the Problem.....	4
1.4 Research Questions.....	6
1.5 Objectives of the Study .....	6
1.5.1 General Objectives .....	6
1.5.2 Specific Objectives.....	6
1.6 Significance of the study .....	7
1.7 Scope of the Study .....	7
1.8 Limitation of the Study.....	8
1.9 Organization of the study .....	8
CHAPTER TWO.....	9
REVIEW OF RELATED LITERATURE.....	9
2.1. Theoretical Literature.....	9
2.1.1 Definition of Performance Management .....	10
2.1.2 Objectives of employee performance management .....	12
2.1.3. Characteristics of performance Management.....	16
2.1.4 Performance Management Best Practice .....	17
2.1.5. Performance Management Process .....	19
2.1.6. Effective Performance Management .....	21
2.1.7 Challenges of performance Management .....	22
2.2 Empirical Review .....	24
CHAPTER THREE .....	28
RESEARCH DESIGN AND METHODOLOGY .....	28
3.1. Research Type .....	28
3.2. Research Design .....	28
3.3. Source of Data .....	28
3.4. Data Gathering Tools.....	29

3.5. Population, Sample and Sampling Techniques .....	29
3.6. Method of Data analysis .....	30
3.7. Validity and Reliability.....	30
3.8. Ethical consideration.....	31
CHAPTER FOUR.....	32
DATA ANALYSIS AND INTERPRETATION .....	32
4.1 Introduction.....	32
4.2 Demographic Characteristics of Respondents .....	32
4.3 Findings.....	33
4.3.1 Frequency of Respondents on Purpose of Employee performance management .....	34
# .....	34
4.3.2 Extent of How NISCO strategic Objectives are clearly defined for employees..	38
4.3.3 Employee Performance Review .....	41
4.3.4 Performance Execution .....	44
4.3.5 Reward and Development plan.....	47
4.3.6 Challenges of Performance Management System .....	49
CHAPTER FIVE.....	52
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	52
5.1 Summary of Major Findings .....	52
5.2 Conclusions.....	53
5.3 Recommendations .....	54
REFERENCES .....	56
APPENDIX: .....	59



## LIST OF ACRONYMS

PM	Performance Management
PMS	Performance Management System
EPMS	Employee Performance Management
NISCO	Nyala Insurance Share Company
M	Mean
S.D	Standard Deviation
SPSS	Statistical Software for social science
PM	Performance management
ISO	Integration of organization's strategic objective
PR	Performance Review
PE	Performance Execution
RD	Reward and Development
CPMS	Challenges of Performance management system

## LIST OF TABLES

Table 3.1 Reliability Analysis Table.....	31
Table 4.1 Demographic Characteristics of the Respondents .....	32
Table 4.2 Summary of Descriptive Statistic of the variable .....	34
Table 4.3 Summary of Frequency of respondents on purpose of EMPS.....	34
Table 4.4 clearly defined strategic objectives .....	38
Table 4.5 employee performance review.....	41
Table 4.6 performance execution .....	44
Table 4.7 Reward and Development plan .....	47
Table 4.8 challenges of performance management system .....	49

## LIST OF FIGURES

Pages

Figure 1 performance Management Process .....26

## ABSTRACT

*Performance management system is part of human resource management which is a continuous process for improving organizational performance by developing the performance with the strategic goals of the organization. Performance management helps to empowering, motivating and rewarding employees to do their best. This study aimed to assess the employee performance management system (EPMS) in Nyala Insurance share company and identify its practices and challenges. To undertake the study descriptive method is used to carryout the research and both primary and secondary data is used to analyze the data. To achieve the goal of this study,185 employees of the organization were participated. However, responses were received from 183 employees that gave a response rate of 98.92%. The findings revealed several major conclusions. Firstly, employees demonstrated a limited understanding of the purpose of EPMS, leading to a lack of motivation to participate. The link between EPMS objectives and organizational goals was perceived as weak, indicating a need for better alignment. However, employees showed familiarity with the company's mission and vision, and the strategic objectives were well defined. Concerns were raised regarding biased evaluations and unfair appraisal during performance reviews. Supervisors lacked frequent coaching for performance improvement. The study emphasized the importance of linking rewards to performance for enhancing employee motivation and reached to the following conclusions. In conclusion, the study tells that employees have a limited understanding of the purpose of the performance management system, hindering their motivation to participate. There is a weak link between system objectives and organizational goals, highlighting the need for better alignment. Performance measurement standards are generally deployed, but concerns exist regarding biased evaluations and unfair appraisals. Supervisors lack frequent coaching, and the connection between rewards and performance needs strengthening. Challenges include a lack of alignment with the corporate mission, limited supervisor commitment, and insufficient monitoring of objectives.*

**Key Words :- Performance Management System, Performance Management, Strategic objectives, organizational goals**

## CHAPTER ONE

### INTRODUCTION

The introduction part presents background of the study and the company under study, statement of the problem, research question, objectives of the study, conceptual definition of terms, significance of the study, scope of the study, limitation of the study and organization of the study.

#### 1.1 Background of the Study

In competitive industries of any sector, wherein increasing fierce rivalry is the new buzzword and survival of the fittest has become the new reality of the day, performance management systems have become the foundation of any organization (Gupta, 2012).

All Human Resource operations involved with looking to the future, to improvements, problems, and opportunities are integrated into the performance management system, which is a comprehensive company system. According to Stredwick (2005), performance management is a continual process that is fully incorporated into how the organization is conducted.

As it provides the foundation for training, promotions, career planning, competence mapping, and other processes, performance management systems are regarded as one of the most powerful instruments for creating human capital (Gupta, 2012).

Performance management is a continuous process that links each person's performance and goals to the organization's overarching mission and goals in order to discover, measure, and develop performance in companies. Every organization and sector needs performance management. No of the size, purpose, or other qualities of an organization, its performance ultimately rests on the performance of its employees (Aguinis, 2009).

Performance management is a strategy for improving outcomes by giving people the tools they need to excel within a framework of predetermined standards, goals, and competency requirements (Aguinis, 2009). It exists to create a common understanding of what needs to be accomplished, as well as

to manage and develop employees in a way that increases the likelihood that it will be done both in the short and long term (Armstrong, 2006).

Managers must use performance management to make sure that employees' actions and outputs support the organization's objectives and, as a result, give it a competitive edge. As a result, performance management establishes a clear connection between employee performance and organizational objectives while also making employees' contributions to the company explicit (Aguinis, 2009).

According to Armstrong (2006), performance management entails managers and those they supervise operating as partners within a framework that outlines how they might cooperate most effectively to produce the desired results. It serves as the foundation for frequent and ongoing discussions regarding performance and development needs between managers and employees, leading to improved performance over time.

The managers' ability to manipulate their staff members into using the performance management system is a key aspect in the efficient implementation and efficacy of the system.

The performance of an organization may also be improved through improved individual employee performance. As a result, it is possible to define employee performance as simply the associated tasks that an employee was expected to accomplish and how successfully they were carried out. Many business personnel directors evaluate each employee's performance in order to assist staff in identifying areas that need development. This demonstrates that the performance management system requires a strong commitment from all stakeholders, particularly employees who play a key role in the process and put the method and supporting documentation into practice. In order to improve both performance and the system in place, it is crucial to evaluate how performance management is carried out and look into difficulties including a lack of alignment, commitment, and measures.

A successful performance management system implementation aids in assessing and enhancing both individual and organizational performance in relation to pre-established business strategy and objectives. As a method for managing organizational performance, managing employee performance, and combining the management of organizational and employee performance, each idea of performance management has value (Kumar, et.al 2015).

According to Armstrong, 2009, every willing organization that has a drive for organizational excellence must implement adequate performance management by connecting individual and organizational

objectives in order to attain a long-term goal. This means that the true definition of performance management refers to a strategy for developing a common understanding of the goals and objectives of the organization, assisting each employee in realizing how they contribute to those goals, and managing and enhancing both individual and organizational performance as a result.

For this particular study the researcher studied in the case of Nyala Insurance S.Co at Head quarter and Addis Ababa Branch offices.

With the advent of the re-liberalization of the Ethiopian financial industry, Nyala Insurance S. Co. (NISCO) is one of the pioneers formed in 1995 to engage in the general insurance business and subsequently organized as a composite insurer with a subscribed capital of Birr 25 million and paid-up capital of Birr 7 million.

Over the course of time NISCO continued to expand its service offerings, distribution channel, and financial capacity. Accordingly, NISCO resumed Life insurance business in August 2005 and Micro-insurance service in 2007. Currently, NISCO raised its paid up capital to 704 million Birr in the year 2022/23 and guarantees protection with care to its customers through three pronged services – General, Long-Term and Micro-insurance solutions with a network of 46 service outlets (31 Service Centers and 15 Contact Offices) distributed all over the country. Undeniably, Nyala Insurance becomes one of the leading private insurance companies in Ethiopia:

## 1.2 Definition of Terms and Concepts

HRM:- Human resources management is a strategic and coherent approach to the management of an organization's most valued assets-the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006).

Performance Management :- Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams.

Performance management (Briscoe, 2008)

Organizations use performance management as a framework to set work goals, create performance standards, distribute and assess work, provide performance feedback, pinpoint areas that need training and growth, and assign rewards.

Performance: - A proper definition of performance, according to (Latham, 2007), is a requirement for the processes of feedback and goal-setting.

A challenge is :- a circumstance in which a person is confronted with something that requires a lot of mental or physical effort to complete successfully and thus puts their abilities to the test (2018 edition of the Cambridge Business English Dictionary).

Practice:- can be defined as actual application or use of an idea, belief, or method, as opposed to theories relating to it. It can be also defined as what actually happens as opposed to what is meant or believed to happen (Oxford dictionary, 2021).

### 1.3 Statement of the Problem

Performance enhancement and the function of performance management are topics that are getting more and more attention in the workplace today. Organizations are now obliged to become even more effective and efficient, better at business planning, and accomplish more with less in order to remain competitive due to the ever-increasing commercial demands.

Measurement of individual and group performance as well as potential for personal growth are all part of performance management. The majority of businesses have established a performance management system to ensure that the employees they hire meet the goals that have been set for them in today's workplace, especially in corporate conglomerates (Armstrong, (2009))

According to (Macky, 2000) ,the goal of a performance management system should be to consistently enhance organizational performance, which is done by raising individual employee performance. In order to produce higher levels of job performance, many modern firms are emphasizing their performance management systems more (Gruman 2011). Along with other human resource management initiatives, performance management systems have a direct bearing on crucial organizational outcomes like financial performance, productivity, product or service quality, client satisfaction, and employee job satisfaction. In order for enterprises to achieve favorable results in various success indicators, it is necessary to implement an adaptable performance management system that is based on strategic goals. The correlation between performance management and organizational performance is made very evident by the concept of alignment.



It is a way to improve results from teams and individuals within the business by comprehending and managing performance within a set of predetermined standards and goals. It is uncertain if organizations will make the most use of their potential employees in the absence of a strong performance management system. The successful implementation of other human resource functions, including as training, workforce planning, recruitment & selection, and compensation, depends on the performance management system's execution (Aguinis H. , 2007). Employees have consistently stated a need for honest evaluations of their work that helps in personal development and for the achievement of organization's goal. Companies are adopting the pay for performance idea and its connection to remuneration in increasing numbers. An organization can accomplish important objectives with the help of a well-executed performance management plan. In view of that Nyala Insurance five years strategy recommended to use Balanced Score Card (BSC) approach to measure its performance. It also enables the stakeholders involved to view the activities as internal and external to NISCO as financial and non-financial metric; and for comparison of past and future performance. On top of that NISCO corporate strategy is cascaded to different departments, followed by individual employee that helps for the continuous follow-up of departments to know as they achieved their specific objectives.

Many organizations install PMS in their organizations, with the motivation to achieve better organizational results. In practice, organizations have difficulty in implementing a performance management system because its focus is from different dimensions (PM applications, roles profile, performance agreement, personal development planning performance and performance review) are not taken into considerations enough (Qureshi et al. 2010).

However, the preliminary study carried out in the case organization indicates that there are some criticisms in successfully implementing the Employee performance management system in sync with the corporate performance measures and the study was initiated with the intention to assess the practices and challenges of EMPS in Nyala Insurance S.Co in order to fill the gap in the study area.

Empirical gap:- previous studies on employee performance management in Nyala Insurance S.CO is done by the year 2015, which is very long to express the current status of employee performance management system. In addition this particular study will help the organization to examine the status of practices of employee performance management system. Hence this has opened the door for this study, and the researcher has attempted to know the exact gap by examining challenges and practices of employee

performance management system and assessing its practice, feedback and implementation on organizational performance.

## 1.4 Research Questions

The researcher attempted to answer the following particular research questions in order to achieve the goals of this study and provide a suitable response to the issues highlighted in the section on the statement of the problem;

1. To what extent the purpose of EPMS meet its objective?
2. To what extent NISCO'S Strategic objectives and tasks are clearly defined for employees?
3. How does employee performance Review contribute in achieving the objectives of NISCO?
4. How is Employee Organizational Performance matrices are executed during the process of employee day to day tasks towards company's objective?
5. How are the practices of employee Reward and Development in NISCO applied?
6. What are the challenges of NISCO faces in implementing the EPMS?

## 1.5 Objectives of the Study

### 1.5.1 General Objectives

The general objective of the study is to assess the current practices and Implementations of NISCO's employee performance management system.

### 1.5.2 Specific Objectives

The specific objectives of the study are to:

1. To Examine how the purpose of employee PMS and the company's strategic objective are linked
2. To Examine how NISCO's Strategic objectives are defined well to employees.
3. To determine whether employee performance Review contributes in achieving the objectives of NISCO.
4. To determine how employee's Organizational Performance matrices are executed during the process of employee day to day tasks towards company's objective
5. To identify the practices employee Reward .and Development in NISCO applied
6. To examine the challenges of NISCO during implementation of EPMS

## 1.6 Significance of the study

Many benefits for various organs are anticipated from the study's findings. The following are the study's main advantages;

- The study is aimed to identify the problems of the existing NISCO Employee performance management practices and implementation and suggests alternative actions to be taken in order to alleviate the major short comings. The findings and recommendations of the study will then be used as optional approach to increase effectiveness of staff performance management process in the case of Nyala Insurance S. Co. (NISCO)
- The study may be used as a reference material to students and academic community in their effort to explore Employee performance management systems in general and more specifically in the context of NISCO.
- The study provides general view and reference to those interested in making further study on the same issue.

## 1.7 Scope of the Study

The study is delimited by geographically, conceptually, methodologically and time. Geographically this particular study focuses on employees located in Nyala Insurance S. Co. who works in Head quarter and Addis Ababa Service centers only, the study shall not consider branches outside Addis Ababa due to time and financial constraint.

Performance management as a whole, deals about organizational as well as individual capability. The major concepts to be raised in the study is employee performance management system which deals with the purpose performance management, link between strategic objective with employee objective, Performance evaluation, Performance execution, and the challenges in implementation of PMS.

The expected time to finalize the study is five months which is from February 20,2023 to June 15,2023.

Methodologically, the study uses quantitative approach in order to assess the performance management system of employees located in Headquarter and Branch offices of Addis Ababa, the sampling method is random sampling method and n=185 employees are taken from the total sample of 345staffs based on Taro Yamane (1967) formula. the primary data will be collected through questioner and secondary data

will be taken from the company manuals. Finally the data will be analyzed by using a software of SPSS 2021.

### 1.8 Limitation of the Study

The main limitation of the study was time and resource, especially financial and material resource limitation has major role in narrowing the scope of the research. In addition, lack of proper fulfilling of questioners by respondents was a major challenge of this particular study.

### 1.9 Organization of the study

The research report is organized in to five chapters.

Chapter one deals with the introduction part of the study. The second chapter includes review of related literature. This chapter discusses in detail the theoretical and imperial aspects of the subject under study. Chapter three deals with methods of the study like the type and design of research, sample and sampling technique, instrument for data collection, procedure for data collection, method of data analysis, validity and reliability and ethical consideration. Chapter four deals with data presentation, analysis and interpretation. The final chapter deals with summary, conclusion and recommendation.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. Theoretical Literature

Human Resource Management (HRM) is a comprehensive and coordinated approach to the employment and development of people. Using HRM a comprehensive and coordinated approach to the employment and development of people is known as human resource management (HRM). HRM is a concept about how people should behave, be controlled, which is supported by a number of ideas about how individuals and organizations behave. It is worried about the contribution that people can make to enhancing organizational effectiveness, but it should also be equally worried about the ethical aspect, or how people should be treated in accordance with a set of moral standards. HRM include putting policies and procedures into effect in the areas of learning, personnel resourcing, and organization design and development (Michael Armstrong,2014).

Human Resource Management is concerned with all aspects of how people are employed and managed within institutions. It includes strategic HRM, knowledge management, corporate social responsibility, human capital management, organization development, resourcing (workforce planning, recruitment, and talent management), learning and development, performance and reward management, employee relations, employee well-being, and the provision of employee services.

Additionally, it has an international component. People often criticize the approach of treating them like resources and treating them like any other factor of production. The term "human resources" reduces individuals to the same category of value as materials, money, and technology - all resources, and resources are only useful to the extent they can be exploited or leveraged into economic value. Osterby and Coster (1992: 31) made this argument. Despite its negative associations, HRM is the most prevalent term used, while people management is occasionally favored as a substitute.

### 2.1.1 Definition of Performance Management

Different literatures define PMS in different ways, According to Armstrong 2009, PMS is defined as An organization's strategy for managing performance through people and developing the skills and capabilities of its human capital, which improves organizational capability and results in sustained competitive advantage, includes a set of interrelated activities and processes known as a performance management system.

The major objective of performance management is to Develop and enhance the performance of individuals, teams, and consequently organizations is the overarching goal of performance management. It is a tool that may be utilized to bring about culture transformation through the development of a high-performance culture. It attempts to increase people's capacity to meet and surpass expectations and realize their full potential for both their own benefit and the benefit of the organization. The foundation for self-development is provided by performance management, but it is also crucial to make sure that people have access to the support and direction they need to grow and improve (Armstrong 2009).

Any performance management system's has three main objectives that includes; to improve performance, maintain good performance, and repair bad performance. Every performance management system should be built to generate information and data sharing so that the participants may correctly analyze, discuss, comprehend, and agree upon the character and quality of performance (Lee, 2005)

A systematic, comprehensive, and coherent approach to the employment, growth, and well-being of the people working for organizations is what is meant by "human resource management." It was described as "all those actions involved with the administration of employee relationships in the firm" by Boxall and Purcell (2003: 1). Watson (2010: 919) provided a more thorough definition that goes like this: HRM is the managerial use of the efforts, knowledge, capabilities, and committed behaviors that people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way that enables the enterprise to continue into the future (Michael Armstrong, 2014).

Given this, human resource management is at the heart of a profound change that will alter career paths in as-yet-unknown ways. Employers are emphasizing commercial acumen more than ever before, and many administrative tasks are being automated or outsourced. As a result, human resource professionals will be forced to showcase new talents and compete for new, perhaps uncharted responsibilities.

Even though the products offered are similar to those of the competitors, business organizations with talented and driven people serving clients are likely to outperform the competition.

Customers desire a timely reaction at the appropriate moment as well as the prompt and correct delivery of their goods or services. These things can only be brought about by individuals. The only source of a persistent competitive advantage is people (Aguinis H,2009).

Performance management is a continuous process that links each person's performance and goals to the organization's overarching mission and goals in order to discover, measure, and develop performance in companies. Performance management is essential For-profit and nonprofit, local and international, small and large, and all industries. No of the size, purpose, or other qualities of an organization, its performance ultimately rests on the performance of its employees (H. Aguinis 2005).

Let's examine each of the two primary parts of the definition:

1. Continuous Process. There is constant performance management. Setting goals and objectives, keeping track of performance, and providing and receiving continuing coaching and feedback are all part of the process.
2. Connection to the mission and goals. Managers must use performance management to make sure that employees' actions and outputs support the organization's objectives and give it a competitive advantage in the marketplace. Thus, performance management establishes a direct connection between employee performance and organizational objectives, and makes the employees' contribution to the organization explicit.

Performance Management System that do not explicitly state how employees contribute to the objectives of the organization are not real systems for managing performance. Establishing a shared knowledge of what is to be accomplished and how it is to be accomplished also serves the purpose of making a clear connection between an employee's performance objectives and the corporate goals( H. Aguinis 2005).

### 2.1.2 Objectives of employee performance management

According to John Lockett in his 1992, ‘performance management is a system that aims to develop individuals with the required commitment, skills and competencies for working towards shared meaningful objectives within an organizational framework.’

John Lockett explored that twelve main purposes of performance management and how they improve employee engagement, organizational and individual performance are:

#### 2.1.2.1 To Provide Meaningful, Ongoing Feedback

Real-time feedback is one clear example of how performance management systems have become more forward thinking. Traditionally, feedback was fairly limited. Employees would receive it during an annual performance review while being formally judged and appraised on their past performance. This usually happened at the same time that bonuses and pay were being decided — making the exchange of feedback strained, uncomfortable and unproductive.

Feedback is far more effective when delivered promptly. One of the most important purposes of performance management today is to give and request feedback regularly, regardless of whether it is positive or constructive in nature. All feedback is progressive and should be delivered as soon as possible — this is increasingly important to employees.

#### 2.1.2.2 To Encourage Teamwork, Collaboration and Communication

HR leaders often look for ways to create a sense of community and teamwork within their organizations. This leads to improved communication and collaboration, which is good for business performance. Companies can go about this in different ways, but many utilize a mixture of social activities and access to the right technology. Collaboration tools such as Slack provide the capacity for real-time communication, while team-building exercises and after-work social activities help to develop a sense of togetherness and team spirit.



### 2.1.2.3 Ensure Everyone Is Achieving Their SMART Goals

Goal-setting has always been an important focus for performance management. It's essential that employees understand what is required of them. Unfortunately, it's been shown that only about half of employees actually understand their goals. If employees aren't entirely clear on their aims, they'll struggle to achieve goals and surpass expectations.

Goal completion is the responsibility of the employee, the manager and the human resources department. Goals should be set regularly and should be short-term — it's been shown that short-term goals are incredibly effective, even more so than long-term goals. HR should ensure these goals are set and that manager and employee meet frequently to discuss their progress.

### 2.1.2.4 While Making Sure Goals Are Relevant and Furthering Organizational Objectives

Employees shouldn't simply understand their own goals — they need context on how those goals feed into overall company strategy. Not only will this help with their daily decision-making, but an understanding of company objectives and how their roles feed into the direction of the company will give employees a sense of meaning and purpose — something they are desperately seeking in their careers.

### 2.1.2.5 To Provide Continuous Support

As mentioned in performance management trends of 2019 blog post, the modern company needs to be concerned with so much more than cold, hard business results. Organizations need to be social enterprises, rather than purely business enterprises. They need to care about employee well-being and employee mental health. This can involve putting wellness programmes in place, but it also means demonstrating to your employees that they can come to you to discuss any issues that are affecting their performance.

Mental health conditions, including stress, anxiety and depression, are increasingly common and they have a direct impact on performance. Companies who are proactive and put measures in place through their performance management systems — ensuring check-ins are regular and incorporate conversations about health and wellness, for example — are more productive and they benefit from satisfied employees who know they matter to their company.

#### 2.1.2.6 To Identify Development Areas

One key purpose of performance management is talent management. It is vital to create development plans with employees. Focusing on development needs means managers and employees can put effective plans in place, leading to individual performance improvement and, ultimately, improved organizational performance. Furthermore, once you make it clear that your company is invested in their personal development and career aspirations, employees will feel like valued and respected members of the team rather than a replaceable cog in the machine.

#### 2.1.2.7 To Offer Recognition and Reward

As pointed out by Harvard Business Review, “recognizing employees is the simplest way to improve morale and employee engagement”. Recognition is also positively linked to productivity and high performance. Recognition doesn’t have to come at a high price. There are many cost-effective means of acknowledging great effort and accomplishments, and it’s been shown that the greatest way of incentivizing employees is with intrinsic motivators.

#### 2.1.2.8 To Make Sure Employees Are Engaged and Happy

Performance management systems are as much about the employee as they are the employer. The term “employee engagement” has become a recurrent phrase in HR over recent years, with good reason. Companies are now well aware of the many business advantages of engaged employees. They also know how detrimental it can be to have an actively disengaged employee on staff. One purpose of performance management is to keep up-to-date with engagement trends, to conduct employee engagement surveys and to ensure all is being done to keep employees engaged, motivated and happy.

#### 2.1.2.9 To Provide Employees with a Clear Career Path

Career progression is important to most employees, and this isn’t set to change with Generation Z, the newest generation to enter the workforce. For this generation, career success is of top importance. While Baby Boomers are more likely to cite family and religion as central to their identity, Gen Z prioritise professional, academic and personal success.

A good performance management system encourages managers to discuss a career plan with their employees while covering what the employee needs to do to get there. Remember, if your company is unable to provide top performers with clear routes of progression, they are more likely to jump ship.

#### 2.1.2.11 To Take Corrective Actions

Performance management allows managers and HR to step in at an early stage to address performance issues. Poor performing employees can have a serious impact on the entire organization and if performance issues are left unaddressed, they can get out of control.

Fortunately, at Clear Review, we have advice on how to address unmotivated and underperforming employees. With any luck, managers will be able to get to the root cause of the problem and work with the employee to turn performance around.

#### 2.1.2.12 To Determine How Leadership Can Motivate and Coach

When a performance management system revolves around a one-or-two-year annual performance appraisal, this doesn't allow a lot of time for trust and communication to develop between manager and employee. This is a problem, given that a manager has such a significant bearing on employee engagement levels. These days, managers need to be so much more than just anonymous authoritarians — they need to be motivators and coaches to improve employee performance.

Realistically, not everyone who has been promoted to the position of manager will know how to motivate and encourage employees. This is why your performance management system should offer advice on how to give useful feedback, listen actively and motivate different personality types.

#### 2.1.2.13 To Improve Your Bottom Line

Modern businesses must be concerned about their employees, but they must also provide outstanding outcomes if they want to survive and compete in the long run. This is why effective performance management contributes to better business performance and business outcomes. Additionally, it ought to aid in lowering turnover, which ultimately enhances your bottom line and ensures the longevity of your business.

### 2.1.3. Characteristics of performance Management

Performance management is a planned process of which the five primary elements are agreement, measurement, feedback, positive reinforcement and dialogue. It is focused with comparing delivered performance to expectations that are articulated as objectives to measure outcomes (management by objectives). This is because it emphasizes goals, benchmarks, and performance metrics or indicators. It is built on an understanding of the responsibilities, goals, and plans for performance and personal growth. It offers a venue for continual discussions regarding performance, which include a continuous evaluation of accomplishments in relation to goals, specifications, and plans (Armstrong 2006).

Inputs and values are also important to it. The knowledge, abilities, and behaviors needed to generate the desired results are the inputs. These requirements are defined, and the degree to which the expected levels of performance have been met through the efficient application of knowledge and skills and through acceptable behavior that supports core values is evaluated.

Performance management involves more than just managers telling their employees what they think of them, setting goals, and implementing performance improvement strategies at the top-down level. There is no harm done to anyone as a result of it. Performance management should be carried out for people and in collaboration with them, as stressed by Buchner (2007).

Performance management is an ongoing, flexible process where managers and those they supervise collaborate to achieve the desired results. The framework for this collaboration outlines how they can work together most effectively. It is founded on the idea of management by agreement and contract as opposed to management by command. Instead than using control or coercion, it depends on consensus and collaboration.

Performance management, as opposed to retrospective performance review, focuses on future performance planning and improvement as well as personal development (Armstrong, 2006).

It works as an ongoing, evolutionary process in which performance becomes better with time. It serves as the foundation for frequent and ongoing conversations between managers and employees regarding performance and growth requirements based on feedback and self-evaluation. Although it can be used with teams, it mostly focuses on individual performance. The focus is on development, even though performance management, through the delivery of feedback, acknowledgment, and the identification of

chances for growth, is a crucial component of the reward system. Although it might be linked to pay for performance or contribution, the developmental aspects are far more crucial.

#### 2.1.4 Performance Management Best Practice

Practitioners now talk more about "performance management" than "performance appraisal," which has decreased over the previous few years. There might merely be a change in name in some cases. Yet, it frequently reflects a paradigm change from viewing performance evaluation as a one-time event to performance management as an ongoing process (Heslin P. A., (2006). ) Goal setting, feedback, employee development (and coaching), performance evaluation, and rewarding performance are the core components that are included in the majority of definitions of performance management (Schleicher, 2020).

##### Goal Setting

The necessity for close alignment between individual (and team) goals and corporate goals is a fundamental tenet of performance management systems. Hence, across the organization, on-time performance functioned as a unifying objective for various functional areas.

The usage of balanced scorecards is one trend in organizational goal-setting. The balanced scorecard framework developed by Kaplan and Norton (1992, 1996) is predicated on the idea that focusing solely on financial goals and metrics is insufficient because they are lag indicators (i.e., they merely describe the results of leaders' past actions) and can encourage behavior that trades long-term value for short-term results. With regard to each of the four viewpoints (financial, customer, internal processes, learning, and innovation), balanced scorecards pick a small number of crucial metrics.

A strategy map (Kaplan & Norton, 2004) that depicts the cause-and-effect links between the various measurements on a balanced scorecard, including leads, lags, and feedback loops, has recently been added to the balanced scorecard idea. Successful balanced scorecards are tightly related to the organization's strategy, making it possible for people to comprehend the strategy simply by looking at the scorecard and its strategy map (Kaplan & Norton, 2001, 2004). Increased knowledge of potential trade-offs between different goals thanks to balanced scorecards helps prevent the business from prioritizing one aim (like profit) at the expense of another.

In conclusion, balanced scorecards can offer a comprehensive framework that directs and coordinates the setting of corporate, departmental, team, and individual goals.

Setting goals at the team and individual levels is a crucial component of effective performance management (Heslin.P.A ,2006).

The fundamental tenet of goal-setting theory, supported by thousands of research, is that challenging, detailed goals yield better performance than easy, "do your best" goals (Locke & Latham,1990). Also, achieving precise, challenging goals benefits individuals, teams, and companies as a whole (Baum, et.al 2001) .The advantages of goals come about because they direct employees' attention toward a particular objective (rather than other activities), encourage greater levels of effort to achieve those objectives, improve perseverance in the face of setbacks and obstacles, and encourage employees to come up with new approaches and strategies when faced with challenging tasks (Heslin.P.A 2006).

Goal-setting and goal-attainment are both heavily influenced by self-efficacy, or the employee's sense of competence (Bandura,1986). Providing the employee with mastery experiences (such as breaking complex tasks down into smaller, easier steps that progressively become more difficult), allowing the employee to watch a role model who is perceived to be similar to the employee on a number of attributes successfully complete the task, and verbally encouraging the employee that they have the ability to learn and complete the task successfully are all ways to increase self-efficacy. There are various approaches to improve goal commitment (Locke & Latham, 2002), one of which is to have people publicly commit to the goal (Cialdini, 2001) , boosting self-confidence, and enhancing the allure of results connected with goal achievement (for instance, by articulating a compelling vision, offering financial incentives, or altering employees' thoughts regarding the repercussions of achieving or failing the objective; Latham, 2001).

## Feedback

Without feedback, the impact of goals on performance is diluted, hence feedback is essential to performance management (Erez, et.al 1998 ). Feedback can be used for both motivational and informational purposes (Illgen et.al 1979 ). Feedback that draws the recipient's attention to the work and away from themselves is more effective than feedback that does the opposite.

## Training and Employee Development

The benefits of structured corporate training for learning, behavior, and results criteria have received extensive documentation. Moreover, organizational training typically yields a profit. Training in self-management improves performance and lowers absenteeism. Individuals are taught how to recognize high-risk situations, make a written contract for themselves, select habits to improve, set goals, track their progress, and construct self-rewards and self-punishments (Zaleska & de Menezes, 2007 ).

## Performance Evaluation

Asking managers to share, discuss, and defend their ratings of employees is one strategy to improve performance evaluation. With this method, different supervisors' evaluations are calibrated, and excessive leniency is reduced (although raters may become more vulnerable to social influences). When there are not severe repercussions for poorly rated individuals, the group to be ranked is somewhat large, there is performance variability, employees frequently receive feedback, and the culture is results-oriented, forced distribution methods are more acceptable (Smither, 2009).

## Rewarding Performance

Companies' reward programs tie pay to performance at the individual, team, unit, and organizational levels (e.g., individual merit pay, team incentives, team recognition) (profit sharing)( Gresham and Heneman (1998).

### 2.1.5. Performance Management Process

The practice of performance management focuses on the unit's overall performance. Effective achievement of the organization's goals is given high priority. From one organization to another, the steps in the performance management process may be different. But the activities with a greater priority will receive extra attention. The majority of programs comprise a few fundamental tasks that flow from the top of the organization to its more minute parts (Armstrong 2009).Although there is no single model for performance management, a Performance Management Process could often contain a number of these components (CIPD,2009). These components are interconnected, and when one of them is implemented poorly, the performance management system as a whole suffers.

But when a system is first put into place, the procedure goes through the following steps (Aguinis 2009).

### I. Pre-requisites

Before a performance management system is deployed, two crucial conditions must be met: (1) Understanding the mission and strategic objectives of the organization, and (2) Understanding the Job.

Strategic planning results in awareness of the organization's mission and strategic goals. There is an ongoing interaction between mission and vision and strategic planning, which may occur after the mission and vision statements are developed. An organization can utilize strategic planning to clearly identify its mission, its reason for being, its future state, its objectives, and the methods it will employ to get there.

Similar goals cascade downstream once the organization's overall objectives have been established, with departments setting goals that support the organization's broader mission and aims. Upward cascading occurs until every employee has a set of objectives that are in line with those of the business.

### II. Performance Planning

The manager and the employee must come to an understanding as to what has to be done by the latter in order to meet goals, enhance performance, and acquire necessary skills as part of the performance planning process. The goal is to guarantee that the objectives, performance standards, and competences are understood in the context of day-to-day work. They serve as the foundation for turning goals into actions (Armstrong, 2006).

Employees should be fully aware of the performance management system at this point. In a meeting with the employee, the supervisor should agree on what needs to be done and how it should be done. This explanation of performance planning takes into account both results and behaviors, and it also includes a development strategy.

### III. Performance Execution

Performance execution refers to the step of the process where the employee is required to deliver the results, behaviors, and developmental plans in order to carry out or implement the goals that were agreed upon during the performance planning phase. The employee is primarily accountable for and owns this process. The following elements need to be present at this point: a dedication to goal achievement, continual performance feedback and coaching, communication with the supervisor, gathering and sharing performance data, and performance review preparation. Additionally, the supervisor must observe and



record performance on a daily basis, offer coaching and feedback, and reinforce positive behaviors and goal-related progress.

#### IV. Performance Assessment

Following the planning and execution of the plan, it is required to determine whether the task was completed in accordance with the planning and guidelines. Using the performance data, which is mostly provided by the direct supervisor, both the employee and the management are accountable for assessing the extent to which the required behaviors have been demonstrated and whether the expected results have been attained. Both the employee and the manager must accept responsibility for the assessment procedure. Self-evaluations are advantageous in terms of significant extra elements as well (Aguinis, 2009).

#### IV. Performance Evaluation

The employee and manager meet to discuss their evaluations during the performance review phase. Typically, this gathering is referred to as an appraisal meeting or discussion. The purpose of the assessment meeting is to provide the employee feedback on their performance in a formal environment (Aguinis, 2009).

#### VI. Re-contracting and Performance Renewal

The procedure of renewing and contacting performances is the last step. This component uses data acquired during the review period to make adjustments as necessary, even though it is identical to the performance planning stage. For instance, certain fresh critical accountabilities and skills might be added. On the other hand, some objectives could need to be revised upward or downward.

#### 2.1.6. Effective Performance Management

According to Robert L .et.al., (2008), regardless of the approach used, managers must understand the intended outcome of performance management. When performance management is used to develop employees as resources, it usually works. When one key part of performance management, a performance appraisal, is used to punish employees, performance management is less effective. In its simplest form as part of performance management, performance appraisal is a manager's observation: "Here are your strengths and weaknesses, and here is a way to develop for the future."

Done well, performance management can lead to higher employee motivation and satisfaction. To be effective, a performance management system, including the performance appraisal processes, should be:

Consistent with the strategic mission of the organization, beneficial as a development tool, useful as an administrative tool, legal and job related, viewed as generally fair by employees, effective in documenting employee performance.

### 2.1.7 Challenges of performance Management

According to Pace (2011) asserts that poor leadership engagement and implementation are the most significant performance management implementation obstacles. Without the support of the management team, a well-developed PMS is completely useless. Employees won't take the adopted PMS seriously if senior and line management don't commit to it. According to Watkins & Leigh (2012), a performance management system's weaknesses are primarily caused by the system's poor design or the lack of organization-wide training for the system's application

In today's corporate climate, the performance management challenge in organizations has multiple aspects, and coming up with specific efforts to address these challenges is not the answer.

#### 1. Lack of Alignment

The first issue is the lack of alignment brought on by different organizational procedures being developed independently. The relationship between developing a strategy, setting a budget, and operational planning is produced by various groups of individuals using various frameworks. Since there is no alignment between individual performance, departmental performance, and organizational delivery in the performance management system, all systems fall back on financial measurements.

#### 2. Lack of Measurements

The second issue occurs at many organizational levels and is caused by poorly created measurements. Many times, targets are defined, but no pertinent measures are implemented. In some situations, it is impossible to gather data or save it as proof of performance.

#### 3. Leadership and Management Commitment

Integrating and aligning a management system to produce a thorough performance management system is significantly impacted by the leadership and management problem. Performance success depends on

leadership and management's commitment to and understanding of the prerequisites for developing a workable performance system.

#### 4. Managing of the Performance Management System

An organization must operate inside a disciplined framework and follow a single master plan that has been divided into pertinent components and areas of responsibility in order to manage a performance system. The contracting, measurement development, and appraisal processes must be thoroughly understood and applied consistently by management at all levels.

Second, management must understand that performance management is a daily activity that is tracked and reported at specific intervals through reviews and evaluations, not an event.

#### 5. Managing Poor Performance

The management of subpar performance is typically a reactive action, but it is frequently delayed and as a result becomes a tough to make relevant debate. Lack of reliable measures and the gathering of necessary data for measurement collection is another factor in the late management of poor performance.

#### 6.Skill Gap

To use the performance management system, all participants must have the necessary knowledge, attitudes, and skills. Major abilities needed include the creation of performance indicators, identification of important results areas, development of core management competencies and performance agreements, measurement of performance indicators, feedback and results communication, and monitoring and assessment of the performance management system. To guarantee the ongoing development of performance management system users, proactive training and development interventions should be put into place. It is important to place a special emphasis on behavioral and soft skills while evaluating performance.

## 2.2 Empirical Review

According to Tarekegne (2021), conducted a study on an assessment of Practices and challenges of Performance management system in Ethiopian Federal Police Commission. The objective of the research was to assess the practices of performance management system in Ethiopian Federal Police Commission management development sector, to assess major challenges impeding the implementation of performance management system in the sector, and he tries to assess the purpose of PMS .The study uses two mixed research approaches i.e., qualitative and quantitative approach. On his research design the researcher was used survey design as explanatory manner for quantitative research through structured questioner. while descriptive design through an interview and he uses random sampling. The method of data analysis was SPSS and the major finding of the study is, Knowledge on the purpose of PMS is very important precondition for the successful implementation of performance management. The researcher has shown on his findings, the majority of the respondents (61.5%) were aware of the purpose of performance management system, which implies even if a considerable percentage are aware, more effort is needed to increase the awareness of majority of staffs. Learning and development is necessary to achieve the overall business strategy of the organization.

According to Yonas (2015), Assessment of Performance Management Practice in case of Nyala Insurance Co., the main focus of the study was to assess the existing situation of NISCO performance management practice. The objective of the research was know the extent of organization's goal linked with individual roles, the execution of the organization's performance management, to check whether PMS of the organization met its intended objectives, and finally to what purpose performance appraisal system serves at Nyala Insurance S.CO. The methodology he uses is mixed approach which also allows qualitative and quantitative approach. Data were collected through the distribution of questioners (both close-ended and open-ended) as well as through structured questioner. The sampling Techniques is random sampling technique from employees who are working in Head Office and Addis Ababa service centers, based on Yamane formula and n=133 staffs were taken for the study purpose, and the analysis is done with SPSS software.

Under his major findings :-

The overall positive response rate for the items analysed in relation to strategic congruence is roughly 54.62%. The majority of responders (80%) agreed that the existing PM system needs to reform, though. Accordingly, 64% of respondents claimed that NISCO's strategic goal is not connected to individual roles, and 72% of respondents indicated that the PM target is not well communicated. The overall positive response rate for the items analysed in relation to strategic congruence is roughly 54.62%. The majority of responders (80%) agreed that the existing PM system needs to reform, though. Accordingly, 64% of respondents claimed that NISCO's strategic goal is not connected to individual roles, and 72% of respondents indicated that the PM target is not well communicated.

According to the Likert scale, performance planning received an overall assessment of well with an aggregate mean value of 2.96. However, a mean of 3.82 respondents (or 80.75%) believed that NISCO lacked a combined exploration practice to fulfil each role's requirements.

The overall mean value assessment for performance execution is 2.82, which is regarded favorably in the category. However, a mean of 4.07 respondents (81%) believe the existing performance management system lacks effective counselling techniques.

With an overall mean score of 2.83, respondents' ratings of the performance assessment were mostly favorable. The investigation, on the other hand, revealed that (mean=3.79) 70% of respondents said the format of the performance evaluation did not include varied relative weights and was not appropriate to all employees.

The majority of respondents disagreed with the assertion that "performance is measured against the performance expectations and objectives previously agreed upon" in 81% of their responses (mean=3.58). With an overall mean score of 2.97 in the category, the ranking is good overall.

It was also noted that (mean=3.75) 70% of respondents said that training and development needs are not clearly identified and effectively recorded during the performance evaluation process. On a scale of five, the category's entire aggregate mean rating is 3.2, which is much higher than three.

Conclusions by Yonas 2015.

The primary goal of the study was to evaluate the state of the performance management practice at NISCO. Individual goals must be in line with organizational goals through a cascade process in order to effectively

use human resources. According to the study, NISCO generally has good practices for strategic congruence concerns, with the exception of a lack of clear alignment between personal ambitions and organizational objectives and a lack of knowledge of the subject matter of performance management systems. There is a performance planning process in the organization, but there isn't any joint practice of establishing performance planning practice, according to respondents' perceptions of the performance planning part, which were generally good. Although employees gave excellent responses about performance execution issues.

Although employees gave positive responses on the execution of performance goals, NISCO lacks established performance counselling and guidance practices. Employees are thus left to their own devices to help them understand their own performance, the reasons influencing it, the role played by their own strengths and shortcomings, and the degree to which they may affect the performance.

On the whole, respondents expressed satisfaction with the performance review feature, however from the research we can deduce that not all employees have been subject to the performance review format. The majority of respondents stated that performance is not judged against the performance expectations and previously agreed upon objectives based on the analysis connected to performance assessment.

Additionally, it has been demonstrated through analyses of the development planning element that it is possible to draw the conclusion that training and development needs are not accurately identified and recorded during performance reviews.

Furthermore, based on the analysis of data from both open-ended and structured interviews, it can be concluded that NISCO's performance management system does not achieve its goals and that there is a lack of awareness regarding the objectives of performance appraisal, which the company employs to determine bonus awards.

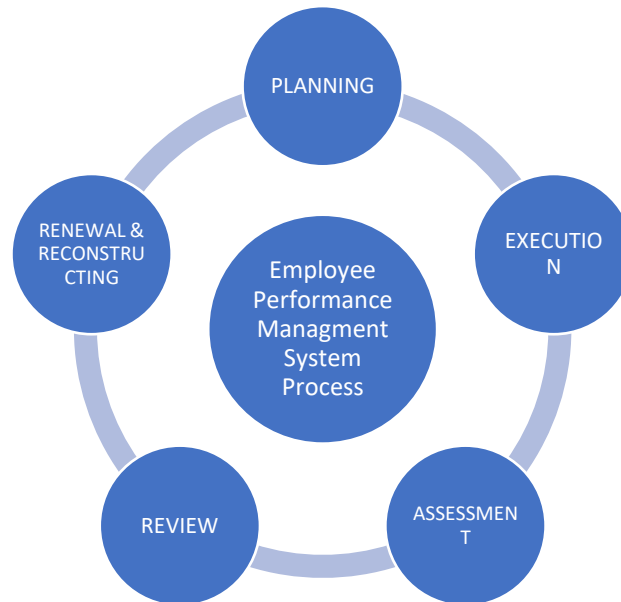
Accordingly, the main causes of employee unhappiness throughout the assessment period were related to the issue of standard-setting and the employees' supervisors' lack of understanding.

## 2.3 Conceptual Framework

The diagram includes performance management process like as planning, Execution, Assessment, Review monitoring, and evaluation. The conceptual framework clearly displays the overall process of performance management system implementation. As the system is used and effectively implemented, organizational

performance is increased. Although there is no single model for performance management, a Performance Management Process could often contain a number of these components (CIPD,2009).

Figure 1:- Conceptual Framework-Performance Management Process



Adapted From :-Herman Aguinis 2013, page 54

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

The previous chapter presented relevant literature review related with the topic under study. In this chapter, the researcher presents the methodology adopted to conduct the study. The chapter serves as a road map of how the researcher will approach the study. Thus, the purpose of this chapter is to address the methods that will be used in the study. Items addressed in this chapter include the research design, population and sample, data collection techniques, data gathering procedure and the method of data analysis.

#### 3.1. Research Type

The type of research used to conduct the study is descriptive research. The researcher preferred descriptive type of research because the purpose of the research is to describe and assess the state of affairs of staff performance management practices of NISCO as it is and identify challenges faced during implementing PM.

#### 3.2. Research Design

In order to assess the employee performance management practices and implementations at Nyala Insurance S.Co., this study employed a descriptive kind of research. This kind of research's primary goal is to describe the current situation as it is (Sekaran, 2003). Descriptive research occasionally seeks to understand how some past event affected or was affected by a current condition or occurrence (Cohen et al., 2005).

#### 3.3. Source of Data

The study has used both primary and secondary data. Employees and supervisors of NISCO are the primary sources of data. Annual/quarter/ reports, manuals, and organizational and HR strategy documents are also referred as secondary data sources.



### 3.4. Data Gathering Tools

The primary data for this study is through questionnaire .

Structured questionnaires is filled by NISCO Head office staffs and supervisors whose performance have been appraised at least for two years and supervisors who have appraised staff using the applied performance appraisal system at branch office.

### 3.5. Population, Sample and Sampling Techniques

The target population for this study includes employees and the management of NISCO working at head office level and Addis Ababa service centers. As of June 30, 2022, the number of permanent employees is reached to 412. For this study the permanent employees working in the head office level and Addis Ababa Service Centers of the insurance are considered as target population. The number of employees working at the head office level and Addis Ababa Service Centers are 345.

The study used stratified random sampling in which the performance appraisal of staff who involved in at least two performance appraisal processes in NISCO is to be randomly taken as respondents of the data collection questionnaire. The researcher used stratified random sampling techniques because for all respondents (Uma,2000).

For the study 185 staff members has been selected from the head quarter and service centers in Addis Ababa by purposive sampling technique due to the nature of the roles of some staff were working on field works during the weeks of the data collection time. To calculate the sample size from the total population the following Taro Yamane (1967) sampling formula, which is appropriate for small size population has been employed.

$$n = \frac{N}{(1+N(e^2))} = \frac{345}{(1+345(0.05^2))} = 185$$

Where:

n = sample size

N = total population size, and (345)

e = the standard error with 95% confidence level.

Hence:

$$n = 185$$

Stratified random sampling is used as a the sampling technique for the study because the study considers representative samples from supervisory and non-supervisory staff. This study believes that data collected from staff who were involved in appraising other staff performance as well as being appraised would provide a reliable data that can support content validity to assess currently employed performance appraisal practice of NISCO aimed towards development of employee's capacity or learning and performance in the creation of alignment to NISCO's strategic goals.

The study applied sample response of all levels of staff (supervisory as well as nonsupervisory) so the acquired background information in the performance management process is valid and reliable. In addition the feedback of supervisors has validity significance for they were playing the role of supervisor and coach as well as part of the organization whose performance is reviewed as employees.

### 3.6. Method of Data analysis

To address objectivity of the analysis of data collected from the respondents, the collected data is coded to Statistical Packages for Social Sciences (SPSS) statistical software. The data collected is analyzed using descriptive statistics (with IMB SPSS statistics version 2021). Descriptive statistics is used because the study is survey research to know the opinion and feeling of respondent about the NISCO Employee performance management practice. The study uses descriptive statistics of mean, median, frequency, and range calculations to analyze data collected by the questionnaire responses.

### 3.7. Validity and Reliability

The validity in the research lies within several factors. In the first place, the researcher has made very careful selection of the organization considering the suitability. The selection was made carefully in order to collect questioner, the organization's staff that are familiar with the topics and provides accurate answers. To ensure the validity of tools used, comments is obtained from different professionals/experts who have experience in the area and the tools will be accordingly consolidated.

### Reliability Analysis Table

Variable	Cronbach's alpha	Number of Items
Purpose of PMS	0.879	5
Integration b/n Strategic Objective and EPMS	0.805	5
Performance Review	0.799	5
Performance Execution	0.812	5
Reward and Development Plan	0.804	5
Challenges of PMS	0.760	

Table 1: Reliability Analysis table

### 3.8. Ethical consideration

The study has taken at most ethical consideration of keeping the confidentiality of the respondents stressing the sole purpose of the study is for academic purposes and the data acquired is anonymously analyzed. As the researcher is a staff member in the Human Resources unit of the organization at the time of the study, it was important to ensure respondents' favorable attention by conformation of the following ethical values and acquire their honest and sincere feedback to every interview question:

- The researcher has taken the responsibility if the responses are not kept confidential and if any references are made to the respondent's feedback to impact her/him in favor or against.
- Every respondent's honest and sincere feedback and comment is highly respected and will be taken into consideration in the study.
- The respondents' interest and consent was initially requested by demonstrating the purpose of the study. Not undermining the appreciation to the honest feedback of respondent, the researcher also tried to get the assurance of respondents that their time, interest, and consent will be highly valued in responding to the interview questionnaire and non-responsiveness to the questions shall not be considered uncomplimentary.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

In this chapter of the research the data collected from different sources are presented, analyzed and interpreted. Accordingly, the chapter deals with the demographic nature of the respondents and analysis and interpretation of the data collected. The analysis of data is processed in line with the basic research questions and objectives of the study. Thus, the chapter has two parts. The first part presents the characteristics of the respondents; the second part presents detailed analysis and findings of data collected through questionnaire for employees and the information obtained from the structured interview with Resource manager. The details are presented in the upcoming sections

#### 4.2 Demographic Characteristics of Respondents

The demographic characteristics of the respondents were assessed including their age, gender, level of education, work experience in their company. Hence the table below clearly shows the summary of each employee. From the total population of 185, two is missing.

Table 4.1: Demographic Characteristics of the Respondents

<b>Gender</b>		
	Frequency	Percent (%)
Male	78	42.6
Female	105	57.4
Total	183	100.00
<b>Age Group</b>		
21-30	78	42.62
31-40	84	45.90
41-50	17	9.29
>51	4	2.19
TOTAL	183	100.00

Education Level		
Below Degree	4	2.2
Degree	118	64.5
Masters	61	33.3
Total	183	100.00
Service Year		
Below 1 year	8	4.4
1-5	33	18.0
6-10	71	38.8
11-15	48	26.2
>15	23	12.6
Total	183	100

Source:-Questioner Data of 2023.

The gender distribution of the population in the dataset is as follows:- There were a total of 185 people in the dataset, with 78 males and 105 females, and two is missed The cumulative percentage shows that 42.6% of the population is male, and 57.4% is female. The total percentage shows that 98.92% of the population was represented in the dataset. With regard with Age, there are a total of 183 people in the dataset, with 78 people in the 21-30 age range, 84 people in the 31-40 age range, 17 people in the 41-50 age range, and 4 people in the >51 age range. With regard with Educational level, among a total of 183 people in the dataset, with 4 people with below degree, 118 with degree and 61 with masters. The cumulative percentage shows that 2.2% of the population has below degree, 64.5% has degree, 33.3% has masters. The total percentage shows that 99.91% of the population is represented in the dataset. While about service year, 8 people with less than 1 year of service, 33 with 1-5 years of service, 71 with 6-10 years of service, 48 with 11-15 years of service, and 23 with more than 15 years of service.

### 4.3 Findings

The performance management practices and implementation in NISCO was evaluated through purpose of employee performance management, linkage between link of NISCO strategic objective towards employee, Performance Review, Performance Execution, Reward and Development plan, and the challenges during implementation of EMPs.

## Descriptive Analysis

The descriptive statistics (table 4.2) of the study, including mean (M), standard deviation (SD), Skewness and Kurtosis were measured. The values for PM (M=3.3333, SD=0.85917). For ISO (M=3.4350, SD=0.72875), PR(M=3.3956), PE(M=3.0951,SD=.73971), RD(M=3.1475,SD=.78718, CP(M=3.2372 and SD=0.75443). Hence all the values of the mean and Standard deviation value shows that the normality of the data.

Table 4.2: Summary of Descriptive Statistic of the variable

	N	Mean	Std. Deviation
Purpose of PMS	183	3.3333	.85917
Integration b/n Strategic Objective and EPMS	183	3.4350	.72875
Performance Review	183	3.3956	.71590
Performance Execution	183	3.0951	.73971
Reward and Development Plan	183	3.1475	.78718
Challenges of PMS	183	3.2372	.75443
<b>Valid Number of Item</b>	183		

### 4.3.1 Frequency of Respondents on Purpose of Employee performance management

Table 4.3: Summary of Frequency of respondents on purpose of EMPS

Statement	Respon dents	Ratings						
		(1)	(2)	(3)	(4)	(5)	M	S.D
The objective of employee performance management System (EPMS) is clear to employee	#	7	61	46	60	9	3.02	1.008
	(%)	3.8	33.3	25.1	32.8	4.9		
Employee performance management System has objective target	#	13	64	41	54	11	2.92	1.082
	(%)	7.1	35.0	22.4	29.5	6.00		
The performance management system links the organizations goals with individual jobs	#	17	54	43	42	27	3.04	1.222
	(%)	9.3	29.5	23.5	23.0	14.8		
The EPMS improves employee job performance	#	15	64	47	45	12	2.86	1.083
	(%)	8.2	35.0	25.7	24.6	6.6		
The performance management system provide employees with information on specific areas that may need improvement	#	14	57	44	51	17	3.00	1.129
	(%)	7.7	31.1	24.00	27.9	9.3		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

To measure the overall ratings of 'Purpose of Employee performance management' five questions were forwarded for respondents and their responses are summarized on the table above.

The above table shows the results of the survey on respondent's opinions of 'The purpose of employee performance System is clear to employee'. The survey was conducted in person and had a total of n=183 respondents.

As indicated in the table, the majority of respondents (33.3%) disagreed with the statement that 'The purpose of employee performance system is clear to employee'. This shows that most of employees of NISCO are not clear with the purpose of Employee performance management system which is a serious failure. Another 25.1% were neutral, while 32.8% agreed, 3.8% Strongly Disagreed and 4.9% strongly agreed.

The cumulative percentages show that the majority of respondents 58.4% either disagreed or were neutral about the statement that 'the purpose of employee performance management system' is not clear to employee. Only 37.7% of respondents agreed or strongly agreed with the statement.

From the above table one can clearly see that, while the majority of respondents denied that the purpose of EPMS is clear to employees, a significant minority did.

In this regard from the literature John Lockett 1992, said that understanding the purpose of Performance management helps to improve employee engagement with that of organizational performance. Knowing the purpose of employee performance management encourages team work, collaboration and communication, to ensure everyone is achieving their SMART goals. Knowing the objective of employee performance management also provide employees with a clear career path to enter in to work force. A good performance management system encourages managers to discuss a career plan with their employees while covering what the employee needs to do to get there. If companies wants to provide outstanding outcomes, and also wants to survive and compete in the long run, they should be concerned about their employee knowledge of employee performance management system. But in this finding, it is found that most employees are not clear about the objective of employee performance management which is against the literature review.

Through a cascading process, one of the most fundamental goals of performance management is to bring individual and organizational goals into alignment. This implies that everything employees do at work results in effects that advance the accomplishment of organizational objectives.

In this regard, respondents were asked to respond whether, the employee performance management system of the organization has objective target or not. Accordingly, as indicated in the above table, 7.1% of respondents strongly disagree, 35.0% disagree, 22.4% are neutral, 29.5% agree, and 6.0% strongly agree. The finding indicates that most of the respondents disagreed that 'employee performance management system has objective target'.

According to the literature on this particular research Latham & Mann, 2006, on Performance management Best Practices, A central premise of performance management is that individual or team goals need be closely aligned with higher organizational goals. The necessity for close alignment between individual (and team) goals and corporate goals is a fundamental tenant of performance management systems. Hence employees need to have objective target in the biggining and this can be through balanced score card. Balanced score cards can offer a comprehensive framework that directs and coordinates the setting of individual and corporate goals. However, the researcher found that most respondents agreed that EPMS has no objective target. This finding of the above analysis shows that lack of objective target yield weak performance of employees and also leads to lack of competence for employees, team and as company as a whole.

Under the first variable, In the same table above, respondents were asked whether or not the Employee performance management system links the organizations goals with individual jobs.

According to the survey's findings, 9.3% strongly disagree, 29.5% disagree, 23.5% are neutral, 23.0% agree, and 14.8% strongly agree. Hence, most respondents (53%) disagreed and/or kept neutral with the statement 'The performance management system links the organizations goals with individual jobs'. This implies that more work has to be done in order to strengthen link between organizational goals with individual goals otherwise it shows that employees are doing like 'a ship without ladder'.

The survey's findings indicate that the majority of participants consider link of organizations goal and employee goal needs a serious follow up. A considerable proportion of responders, meanwhile, either disagree with the statement or have no opinion.



According to Armstrong 2006, There has to be a link between organizational goal with that of individual objectives. Employees must come to understanding as to what has to be done during planning phase. The goal is to guarantee that the objectives, performance standards, and competencies are understood in the context of day-to-day task of employees. with the same context of item number one. Using balanced score card the link can be cascaded easily, because it helps to offer a comprehensive framework that directs and coordinates the setting of corporate, departmental, team, and individual goals. However as per the finding there is weak link between organization goals with in individual goals that leads poor meeting of strategic objective of the company with that of employee.

As indicated in the above table, respondents were asked whether or not the organization's EMPS improves employee job performance. Hence from all survey's findings of n=183 , 6.6% strongly disagree, 8.2% Strongly disagree, 35.0% disagree, 25.7% are indifferent, and 24.6% believe that EPMS improves employee job performance. According to the survey's findings, the majority of participants which is 35% do not believe that EMPS improve employee job performance . A sizeable proportion of responders, meanwhile, either disagree with the statement or have no opinion. Therefore, it's crucial to keep in mind that the findings shows that employees should be clear how EPMS is important in improving employee job performance.

As indicated from the finding, employees are not aware of and clear how EPMS is important in improving employee job performance.

Most respondents do not believe that EPMS improves employee job performance, however on the literature review employee job performance is directly correlated with EMPMs. The major objective of performance management is to Develop and enhance the performance of individuals, teams, and consequently organizations is the overarching goal of performance management. It is a tool that may be utilized to bring about culture transformation through the development of a high-performance culture. It attempts to increase people's capacity to meet and surpass expectations and realize their full potential for both their own benefit and the benefit of the organization. The foundation for self-development is provided by performance management, but it is also crucial to make sure that people have access to the support and direction they need to grow and improve (Armstrong 2009). But on the finding most respondents disagreed with EMPS improves employee job performance which is against the stated literature review.

The final question raised under variable one was 'The PMS provide employees with information on specific areas that may need improvement'. From the total 183 respondents, according to the survey's findings, 7.7 % strongly disagree, 31.1% disagree, 24.0% are neutral, 27.9% agree, and 9.3% strongly

agree that the stated statement needs as serious concern. According to the survey's findings, it is clearly put that almost equal proportion number of respondents set in two dimensions in expressing their agreement. However, in general terms the majority of respondents (62.8%) denied as the performance management system provide employees with information on specific areas that may need improvement and/or be indifferent.

Performance management is a continuous process that links each person's performance and goals to the organization's overarching mission and goals in order to discover, measure, and develop performance in companies. Performance management is essential For-profit and nonprofit, local and international, small and large, and all industries. No of the size, purpose, or other qualities of an organization, its performance ultimately rests on the performance of its employees (H. Aguinis 2005).Hence this clearly tell us as PMS provide employees with information on specific areas that may need improvement, but the majority of respondents disagreed with this this statement which is still against the literature review.

#### 4.3.2 Extent of How NISCO strategic Objectives are clearly defined for employees

Table 4.4: clearly defined strategic objectives

Statement	Respondents	Ratings					M	S.D
		(1)	(2)	(3)	(4)	(5)		
I am familiar with the company's mission and strategic goals.	#	3	18	9	120	33	3.71	10.21
	(%)	1.6	9.8	4.9	33	18		
PMS set a plan for employee to meet strategic objective.	#	11	32	50	80	10	3.20	1.019
	(%)	6.0	17.5	27.3	43.7	5.5		
My job objectives are directly linked with the corporate strategy.	#	7	14	58	86	18	3.50	0.919
	(%)	3.8	7.7	31.7	47	9.8		
Performance measurement standards are clearly deployed to my job position	#	14	39	56	64	10	3.09	1.042
	(%)	7.7	21.3	30.6	35	5.5		
My job description is clearly defined in meeting company's objective	#	7	31	41	84	20	3.43	1.019
	(%)	3.8	16.9	22.4	45.9	10.9		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

On the second variable, Extent of How NISCO strategic Objectives are clearly defined for employees, has been indicated in the above table 4.4. Here, the researcher tried to indicate the result with five basic questions.

As Illustrated on table 4.4, the majority of respondents n=120 (33%) Agree with the question 'I am familiar with the company's mission and strategic goals. While n=33 (80%) of respondents strongly Agree, n=18(9.8%) Disagreed=9(4.9%) indifferent and 3(1.6%) strongly Disagreed. The results of the finding indicates that most respondents are familiar with the company's mission and strategic goals and it is a good quality and must continue.

The mean value for ISO1 is 3.71,that indicates the majority of respondents are very satisfied with the stated statement .The standard deviation is 1.021,which is indicates that there is not a lot of variation in the level of the first statement.

According to H. Auginis PMS helps in connection to the mission and goals of the company,that is Managers must use performance management system to make sure that employees' actions and outputs support the organization's objectives and give it a competitive advantage in the marketplace. Thus, performance management establishes a direct connection between employee performance and organizational objectives, and makes the employees' contribution to the organization explicit. Based on the finding in table 4.4 most employees are familiar with their company's mission and vision ,which explicitly contributes to the objectives of the organization Consequently, the results of the survey shows that most respondents are familiar with the company's mission and strategic goals that is similar with the literature review.

Secondly, regarding to the item 'PMS set a plan for employee to meet strategic objectives', the highest number of respondents which is n=80(43.7%) agreed that PMS set a plan for employee to meet strategic objectives. while 27.3% of respondents are indifferent, 17.5% of them denied as PMS set a plan for employee to meet strategic objectives. Hence Based on the results of the survey most respondents i.e 43.7% agreed with the stated question and this implies that most respondents have positive result with regard with PMS can set a plan for employee to meet strategic objective.

The mean value for ISO2 is 3.20 which indicates that most respondents are satisfied with the stated statement that, PMS set a plan for employee to meet strategic objective and the standard deviation 1.019 indicates that as there is there is no a lot variation in the level of the statement.

As the finding indicates there is a positive result with regard with PMS can set a plan for employee to meet strategic objective. Based on the PMS process on the literature review by Armstrong 2006, At planning stage employees should be fully aware of PMS at this point to meet company's strategic objective. The goal is to guarantee that the objectives, performance standards, and competences are understood in the context of day-to-day work. They serve as the foundation for turning goals into actions (Armstrong, 2006). Hence the finding coincides with the literature review and it is a positive sign.

Respondents were also asked whether or not their job objectives are directly linked with the corporate strategy of their company. As the above table 4.4 shows, the results of the survey show that 3.8% of respondents strongly disagree, 7.7% disagree, 31.7% are neutral, 47% agree, and 9.8% strongly agreed. This result shows that the majority of respondents (56.8%) believe that setting a plan between individual (and team) goals and corporate goals is a fundamental tenet of performance management systems.

The mean value for ISO3 is 3.5, that shows the majority of respondents are agreed with the result and there is a little less variation in the level of satisfaction compared with ISO1 and ISO2

According to the literature review, the fundamental tenet of goal-setting theory, supported by thousands of research, is that challenging, detailed goals yield better performance than easy, "do your best" goals (Locke & Latham, 1990). Also, achieving precise, challenging goals benefits individuals, teams, and companies as a whole (Baum et al 1991). The advantages of goals come about because they direct employees' attention toward a particular objective (rather than other activities), encourage greater levels of effort to achieve those objectives, improve perseverance in the face of setbacks and obstacles, and encourage employees to come up with new approaches and strategies when faced with challenging tasks (Latham et al 2004). The finding of the survey result supports the literature that setting a plan between individual and corporate goals is a basic purpose of PMS.

.The fourth statement is on 'Performance measurement standards are clearly deployed to my position'. According to the above table, the result shows that, 7.7% of participants strongly disagree that performance measurement standards is a useful standard for measuring air quality, compared to 21.3% Disagree, 30.6% who are indifferent, 35.0% who Agreed, and 5.5% who Strongly agree. The survey's findings implies that though significant number of respondents n=64(35%) think that performance measurement standards are clearly deployed to each position.

As the result in the above table 4.4 shows, majority of respondents which is 35% confirmed that the job description was well defined, while 20.7% of participants denied, and 22.4% stay indifferent. This implies that it is a positive sign, as it suggests that the job description is likely to be clear and easy to understand for employees. However, it is important to note that a sizable percentage of respondents (20.7%) disagreed that the job description was not well defined.

#### 4.3.3 Employee Performance Review

Table 4.5: employee performance review

Statement	Respondents	Ratings					M	S.D
		(1)	(2)	(3)	(4)	(5)		
Employee performance is assessed based on the standard criteria.	#	4	31	69	64	15		
	(%)	2.2	16.9	37.7	35	8.2	3.3	0.921
Evaluators Review of employee performance is Subjective	#	17	19	55	81	11		
	(%)	9.3	10.4	30.1	44.3	6.00	3.37	0.866
Employee Performance review is focused on actual job performance	#	15	34	39	87	8	3.21	1.061
	(%)	8.2	18.6	21.3	47.5	4.4		
Feedback of Appraisal is given on regular basis	#	18	72	41	36	16	2.88	1.015
	(%)	7.1	49.2	22.4	19.7	8.7		
Performance management review leads to employee development	#	15	30	54	64	20	3.24	1.108
	(%)	8.2	16.4	29.5	35.00	10.9		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

The above table 4.5, has statements that shows how the employee performance review is implemented in the organization. Accordingly, the result put as follow.

Respondents were asked whether the employee performance is assessed based on the standard criteria or not. According to the survey results, 35% of participants agree with that it is crucial to make assessments are based on standard criteria. While 37.7% respondents are neutral, 16.9% disagree, 8.2 Strongly Agree and 2.2 Strongly disagreed. This shows that though substantial proportion of the respondents (43.2%)

consider criteria-based assessment to be an effective method for measuring employee performance, the majority of respondents (56.8%), in general, do not agree or have no idea whether the employee performance is assessed based on the standard criteria.

The descriptive statistics table shows the following information about the performance review data:

The number of respondents (N) was 183, The minimum score for each item was 1, and the maximum score was 5. The mean score for each item was between 3 and 3.4, indicating that respondents generally agreed with the statements. The standard deviation for each item was between .8 and 1.1, indicating that there was some variation in the responses.

Assessment based on criteria shows that most respondents agreed that performance reviews were based on clear criteria. The mean score for this item is 3.3, and the standard deviation is 0.921

Overall, the descriptive statistics indicates that respondents generally agreed that performance reviews were fair, objective, focused on actual job performance, and led to employee development

As stated on the literature review, Auginess 2000, told that, A definition of a performance standard should say that performance will be acceptable provided a desired, specified, and observable outcome occurs. It should ideally be measured in terms of things like service level or reaction time. Whenever this is not practicable, a more qualitative approach may need to be used, in which case the definition of the standard-of-performance would effectively indicate. Hence the finding above coincides with the literature review.

In the same table, it is also indicated that, 10.4% of respondents disagree that evaluators are Subjective, 30.1% are neutral, 9.3% strongly disagree, 44.3% agree, and 6.0% strongly agree. Hence this implies that most respondents believe that evaluators are subjective.

There are a number of factors that could contribute for the high percentage of evaluators who believe that they are Subjective. One possibility is that evaluators are not trained to be objective and to avoid bias. Additionally, evaluators may be aware of the potential for bias and take steps to mitigate it. For example, evaluators may use multiple methods to collect data and may involve stakeholders in the evaluation process.

According to the finding tells that there is Subjectivity of performance review among evaluators. When performance measurement standards are clearly deployed to each position, there will be clear expectations for each performance result.

The third item under table 4.5 is about whether employee Performance review is focused or not on actual job performance. In this regard, the result shows that 47.5% of the employees agreed, 4.4% Strongly Agreed, 21.3% of the employees were neutral, 18.6% disagreed, and 8.2% strongly disagreed. Most respondents (51.9%) feel that their performance review focused on actual job performance. However, still, remaining significant proportion of them couldn't clearly uphold the idea that the employee performance review is focused on actual job performance.

Based on the literature review employee performance should be based on the stated criteria Giving workers the chance to comprehend performance requirements properly will increase their motivation and dedication to their work.

According to Werther and Davis (1996), in order to keep employees accountable, the standards must be in writing and employees must be made aware of them prior to the review. Giving workers the chance to comprehend performance requirements in full will increase their motivation and dedication to their work and the finding is supported by the literature as many respondents agreed with the statement review is focused on actual job performance.

Similarly, respondents were asked whether Feedback of Appraisal is given on regular basis. Based on the result provided, 49.2% of employees disagree with the feedback of their performance appraisal, 7.1% Strongly Disagree, 22.4 % are neutral, 31.1% agree, and 9.8% strongly agree. This clearly shows that many employees feel that they do not receive enough feedback from their supervisors

According to John Lockett in his 1992, 'mentioned that one of the purpose of performance management is to provide meaningful, and ongoing feedback. Real-time feedback is one clear example of how performance management systems have become more forward thinking. Traditionally, feedback was fairly limited. Employees would receive it during an annual performance review while being formally judged and appraised on their past performance. This usually happened at the same time that bonuses and pay were being decided — making the exchange of feedback strained, uncomfortable and unproductive.

Feedback is far more effective when delivered promptly. One of the most important purposes of performance management today is to give and request feedback regularly, regardless of whether it is positive or constructive in nature. All feedback is progressive and should be delivered as soon as possible — this is increasingly important to employees. However as it shown from the finding the finding violets this fact.

Based on the data provided under table 4.5, while sizable proportion of participants (35%) generally agreed that performance reviews lead to employee development, 16.4% disagreed, 8.2% strongly disagreed, and 29.5% of them remain indifferent.

Most respondents agreed that review result is a key element that leads to employee development because the result helps employees identify areas where they are doing well and areas where they are doing well and areas where they need to improve. If you are looking for ways to improve employee development, one should consider using performance reviews. Performance reviews can be a valuable tool for helping employees identify areas where they can improve and for providing them with the resources they need to succeed. hence the finding supports the literature review.

#### 4.3.4 Performance Execution

Table 4.6: performance execution

Statement	Respondents	Ratings					M	S.D
		(1)	(2)	(3)	(4)	(5)		
Supervisors provide with resources to perform my job properly	#	3	28	62	87	3	3.32	0.812
	(%)	1.6	15.3	33.9	47.5	1.6		
There is regular communication and update with the supervisor on progress toward goal achievement	#	9	71	42	42	19	3.27	1.079
	(%)	4.9	38.8	23.0	23.0	10.4		
There is intensive follow up on the assessed results	#	10	52	77	39	5	3.02	.911
	(%)	5.5	28.4	42.1	21.3	2.7		
Coaching to improve performance is provided on a regular basis to Employee	#	11	56	49	61	6	2.97	1.008
	(%)	6	30.6	26.8	33.3	3.3		
Change standard and performance are communicated to employee regularly	#	26	32	63	59	3	2.90	1.061
	(%)	14.2	17.5	34.4	32.2	1.6		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

In the table above (table 4.6) the result for the variable 4, performance execution, has clearly indicated under five statements/items. Accordingly, as the result shows, 47.5% of respondents agree that supervisors



provide resources to perform their job properly, 15.3% disagree, 1.6% strongly agree, 1.6% strongly disagree, and 33.9% are neutral. This shows that the majority of the respondents n=87 (47.5%) Agreed that supervisors provide resources to perform my job properly, this implies that most respondents believe that supervisors play an important role in providing resources to their employees, which in turn has an impact on meeting strategic objectives.

The data also reveals that a sizable percentage of respondents strongly disagreed or Disagreed with this assertion. This may indicate that some individuals think that supervisors do not give their staff members enough resources which is poor quality.

According to the major findings, 23.0% of respondents think that there exists a regular communication and update with the supervisor on progress toward achieving goals, whereas 10.4% strongly agree, 4.9% strongly disagree, 38.8% disagree, and 23.0% are neutral. Hence, one can clearly see that the majority of respondents 38.8% revealed that there is no regular communication and update with the supervisor on progress toward goal achievement. This implies that some individuals think regular communication is either not important or ineffective for attaining goals.

As stated the literature on the process of PMS ,The following elements need to be present at this point: a dedication to goal achievement, continual performance feedback and coaching, communication with the supervisor, gathering and sharing performance data, and performance review preparation. Additionally, the supervisor must observe and record performance on a daily basis, offer coaching and feedback, and reinforce positive behaviors and goal-related progress ,hence the finding is supported by the literature

Overall, the evidence indicates that there is not a strong agreement on the need of regular communication in achieving goals.

Regarding to the intensive follow up on the assessed results, as indicated in table 4.6, from the total respondents of n=183, 5.5% Strongly Disagree, 28.4% disagreed, 42.1% neutral, 21.3% agreed and 2.7% strongly agreed with the statement. The results of the survey shows that a majority of respondents believe that there is no an intensive follow-up after assessing results is important. 42.1% of respondents remained indifferent. This implies that there is some variation in opinion on the importance of intensive follow-up on assessed results.

Regarding with regular coaching provision to improve performance of the employee the above table shows that from the total respondents, 6.0% Strongly Agreed, 30.6% Disagreed, 26.8% Neutral, 33.3% Agreed, and 3.3% strongly agreed on that provision of regular coaching for employee to improve their performance.

The survey's findings indicate that most participants value regular coaching, according to the majority of respondents. This is most likely due to the fact that coaching can help staffs perform better in a range of their areas, including their work, relationships. Overall results of this specific statement shows that coaching provided on a regular basis is valuable tool that can help people to improve their lives.

In the same table above, respondents were asked to rate whether change standard and performance are communicated to employee regular or not. The table shows the results of a survey on the importance of communicating changes in standards and performance are communicated to employee regularly, hence 14.2% responds Strongly disagree, 17.5% Disagree, 34.4% Neutral, 32.2% Agreed, and 1.6% Strongly Agree. The finding of this particular statement shows that most respondents are indifferent, in communicating changes in standards is important. Substantial proportion of them also disagreed on the statement. The finding result shows that there is some variation in opinion on the importance of communicating changes in standards.

However, 32.2% respondents believe that communicating changes in standards is important. This implies that changes in standards can have a significant impact on how people work and it is important to ensure that everyone is aware of the changes and how they will be affected,

#### 4.3.5 Reward and Development plan

Table 4.7: Reward and Development plan

Statement	Respondents	Ratings					M	S.D
		(1)	(2)	(3)	(4)	(5)		
Rewarding system is designed that motivates employees to perform at their best	#	3	40	47	73	20	<b>3.37</b>	<b>.996</b>
	(%)	1.6	21.9	25.7	39.9	10.9		
Continuous Coaching and guidance helped me in my achievement on given objectives	#	4	37	62	72	8	3.23	1.898
	(%)	2.2	20.2	33.9	39.3	4.4		
Training opportunities are provided to enhance employees capacity	#	20	24	54	77	8	3.16	1.070
	(%)	10.9	13.1	29.5	42.1	4.4		
There is a growth change in my department following my performance measurement	#	24	50	44	60	5	2.85	1.104
	(%)	13.1	27.3	24.0	32.8	2.7		
Improvements, trainings will be arranged for low performer individuals	#	17	39	54	49	24	3.13	1.169
	(%)	9.3	21.3	29.5	26.8	13.1		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

In the table above (table 4.7) the result for the variable 5, reward and development plan, has clearly indicated under five statements/items. The first statement stated as ‘there is problem in correlating rewards with performance review’. The result shows that 1.6% Strongly Disagreed, 21.9% Disagreed, 25.7 neutral, 39.9% agreed, and 10.9% Strongly Agreed on the statement. From this, one can clearly observe that the majority of participants think that rewarding system is designed to motivate employees to perform at their best. This indicates that a significant portion of employees feel that the current reward system is effective in driving their performance.

This is probably due to the fact that incentives can be strong motivators and can ensure that employees are pursuing the organization’s objectives. Overall, the results of the survey indicates that linking rewards to performance is a valuable tool that can help to improve performance. However, it is important to consider the individual needs of each organization when deciding how to link rewards to performance.

The same table above shows the results of a survey on the importance of continuous coaching and guidance in achieving objectives. Consequently, from the total number of respondents, 2.2% Strongly disagreed, 20.2% Disagreed, 33.9% stay Neutral, 39.3% Agreed, and 4.4% of them Strongly agreed. The cumulative percent column shows the percentage of respondents who agreed with the statement, regardless of their level of agreement.

The results of the survey indicates that a majority of respondents believe that continuous coaching and guidance is important in achieving objectives. This is likely because coaching and guidance can help people to develop their skills and knowledge, and they can help people to identify and overcome obstacles.

However, it is important to note that a significant number of respondents were neutral or disagreed with the statement. This suggests that there is some variation in opinion on the importance of continuous coaching and guidance.

Overall, the finding indicates that continuous coaching and guidance is a valuable tool that can help people to achieve their objectives. However, it is important to consider the individual needs of each person when deciding whether or not to seek coaching and guidance.

The third item in table 4.7 stated the existence of Training opportunities are provided to enhance employees capacity. Accordingly, respondents responded as Strongly disagree (10.9%), Disagree (13.1%), Neutral (29.5%), Agree (42.1%), and strongly agree (4.4%) when they asked to rate on existence of Training opportunities are provided to enhance employees capacity.

The cumulative percent column shows the percentage of respondents who agreed with the statement, regardless of their level of agreement. For example, 24.0% of respondents either strongly agreed or agreed with the statement.

The results of the survey indicates that a majority of respondents believe that formal training arrangements are important in improving employee capacity. This is likely because formal training opportunities can help employees to develop their skills and knowledge, and it can help employees to identify and overcome obstacles.

However, it is important to note that a significant number of respondents were neutral or disagreed with the statement. This suggests that there is some variation in opinion on the importance of formal training arrangements.

Similarly, 60.1% of the respondents remain indifferent and shorn of as training is not arranged for low performer individuals to improve their performance. Still 39.9% of them shows their agreement on it.

Overall, the results of the survey indicates that formal training arrangements are a valuable tool that can help organizations to improve employee capacity. However, it is important to consider the individual needs of each organization when deciding how to implement formal training arrangements.

#### 4.3.6 Challenges of Performance Management System

Table 4.8: challenges of performance management system

Statement	Respondents	Ratings					M	S.D
		(1)	(2)	(3)	(4)	(5)		
There is lack of alignment to the corporate strategic mission & vision	#	9	47	49	76	2	3.08	0.954
	(%)	4.9	25.7	26.8	41.5	1.1		
There is insufficient commitment from middle management and staff for PMS implementation and use.	#	2	41	39	79	22	3.43	1.002
	(%)	1.1	22.4	21.3	43.2	12.00		
The management of NISCO doesn't periodically monitor the achievement of corporate objectives.	#	5	43	36	88	11	3.31	.987
	(%)	2.7	23.5	19.7	48.1	6.00		
There are insufficient resources available for implementation	#	16	63	37	48	19	2.95	1.173
	(%)	8.7	34.4	20.2	26.2	10.4		
There is lack of feedback on results Of performance reviews	#	12	28	48	62	33	3.42	1.145
	(%)	6.6	15.3	26.2	33.9	18.00		

\* Ratings: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

In the table above (table 4.8) the result for the challenges of performance management system, has clearly indicated under five statements/items. The first item stated as there is lack of alignment to the corporate strategic mission and vision. Accordingly, the survey results show that a majority of respondents (41.5%) agree that there is lack of alignment to corporate mission and vision, 26.8% indifferent, 25.7% Disagreed, 4.9% strongly Disagreed and 1.1% Strongly agreed. This implies that the majority of the

respondents believe that a problem exists when business mission and vision are not met properly. This indicates that the majority of respondents think that mission and vision are not aligned with the day-to-day activities of employee, the organizations' objective could not be achievable.

Regarding to the second item that stated that there is insufficient commitment from middle management and staff for PMS implementation and use. As the result shows, there is insufficient commitment from middle management and staff for PMS implementation and use. The survey results show that a majority of respondents (43.2%) agree that there is insufficient commitment from staff in the implementation of PMS, alignment to corporate mission and vision, 26.8% indifferent, 25.7% Disagree, 4.9% strongly Disagree and 1.1 Strongly agreed. This suggests that a majority of respondents believe that insufficient commitment of staff is a significant issue.

Why a staff member's lack of dedication can be an issue. First of all, it could cause resistance to change. Second, it could be challenging to get the required level of employee cooperation. Third, it might result in poor results. Fourth, it can result in higher costs. Fifth, it may result in a drop in morale.

Verify that the PMS is in line with the organization's overarching goals and objectives. If employees are aware of how a PMS would aid the firm in achieving its objectives, they are more likely to be committed to it. Obtain suggestions from the workforce when creating the PMS. If workers believe they have a voice in the creation of a PMS, they are more likely to be loyal to it. Employees should receive training and support. For the PMS to be used efficiently, employees must be trained in its use. Keep an eye on and assess the PMS. Verify that the PMS is accomplishing its aims and objectives. Make the necessary adjustments if it isn't.

Regarding to the management of NISCO doesn't periodically monitor the achievement of corporate objectives, as stated in table 4.8 above, the result show that a majority of respondents (48.1%) agreed that there is a lack of periodic monitoring towards strategic objectives, 23.5% disagreed, 19.7% indifferent, 6% Strongly Agreed, and 2.7% Strongly Disagreed. This indicates that the majority of respondents consider a lack of routine monitoring to be a serious problem.

Lack of routine inspections might be problematic for a variety of reasons. First, it may result in a misalignment between the company's strategic goals and day-to-day activities. Second, it could be challenging to spot and resolve any issues or difficulties that might be keeping the business from

accomplishing its goals. Thirdly, it can result in resource waste because the business might spend money on things that don't support its strategic goals.

Companies can take a variety of actions to address the issue of irregular monitoring. They can start by creating a mechanism to track their advancement towards their strategic goals on a regular basis. Second, they can designate particular people or groups as the ones in charge of monitoring. Third, they can gather information about the business's performance and use it to spot any issues or difficulties. Fourth, they can respond to any issues or difficulties by taking corrective action.

Companies may ensure that they are routinely tracking their progress towards their strategic objectives and that they are taking corrective action to address any issues or obstacles that may be impeding their achievement of those objectives by performing the above actions.

In the same table, the result shows that a majority of respondents (26.2%) agreed that there is a lack of insufficient resources available for implementation, 23.5% disagreed, 19.7% indifferent, 6% Strongly Agreed, and 2.7 Strongly Disagreed. This indicates that the majority of respondents consider as there is insufficient resources available for implementation and this indicates also as there is poor achievement of the company objectives.

The last but not the list on table 4.8, the majority of respondents (33.9%) agreed that there is lack of feedback on result of performance reviews. Whereas, 15.3% disagreed, 26.2% indifferent, 18% Strongly Agreed, and 6.6% Strongly Disagreed. This indicates that the majority of respondents consider a lack of input to be a major issue.

Lack of input can be problematic for a variety of reasons. First of all, it may cause workers to believe that their efforts are unimportant. Additionally, it could be challenging for staff members to raise their levels of performance. Thirdly, it may cause annoyance and resentment among workers. Fourthly, It can lead to decline in moral.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary of Major Findings

The employee performance management system of the case company is assessed in to six dimensions. These are purpose of Employee Performance Management, Integration between the organization's strategic objective and EPMS, Performance review, Performance Execution ,Reward and Development and the challenges of PMS.

- The major finding regarding how the purpose of EPMS meet its objectives is Most respondents are not clear with the purpose of Employee Performance management system in their organization. With regard to EPMS objective target, the majority of respondents also considered that employee performance management has no objective target. The purpose of performance management systems is to improve employee performance, and to help employees develop their skills and knowledge. However, if employees do not understand the purpose of the system, they are less likely to be motivated to participate in it.

According to the findings about the link between EPMS with that of organizations goals, most respondents disagreed that there is a poor link between EMPMS objective with that of organizations goals.

- The major finding of the research objective of that states extent NISCO's Strategic objectives and tasks are clearly defined for employees, the reason for that is most respondents are familiar with their company's mission and vision. In addition the major finding is most respondents have positive response that the strategic objective is well defined to employees. Performance measurement standards are deployed to majority of respondents which is 35% of respondents agreed that each employee performance measurement standards are clearly deployed to their job position.
- Employee Performance Review: - The major finding under performance review is most respondents believe that evaluators are subjective. This shows that evaluators include biasedness among staffs which is a serious failure as an organization. In addition, the major finding also



includes most respondents do not agree with their annual performance review results. Most employees believe that there is unjust or inaccurate ratings and there is unfair appraisal among staffs.

- Performance Execution: - One of the major items in the process of performance management is performance execution. from the researcher tried to assess Employee organizational performance matrices are executed. Here the major finding is supervisors lack frequent coaching in improving their performance.
- Reward & Development: - The results of the survey suggest that linking rewards to performance is valuable tool that can help to improve performance.
- Challenges of Performance Management System: - There is lack of alignment to the corporate strategic mission and vision. In addition, there is also lack of commitments among supervisors in implementation of performance management. Lack of routine monitoring in achievement of corporate objectives is seen as serious problem

## 5.2 Conclusions

The core objective of the study is to assess the practices and challenges of employee performance management system in the case of Nyala Insurance share company. Accordingly Based on the above summary of findings the researcher has reached the following conclusions,.

Based on the findings, it can be concluded that employees have a limited understanding of the purpose of the Employee Performance Management System (EPMS) in their organization, which hinders their motivation to participate. The link between EPMS objectives and organizational goals is perceived as weak, indicating a need for better alignment. However, employees are familiar with their company's mission and vision, and the strategic objectives are well defined. Performance measurement standards are generally deployed, but there are concerns about biased evaluations and unfair appraisal. Supervisors lack frequent coaching for performance improvement, and there is a need to strengthen the connection between rewards and performance. Challenges include a lack of alignment with the corporate mission and vision, limited commitment from supervisors, and insufficient routine monitoring of corporate objectives. Overall, addressing these issues and improving communication, alignment, coaching, and reward systems can enhance the effectiveness of the performance management system and improve employee performance..

### 5.3 Recommendations

- In order to make the purpose of PMS clear to employees the following recommendations are given. Make sure that the PMS is well-communicated to employees. This includes providing clear and concise explanations of the purpose of PMS ,how it works, and how it is linked to individual goals and objectives. Provide opportunities for employees to ask questions about PMS and get feedback on how to improve the PMS.
- Companies should put their mission and vision clear to their employees in order to remain successful. Here most respondents are clear with their mission and vision and this has to be more strengthen to make clear to the majority of employees. There are few numbers of employees who are not sure as their main objective is linked with the company's strategy. Hence it is highly recommended that employees has to be clear how their individual objectives contribute to the company's objective.
- Performance review need to be assessed fairly and based on the standard. In order to make the company should have clear and transparent assessment process. Hence it is recommended to use standards of performance appraisals such as 360-degree feed back and self-assessments. It is also recommended to use multiple raters, such as supervisors, peers, and customers. In addition, based on the finding many respondents believe that as there is Subjectivity during assessment, hence the following are recommended to avoid objectivity during assessment, employees should explain why their performance review result is inaccurate, ask for clarification on any areas where they are unsure. They can also request a meeting with Human resource department, and develop a plan for improvement.
- Towards execution the following are recommended by the researcher. Supervisors should identify specific areas where resources can be improved or made more accessible to enhance job performance. providing supervisors with training on identifying and meeting employees regularly for resources needs. Encourage supervisors to establish effective communication channels, such as regular check-instruments, team meetings, or progress reports, to keep employees informed about their progress towards goals. In addition, the company should emphasize on providing regular coaching to improve employee performance. These recommendations aim to enhance resource support, communication, performance management, coaching, and change communication within the workplace.

- The researcher also recommended that the organization should focus on optimizing the rewarding system, coaching and guidance, training opportunities, departmental growth, and support for low performers. That is, design a motivating rewarding system for employees' best performance, provide continuous coaching and guidance for achieving objectives, increase training opportunities to enhance employees' capacity foster growth in the department through performance measurement, arrange improvements and trainings for low-performing individuals.
- Towards the challenges indicated in the research, it is recommended that:  
 Enhance alignment with corporate strategic mission & vision through clear communication and training. This could be done by creating a communication plan that outlines the purpose of the PMS, how it aligns with the company's strategic goals, and how employees can participate. Training could also be provided to help employees understand the PMS and how to use it effectively.  
 Increase commitment to PMS implementation through awareness programs and support for staff. Awareness programs could be created to educate employees about the PMS and its benefits. Support for staff could be provided through coaching, mentoring, and other resources.  
 Implement regular monitoring of corporate objectives to ensure progress and accountability. This could be done by tracking the progress of employees and teams against their goals. Regular meetings could be held to review progress and make adjustments as needed.  
 Allocate sufficient resources for implementation to overcome limitations. This could include allocating time, money, and people to the implementation of the PMS. It is also important to identify and address any limitations that may prevent the PMS from being successful.

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APPENDIX:  
ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES

**DEPARTMENT OF GENERAL MASTER OF BUSINESS ADMINISTRATION**

This is a questionnaire designed to collect data on an assessment of practices and challenges of employee performance management in the case of Nyala Insurance S.CO, which will be used as an input for a thesis in partial fulfillment of Masters in Business Administration. Your genuine response is solely used for academic purpose. All the information collected through the questionnaire will be used only for contribution to knowledge and kept secret/ confidential.

*If there is any hesitate, please feel free to contact me with 0931-08-20-07.*

**Instructions:**

- ✓ No need of writing your name
- ✓ indicate your response by placing (✓) mark in space of your choice. Open ended questions should be filled by writing answers that you believe are appropriate.

***your kind cooperation is appreciated in advance!***

**Part I: - General Information**

1. Gender    Male\_\_\_\_\_    Female\_\_\_\_\_
2. Age        21-30 \_\_\_\_\_    31-40 \_\_\_\_\_    41-50 \_\_\_\_\_    > 51 \_\_\_\_\_
3. Educational level:-    Below Degree \_\_\_\_\_    Degree \_\_\_\_\_    Masters \_\_\_\_\_

PhD\_\_\_\_\_ Other (Specify)\_\_\_\_\_

4. How long have been working in NISCO (in Years)?

Below 1 \_\_\_\_\_ 1-5 \_\_\_\_\_ 6-10 \_\_\_\_\_ 11-15 \_\_\_\_\_ above 15 \_\_\_\_\_

PhD\_\_\_\_ Other (Specify)\_\_\_\_

**Part II: -** Please indicate the level of your agreement or disagreement with each of the items below by putting a tick mark in the box that best describes your opinion.

**(Remark:-EPMS -is to mean Employee Performance Management System)**

### 1. Purpose of Employee performance management

S. No	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	The purpose of employee performance management System (EPMS) is clear to employee					
2	Employee performance management system has objective target					
3	The performance management system links the organizations goals with individual jobs					
4	The EPMS improves employee job performance.					
5	The performance management system provide employees with information on specific areas that may need improvement					

### 2. Integration between the organization's strategic objective and EPMS

S. No.	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	I am familiar with the company's mission and strategic goals.					
2	PMS set a plan for employee to meet strategic objective					



<b>3</b>	My job objectives are directly linked with the corporate strategy.					
<b>4</b>	Performance measurement standards are clearly deployed to my job position					
<b>5</b>	My job description is clearly defined in meeting company's objective.					

### 3. Performance Review

S.No.	Statements	Strongly Disagree <b>1</b>	Disagree <b>2</b>	Neutral <b>3</b>	Agree <b>4</b>	Strongly Agree <b>5</b>
1	Employee performance is assessed based on the standard criteria					
2	Evaluators Review of employee performance is Subjective.					
3	Employee Performance review is focused on actual job performance					
4	Feedback of Appraisal is given on regular basis					
5	Performance management review leads to employee development					

### 4. Performance Execution

S.No.	Statements	Strongly Disagree <b>1</b>	Disagree <b>2</b>	Neutral <b>3</b>	Agree <b>4</b>	Strongly Agree <b>5</b>
1	Supervisors provide with resources to perform my job properly					
2	There is regular communication and update with the supervisor on progress toward goal achievement					
3	There is intensive follow up on the assessed results					
4	Coaching to improve performance is provided on a regular basis to Employee					
5	Change standard and performance are communicated to employee regularly					

## 5. Reward and Development plan

S.No.	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	Rewarding system is designed that motivates employees to perform at their best					
2	Continuous Coaching and guidance helped me in my achievement of given objectives					
3	There is special reward and growth for extra ordinary performers					
4	There is a growth change in my department following my performance measurement					
5	Improvements, trainings will be arranged for low performer individuals					

## 6. Challenges of performance management system

S.No.	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	There is lack of alignment to the corporate strategic mission & vision				4	
2	There is insufficient commitment from middle management and staff for PMS implementation and use.				4	
3	The management of NISCO doesn't periodically monitor the achievement of corporate objectives.				4	
4	There are insufficient resources available for implementation		2			
5	There is lack of feedback on results Of performance reviews				4	

Thank you for your patience and kind cooperation!

