



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MBA CONCENTRATION WITH HRM PROGRAM**

**ASSESSMENT ON PRACTICES AND CHALLENGES OF EMPLOYEES'  
PERFORMANCE MANAGEMENT SYSTEM IN GOMEJU OIL ETHIOPIA**

**BY  
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**June, 2022  
Addis Ababa**

ASSESSMENT ON PRACTICES AND CHALLENGES OF EMPLOYEES' PERFORMANCE  
MANAGEMENT SYSTEM IN GOMEJU OIL ETHIOPIA

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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## **Statement of Declaration**

I, Bezawit Bekele, declare that this research titled – Assessment of Performance Management System: A case of Gomeju Oil Ethiopia is done with my own effort. I have produced it independently except for the guidance & Suggestions of my research advisor. I assure that this study has not been submitted for any scholarly award in this or any other university.

Bezawit Bekele

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Certification**

Here with I state that Bezawit Bekele has carried out this research work on the topic entitled “ASSESSMENT ON PRACTICES AND CHALLENGES OF EMPLOYEES’ PERFORMANCE MANAGEMENT SYSTEM IN GOMEJU OIL ETHIOPIA” under my supervision. It is sufficient for submission for the partial fulfillment for the award of MBA.

Tewodros Mulugeta (PhD)

Signature \_\_\_\_\_ Date \_\_\_\_\_

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## **Abbreviations/Acronyms**

**GOE** - Gomeju oil Ethiopia

**EPMS**- Employee Performance Management System

**EPM**- Employee Performance Management

**HRM** - Human Resources Management

**HRD**- Human Resources Development

**PMS**- Performance Management System

**SMART**- Specific, Measurable, Attainable, Realistic, Time Bounded

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## ***Abstract***

*This paper is a case study assessing the employee performance management system: a case of Gomeju Oil Ethiopia. It aimed at attaining the specific objectives of investigating whether the organization performance management system properly implemented or not, objectives as well as their department's specific objectives, finding out employees' perception toward employee performance management system of the company and identifying potential challenges and recommend possible solutions in order to mitigate them. To attain these objectives descriptive survey research design has been deployed by using mixed method approach. For this study Censes survey was used by taking 68 employees to fill in the adapted questionnaire, which is the main data collection instrument. The analysis was done by the help of SPSS and presented using descriptive statistics; frequency tables, percentages, mean and standard deviation. However, data gathered from interview, focus group discussion & document analysis were analyzed contextually. In general the finding of the study revealed that: performance management processes are not done free of bias; pay raises are not depending on how well employees perform their jobs; performance ratters are not competent enough to undertake their assignment and Employees feel they are not fairly treated in every process of performance management system even they do not have received adequate training in performance management. So, based on these findings the researcher concluded that even though GOE has some good qualities in creating awareness about the organizational mission, vision and values but a lot have to be made in making performance management system to be more useful for the organization. In order to fill the identified gap, recommendations were forwarded conducting adequate and timely trainings to its employees concerning the whole aspects of the employee performance management system; promoting and ensuring effective feedback and coaching culture; enhancing the involvement and ownership of both the employees via promoting transparency; and clearly articulate the end-to-end implication of good as well as poor performance.*

***Key Words:*** *Gomeju Oil Ethiopia, Employee Performance Management and Human Resources Development.*

# CHAPTER ONE

## INTRODUCTION

This section deals with background of the study and organization, statement of the problem, basic research questions, general and specific objectives of the study, definition of terms, significance of the study, scope of the study and organization of the study.

### 1.1 Background of the study

performance is defined as the extent to which an organizational member contributes to achieving the goals of the firm and according to Boxall and Purcell(2003), Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. It is the main vehicle by which managers communicate what is required from employees and give feedback on how well they are achieving job goals. It also provides valid & useful information for strategic decision-making concerning employees. It includes information in on employee's performance and supervisors as well as organizational expectations (Armstrong, 2009).

Despite the benefits of implementing a well-designed performance management system, most businesses still confront problems in putting it into practice. As a result, concerns such as lack of acceptance, employee dissatisfaction with the PM process and outcome, and betrayal of trust between management and workers are all prevalent grey zones. There is little accountability for meeting acceptable performance standards without good performance management. Furthermore, there would be no documentation or consistency, and most employees would never receive any positive or negative feedback on their performance. A poorly planned and managed performance measuring system discourages effective involvement and acceptability by all parties involved, fosters distrust between management and employees, and causes confusion between raters and ratees (Mayer & Davis, 1999).

Despite all the pain associated with this process, majority of organizations continue to embark on PM as a cardinal HRM function and thus, heightening its role in modern organizations. In addition, Interest in performance management is further popularized by the fact that the business landscape is increasingly dynamic brought about by increasing legislation, technological changes, and changes in work force composition, diversification and hyper-competition (Price,

2011). Due to these competitive pressures, business firms are forced to show greater concern in developing the competency of their workforce to ensure productivity and commitment. Thus, Performance management is constantly being considered one of such HRM programs needed to ensure optimal success.

The implementation of any system requires meticulous planning and a careful execution. When it comes to human resource, the system implementation becomes even more challenging. There is a high failure rate of the PMS and most of the failures happen during the implementation phase. In this paper an effort has been made to identify the various parameters that need to be considered while implementing a performance management system (PMS) and to list the various causes for the failure of PMS in an organization during its implementation. (Aguinis, 2005).

The researcher has observed that there is some gap in setting insignificant correlation between annual pay increases with performance appraisals as employees talk informally. In addition to this employees' development plans seems not well planned and emanated from outputs of a performance management system as observed in the trainings given so far and underutilization of development budget in the past year.

If the prevailing performance management system is not assessed and appropriate corrective measures are not taken, it could be difficult to align employees' personal goal with the organization's objectives. Besides, it could be difficult to identify the strong and less performing individuals objectively for the purpose of rewarding good performances and plan for development to improve the weak sides.

As learnt from the interview which has been made with the management of the organization, such kinds of study which focuses on the assessment of the existing employee performance management system has not been conducted previously.

Looking at the gaps that have been identified in the preliminary assessment, the researcher has decided to conduct a study to assess the practices & challenges of the current performance management system.

## **1.2 Statement of the problem**

It is well known that an organization achieves the desired objective having resources like materials, information, capital and human resources. People as human assets are the “glue” that holds all the other assets, such as financial and physical ones, together and guides their use to better achieve results. Many organizations have identified that having their human resources as core competencies differentiates them from their competitors and is a key determinant of competitive advantages. Without human resource other factors of production are useless and idle. Compared to other factors of production Human resources is the only factor of production which produces more than its input, mobile, can be motivated, gains more knowledge and skilled in the long run, where the other resources goes depleting.

Increasing competition from businesses across the world has meant that all businesses must be much more careful about the choice of strategies to remain competitive. Everyone (and everything) in the organization must do what is supposed to be done to ensure strategies are implemented effectively. This situation has put more focus on effectiveness, that systems and processes in the organization be applied in the right way to the right things to achieve results. Performance management provides the way to managers to overcome and improve the sudden changes very soon.

Therefore, in this competitive environment the need for improved performance of each individual and teams working together to achieve organizational goals is the key to competitive advantage. The overall purpose of performance management is to develop and improve the performance. In addition, managing the performance of employees will contribute a lot to the overall performance of the organization. As a result, it is important to assess the actual practice of performance procedure and document and also challenges which is faced in the performance management system.

This research thus is initiated to assess practices and challenges of employee performance management in Gomeju oil Ethiopia. The development of the oil industry in the country leads to the needs to highly qualified and competent human resource in the company. Therefore, GOE needs a well developed and implemented performance management system to be competitive in the national & international market, to enhance the performance of its employees and to provide highly motivated, skilled and disciplined employees to the industry.

### **1.3 Research question**

This research assesses the current prevailing facts about performance management system in the context of Gomeju oil Ethiopia. Hence, this research answers the following research questions:

1. To what extent the organization performance management system is being properly implemented?
2. What is the extent of employees' understanding of the organization's goals & objectives as well as their department's specific objectives?
3. What are the perceptions of employees towards employee performance management system in the Gomeju oil Ethiopia?
4. What are major challenges that affect employee 's performance management system in Gomeju oil Ethiopia?

### **1.4 Objective of the study**

The overall purpose of this study is to assess performance management system implementation and challenges in Gomeju oil Ethiopia. Specific objectives are to:

1. To investigate whether the organization performance management system properly implemented or not.
2. To investigate the level of employees' awareness on the organization's goals, objectives and strategies as well as their department's specific objectives.
3. To find out employees 'perception toward employee performance management system of the Company.
4. To Identify the challenges encountered while implementing employee performance management system;

### **1.5 Significance of the study**

The study will assist managements and HR department at Gomeju Oil Ethiopia know what the employees perceive about the existing performance management system, major challenges that may faces, how it becomes effective and ways of improving the system.

Gomeju oil Ethiopia is designed & implemented the performance management system recently as one strategic aspect of its human resources development strategy, and has started to implement it from the broader perspective, this research is important to determine the effectiveness of the PMS in GOE and to depict areas of focus for the assurance of successful implementation of the EPMS

Consequently, it is believed that findings in this study provides Human Resource practitioners and the line managers with up-to- date information for implementing effective staff performance evaluation and management techniques. This is important because for GOE to achieve its strategic objectives, it must have effective performance contracts with members of staff who are expected to commit themselves to achieving organizational goals.

The results and findings in this study would generate new conclusions to enrich the existing body of knowledge and literature by examining the nature of performance appraisal systems currently operating in GOE. This would provide further inputs to researchers who may be interested in carrying out future investigation on the topic of performance management and related themes.

Furthermore, it helps as a source document and as a stepping stone for further studies and investigations by the organization to solve other human resource related problems afterwards.

### **1.6 Scope of the study**

Though Gomeju oil Ethiopia works in around five cities in Ethiopia, this research only examines the cases in Addis Ababa, Debrezeit & Modjo brunches. This is due to time constraints, security & cost implications.

In addition to this, even though, the organization is in operation for the last 8 years in Ethiopia, only the 2019 fiscal years data were used as appropriate.

This study doesn't assess the impacts of the performance management system on employees' motivation or productivity. These could be addressed by other studies. All employees of the organization other than Gonder & Mekelle office staff & four employees in the head office who joined the organization recently were included in the study.



## **1.7 Organization of the study**

The research Proposal has five chapters.

### **Chapter One: Introduction**

The background of the study, the statement of the problem, the basic research questions, the objectives of the investigation, the definition of terms, the significance of the study, and the delimitation/scope of the study will all be included in this chapter.

### **Chapter Two: Review of Related Literature:**

This chapter deals with the literature relevant to employee performance management system.

### **Chapter Three: Methods of the Study**

The type and design of the research, the study's subjects/participants, the data sources, the data collection tools/instruments used, the data gathering procedures, and the data analysis methodologies will all be covered in this chapter.

### **Chapter Four: Results and Discussion**

This chapter summarizes the results/findings of the study, and interpretation and/or discussion the findings. The results and discussions will be extensively associated with the literature review made in chapter two.

### **Chapter five: Summary, Conclusions and Recommendations**

This chapter comprises four sections, which include summary of findings based on the findings in chapter four, conclusions which is drawn from the summary of the findings, and practical recommendations.

## **CHAPTER TWO**

### **RELATED LITRATURE REVIEW**

The researcher reviews related literatures in this section of the investigation. This chapter covers a theoretical review, an empirical review of prior similar works, and the formulation of a conceptual framework.

#### **2.1 Review of theoretical literature**

In this part of the study, the researcher has reviewed related literatures. This chapter includes the theoretical review, empirical review from previous related works.

#### **2.2 Performance management**

##### **2.2.1 Definition of performance**

Performance can be regarded as a record of an outcome or accomplishment achieved by a person or a team (Armstrong 2009). Performance can also be defined as —the act or process of performing a task or an action that involve a lot of effortll (Oxford Advanced Learner“ Dictionary 2006, p 1080).

Performance is a major—although not the only—prerequisite for future career development and success in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (VanScotter, Motowidlo, & Cross, 2000).

##### **2.2.2 Definition of performance management**

“Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.” (Aguinis 2005, 2). The author also noted that we can get two major points from the definition. The first one that PM is an ongoing process which included never ended process of goal setting & objective, observing the real performance and give & take of feedback coaching. The second one is aligning of the system with strategic goals which requires that the assurance of the mangers that employees’ activities and outputs are align with the organizational goal thus it helps the organization to gain a competitive advantage. Effective implementation of PM then creates a direct link between employee performance and the employer.

Cappelli 2008 wrote that when employees failed to perform their job express that the failure of part of the organization. So, PM aims to avoided or highly reduce the possibility of failure. Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals. (Armstrong and Baron, 1998)

'Performance management is the most important method for getting things done. It's about how businesses communicate expectations and push behavior to meet essential objectives; it's also about how organizations identify unsuccessful performers for development or other personnel actions.' (Pulakos, 2009)

Armstrong (2009) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.

The mechanism by which organizations create work goals, identify performance standards, allocate and analyze work, provide performance feedback, determine training and development needs, and distribute rewards is known as performance management. (Briscoe and Claus, 2008)

'Performance management is a process for establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organizational performance.' Armstrong (2009, 55)

performance management as *"an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization"*. Fletcher (2001: 473) The focus of this definition is on the shared vision and achieving the organizational objective.

PM acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource (Kandula, 2006:5).

### **2.2.3 Objectives of performance management**

The primary goal of performance management is to equip employees with the necessary dedication and skills to work toward shared, meaningful goals within an organizational framework. The primary purpose of performance management is to guarantee that the organization as a whole, as well as its subsystems, work together to achieve the best possible results or outcomes. (Lockett, 1992)

Performance management is argued to play a key role in developing human capital, and effective Performance Management systems help organizations to better leverage their human capital and optimize workforce and organizational performance (Freeman 2002). Boxall and Purcell,(2003), share similar opinion with Freeman but added that Performance management assists managers to establish the true causes of problems that limit the subordinates’ performance and to develop a plan of action which when implemented removes the causes or at least minimizes the effect on the job output.

Performance management has the following main objectives

To assist employees in recognizing the knowledge and abilities needed to accomplish the job effectively, as this will focus their attention on completing the assignment in the most efficient manner possible.

It enables the employees towards achievement of superior standards of work performance.

It improves employee performance by increasing employee empowerment, motivation, and the establishment of an effective reward system.

Promoting a two-way communication system between supervisors and employees to explain expectations about roles and responsibilities, communicate functional and organizational goals, provide regular and transparent feedback to improve employee performance, and provide ongoing coaching

Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.

Creating a basis for several administrative decisions, strategic planning, succession planning, promotions and performance-based payment and Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

### **2.3 Performance management system (PMS)**

Developing a performance management system is essential for an organization. Developing a performance management system, according to Schneier, Beatty and Baird (1987), is classified into a development, planning, managing, reviewing and rewarding phase. In 2000, Macky and Johnson suggested that a typical performance management system would include: the organization communicates its mission/strategies to its employees; the setting of individual performance targets to meet the employees' individual team and ultimately the organization's mission/strategies; the regular appraisal of these individuals against the agreed set targets; use of the results for identification of development and/or for administrative decisions; and the continual review of the performance management system to ensure it continues to contribute to the organizational performance, ideally through consultation with employees.

A performance management system is increasingly considered as a way of integrating HRM activities with the organization's business objectives, where management and HR activities collaborate to impact individual and collective behavior in support of the strategy. Rudman (2003; Rudman, 2003; Rudman, 2003; Rudman, 2003; Rud He also emphasized that the performance management system must be compatible with the culture of the company. ensuring effective hiring decisions are made, ensuring legal defensibility for personnel decisions, and increasing overall organizational performance (2002, Grote)

Performance management system is a kind of completed and integrated cycle for performance management. The emphasis of performance management systems is on continuously improving organizational performance, and this is achieved through improved individual employee performance (Macky & Johnson, 2000). Simons (1991), the Performance Management System (PMS) is defined as the formal, information based-routines and procedures managers use to maintain or alter patterns in organizational activities '. De Waale (2004) has proposed PMS definition as the financial and

Fletcher (2001) suggested that the main building blocks of a performance management system approach include: development of the organization's mission and objectives ;enhancing communication within the organization so that employees are not only aware of the objectives and the business plan, but can contribute to their formulation; clarifying individual responsibilities and accountabilities; defining and measuring individual performance;

implementing appropriate reward strategies, and developing staff to improve performance, and their career progression further in the future.

## **2.4 Purposes of performance management system**

Elaine D. Pulakos, (2004) argues that, performance management systems could be different based on the nature of organizations and the purpose of having such a system which could be determined according to the nature of the business, the underlying culture of the organization and the integration of the system with other human resource management functions.

Elaine also claims that a performance management system might be used to make decisions on pay raises, promotions, and transfers, among other things. On the other hand, PMS serves a wide range of functions, including providing performance feedback to employees, determining who gets promoted, facilitating layoff or downsizing decisions, encouraging performance improvement, motivating superior performance, setting and measuring goals, counseling poor performers, determining compensation changes, encouraging coaching and mentoring, supporting manpower planning or succession planning, and determining individual training and development. (2002, Grote)

About the reason of existence of performance management systems Lee, (2005) says the real goals of any performance management system are three-fold, these are to correct poor performance, to sustain good performance, to improve performance... All performance management systems should be designed to generate information and data exchange so that the individuals involved can properly dissect performance, discuss it, understand it, and agree on its character and quality.

Performance management system has many purposes, but the major ones are discussed below (Smither and London 2009).

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

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

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

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

*Organizational maintenance:* It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions

*Documentation:* It yields data that can be used to assess the predictive accuracy of newly proposed selection instruments as well as important administrative decisions. This information can be especially useful in the case of litigation.

## **2.5 Processes of performance management system**

The performance management frame work needs to take in to consideration, firstly, the context at which the organization is operating manifested by the culture, management style and structure; secondly, the content defined by the procedures, guidelines, and documentation; and thirdly the process by which the objective setting, feedback/review, and counseling or coaching functions executed (Armstrong and Baron, 2004).

From the different literatures depicted by the scholars it is implied that there are different ways or approaches that the PM frame work can be sketched with the ultimate aim of supporting the effective implementation of the PM as a system and to use as a monitoring and evaluation mechanism for any flaws within the system as compared to the expected out comes from each step and the PM system from the broader perspective. However, though there are differences in the approaches to draw the frame work by the scholars as disclosed above, the essence of the major steps of the performance management system incorporates the preparation step; performance planning step (setting the individual objectives and targets);the performance appraisal(evaluation) step; the rewarding and development ( as an outcome of the appraisal); the need for continuous communication, coaching and feedback; and the data tracking, observing

and documentation at which the absence of one of these steps and tasks affects negatively the effectiveness of the performance management system.

### **2.5.1 Getting ready (Preparing to start the process)**

According to Bacal (1999), this step has incorporated the two dimensions, first; gathering the information and data needed to set meaningful and measurable goals for each staff member, and secondly; preparing and educating staff. The essence of gathering the information and data as an input to create goals for the employees\_ ties with the mere objective and purpose of PM as a system that helps the organization, its units and all of its employees go in similar direction. Moreover, individual performance expectations will also be better link with that of the success of the organization which provides much more meaning as well as motivation (Bacal, 1999).

The necessary inputs and requirements of the job including the job analysis to come up with distinct specifications needed to perform the job as well as the duties and accountabilities from the job holder that gives the job description must be properly accomplished during the job design step of the whole process (Cardy and Leonard, 2011).

In the job design activity, the major outcomes are;

Defining and identification of documents work methods and processes, Identifying qualifications required to perform the job, Properly identifying key competency requirements, Providing a basis for performance appraisal based on job standards;

The other dimension of the readiness aspect, as explained by Cardy and Leonard (2011), is the step at which the duty areas and tasks as part of the job and the requirements implied there too need to be clearly identified and articulated by the job descriptions.

As stated by Leanne H. Markus (2004, P.7) communication and clarification of job expectations is a critical factor in job performance. The employee readiness deals with the aspect of getting employees partnership and understanding about the why, what and how aspects of the performance management being equipped with the basic requirements that help them to accomplish their task as expected. Stressing its criticality and benefit to the whole PM process, Anguinis (2005) has explained that; effective or successful implementation of the PM system requires a clear understanding of how the system works and its benefits from the different perspectives of all involved that triggers the need for a communication plan before launching the



system. The major issues that should be addressed by the communication plan includes; what PM is, how does it fit in to strategy, what is in it for the employees, how it works, what are employees' responsibilities, and how it relates to other HR initiatives.

### **2.5.2 Performance planning**

Employees are examining their performance expectations at this step of the performance management cycle. This comprises the expected behaviors from employees as well as the final outcomes expected at the end of the next rating cycle. Elaine makes a compelling case in this case that behavior is an important component of performance and that it should be taken into account when deciding on a performance plan. Having a really convenient conduct, on the other hand, can get you everywhere. It should be put together with a goal of achieving the desired outcomes.

At the planning stage, clear guideline should be established to set effective performance goals. Elaine (2004) suggested the following points as a basis for the planning process.

First Goals must clearly define the end results to be accomplished. Second To the extent possible, goals should have a direct and obvious link to organizational success factors or goals. Third, Goals should be difficult, but achievable. Fourth, Goals should be set in no more than three areas-attempting to achieve too many different goals at once will impede success.

In addition, many writers have said about SMART while setting performance objectives. SMART stands for Specific, Measurable, Attainable, Realistic and Time bounded.

Specific is express Specify clearly what is to be done, when it is to be done, who is to accomplish it and how much is to be accomplished.

**Measurable:** Ask questions such as: How much? How many? How will I know when it is accomplished? Multiple measures should be used if possible, for example, quantity, quality, time frame and cost.

**Attainable:** Assure there is reasonable path to achievement and feasible odds that you will get there.

**Realistic:** The objective needs should match the level of complexity with the employee's experience and capability and no insurmountable forces outside the control of the employee should hinder its accomplishment.

Time-bound: Be clear about the time frame in which performance objectives are to be achieved. In most cases, objectives are to be completed.

### **2.5.3 Ongoing performance communication (feedback and coaching)**

Communication increases the effectiveness of performance management by emphasizing the link between planning and appraisal by giving opportunities for employees to obtain feedback on how they are performing. Keeping employees up to date has a positive impact on their motivation and performance (Bacal,1999). The need of efficient two-way communication as a basis for an effective PM system is demonstrated by the interrelationships between managers and individuals, managers and teams, team members, and individuals and groups and other stakeholders (Armstrong and Baron, 2004). Coaching is crucial in addressing concerns and issues concerning an individual's performance so that the individual's contributions match the organization's expectations.

Managers can use coaching to help employees become aware of how well they are performing, where they need to improve, and what they need to learn; delegating people to handle new tasks or expanded areas of work with appropriate guidance and monitoring performance accordingly; getting managers and individuals to use situations as learning opportunities; and providing guidance on how to carry out specific tasks (Armstrong and Baron, 1998) that the individual's contributions are up to par with the organization's expectations.

#### ***Guidelines for providing feedback effectively***

Immediately provide positive and developmental feedback in a private setting, inquire about what could have been done differently, Be specific about what behaviors were effective or ineffective, Focus on what the person did or did not do rather than personal characteristics; collaboratively plan steps to address development needs, Offer assistance in addressing development needs and providing resources.

#### **2.5.4 Data gathering, observing, and documentation (Data tracking)**

As can be seen from the various literatures, a performance management system is primarily concerned with improving individual employees' contributions to the achievement of team and organizational objectives, which necessitates appreciating both good and poor performance; recognizing and praising good performance as well as tracing the causes of poor performance and identifying solutions to problems. As a result, the requirement for having consistently collected and organized data about employee performance, referred to as data collection, is critical for trustworthy and reliable data consumption (Bacal, 1999). It helps managers to base performance management and improvement on facts rather than sentiments, and it benefits the business to pass disciplinary actions because of its purpose and context.

The sole purpose of data collection, observation, and documentation, as summarized by Bacal (1999), is to: provide an ongoing fact-based record of both positives and negatives of employee performance to be used in decision making; to identify potential problems as early as possible so they can be addressed and the employee can improve; to identify employee strengths so they can be developed further and then deployed most effectively; and to enhance employee motivation through recognition. As a result, data collection, observation, and documentation are done with a thorough awareness of the goal and context.

#### **2.5.5 Reviewing performance (Performance appraisal)**

According to Bacal (1999), performance appraisal is a part of the performance management process in which an individual's work performance is evaluated with the goal of determining how well the employee performed during the period under consideration. Performance appraisal has been defined as a process of assessing an employee's performance and progress, as well as an evaluation process of judging the value of demonstrated performance with respect to the good and bad aspects of the performance exhibited by an employee, which necessitates employee observation and the establishment of performance standards and criteria (Cardy and Leonard) (2011).

The importance of the quality of rating scales in terms of minimizing confusion, subjectivity, ambiguity, and conflict as core elements of the appraisal process must be emphasized; otherwise, rating scales that reflect one of these elements will undermine the performance appraisal process and call its reliability into question. The performance evaluation or appraisal meeting is an

opportunity to review, summarize, and highlight the employee's performance over the course of the review period, with a focus on issues that have been properly tracked and documented, as well as issues that have already been discussed, to ensure that there are no surprises during the appraisal meeting. The purpose of the performance appraisal meeting is to describe the work completed throughout the appraisal period in relation to the objectives set.

### **2.5.6 Reward and development of performance (Improving of performance)**

Rewarding performance needs the shared understanding and ownership of all employees of the organization as employee's involvement and contribution towards their self-development is valuable to enhance its effectiveness, for which Nyemberzi (2009) as cited in Zhang (2012) has elaborated it ensuring procedural justice concerns are critical to ensure that employees perceive the performance appraisal process and its linkage to pay to be fair. Personnel development and linking performance to pay as an outcome of identifying the results or performance are the key activities involved in this step (Schneier, Beatty and Baird, 1987, as cited in Zhang, 2012).

The fundamental goal of performance management is to promote and improve employee effectiveness. It is a continuous process where managers and employees work together to plan, monitor and review an employee's work objectives or goals and his or her overall contribution to the organization. As PM is a process that is done in partnership with employees, it is important to address how it benefits the employees since it is unrealistic to expect them to participate in a partnership if there are no payoffs for them (Bacal,1999). Performance improvement is not achievable unless there are effective processes of continuous development. (Armstrong and Baron, 2004).

The organization needs to define performance and performance expectations, measures; use only available rewards and make them visible; make sure that all employees are eligible; make rewards timely and contingent to the performance; use non-financial rewards and last but not list makes rewards reversible (Armstrong and Baron ,1998).

### **2.6 Challenges of performance management system**

First, in the public sector, there have been obstacles in terms of entrepreneurial management, market orientation, learning orientation, and organizational adaptability (Barrett, Balloun & Weinstein 2005).

Second, training and awareness have been problems in implementing performance metrics, because not all employees accept the changes that have occurred in their workplace. As a result, strong communication between managers and subordinates is required for the organization to achieve its goals. As a result, training and awareness have been discovered to be critical to the PMS implementation's success (Johnson & Swisher 2003).

Third, the cultural shift aspect has also been a crucial factor that has necessitated the attention of the organization's management. The majority of literature evaluations have stated that cultural diversity is important.

Fourth, almost all the literature reviewed support the fact that top management commitment or leadership has been one of the challenges that has been found to be critical for successful implementation of performance metrics. Top management involvement would help to promote the restructuring of the business organization and to expedite the management of change that would also occur in the organization (Chakrabarty & Tan 2007).

Fifth, according to Coronado and Anthony (2002), customer satisfaction is a significant success factor in the deployment of performance measurements, and quality attributes have been shown to be stressed.

Sixth, according to Smith (2002), performance management is not a static process. It will evolve as performance challenges change, marketing strategies change, and technology and methods for measuring and recording performance evolve.'

According to Sparrow and Hiltrop (1994), there are several reasons for the failure of performance management systems, including the following:

The system is not used and supported by top management, Line managers view the system as an administrative burden and do not see the benefits of energy invested in making the system work.

Performance objectives are written so subjectively that measurement is not possible

Performance objectives set at the beginning of the year seem less important by end of the year if linked to certain projects that were not deemed critical success factors.

Managers are unable to give feedback and deal effectively and constructively with the conflict generated by the assessment of employees 'performance.

## 2.7 Empirical review

In this section empirical evidence supporting the performance management system has been presented. However, only few studies are undertaken.

Waka (2010) conducted a survey to determine the extent to which Kenyan commercial banks utilized performance management systems and how the systems enhanced employee productivity. He discovered that the performance management system in place had improved the organization's performance.

According to a study by Gichimu (2010), the design and implementation context of an EPMS have an impact on the system's success and efficacy.

Haileselassie W/Gerima discovered that there was no clear link between individual, departmental, and organizational goals after conducting research on performance management practice and obstacles in Ethiopian management institution. Furthermore, the researcher came to the conclusion that employees did not participate sufficiently in the planning stage of the planning phase. Inconsistency in providing performance feedback, a lack of uniformity in gathering information about employee performance, and a lack of information technology to aid in the collection and analysis of performance-related data were also noted as PMS deficiencies in the organization under investigation. W/Gerima Haileselassie (2014).

Srinivasa (2007) investigated the effectiveness of PMS in a number of Indian businesses. Managers with a strong academic background and a high profile have been found to be successful system implementers. Furthermore, personality characteristics/consequences such as were discovered to be crucial for the system's proper implementation.

Dewaal (2004) identified eighteen behavioral elements that are critical for PMS implementation and use in his research on the technicalities of designing and executing an EPMS. He categorizes them into five categories: management comprehension, manager attitude, PMS alignment, PMS focus, and organizational culture.

In a research on the problems of establishing performance-based pay systems: the instance of Ethio-Telecom, Joseph Muluneh (2015) discovered that the organization's aims and objectives were not communicated to employees at various levels in the same way. Furthermore, the existing performance management system and performance measurement tools were not being

used properly to assess employee accomplishments. As a result, the merit-based pay system that had previously been in place was ineffective, and the pay raise mechanism was very subjective. There was no evident link between annual increases and actual performance, according to the study's findings.

## 2.8 Conceptual framework

Employee's performance management system is more than the annual performance review meeting. It is continuous process which incorporates interrelated steps starting from ensuring employee readiness, planning performance, ongoing performance communication through feedback and coaching, data gathering, observing & documentation; performance appraisal and rewarding and developing performance. Bacal (1999)



Figure 1: **Conceptual framework**

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter provides the research methodology used to answer the research question and achieve the research objective. The research design, population and sampling techniques, types of data and instruments of data collection, procedure of data collection, methods of data analysis, and the ethical consideration are the areas presented in this chapter.

#### **3.1 Research design**

In terms of the purpose it entails to achieve a business research can be classified into three as exploratory, descriptive or causal study. Descriptive studies are vital to understand specific attributes for a sampled population and also it describes accurately the characteristics of individual, group or situation (Creswell, 2003). Accordingly, this study used a descriptive type of research through surveys to assess employee performance management system in Gomeju Oil Ethiopia. The descriptive survey research design is an appropriate choice, because the study is aimed at assessing the implementation of the employee performance management system of the organization. This research design was chosen because of its relevance to this study; more particularly it could answer research questions in this study which described behavior/attitudes as well as answer the “what”, “who”, “when” and “where” questions. (Creswell, 2003).

#### **3.2 Research Approach**

In terms of the nature of data to be used in the study research can be divided into three as: Qualitative, quantitative, and mixed methods research approach. Mixed research method design usually features, which includes an implicit purpose statement, research questions, and rationale for using quantitative and qualitative methods and data in the study (Creswell, 2003). In this study, mixed methods research approach, which consists of elements of both quantitative and qualitative data in a single study, was used.

#### **3.3 Source of data and data collection tools used**

The researcher will use both primary and secondary data sources.



### **Primary data sources**

This refers to raw facts collected or generated in a given research for the first time. This data was generated from the sample population by use of the questionnaire and structured interviews which will be close ended as well as open ended questionnaires.

### **Secondary data sources**

This method involves sourcing for already processed information. Data will be taken from by reviewing relevant text books, journals, magazines, annual reports and other documents of the Gomeju oil Ethiopia will be used to enrich the paper with tangible facts.

### **3.4 Procedures of data collection**

Questionnaires have been sent to employees via email & in person. A telephone call has also been used to clarify the questions to the staff.

Participants were being asked to indicate their level of agreement with each statement/item by choosing one of the options given as ‘Strongly agree’, ‘Agree’, ‘Neutral’, ‘Disagree’ or ‘Strongly disagree’. Open ended questions were also posed. Face to face interviews were conducted to the Deputy Managing director and the Human resources Manager at Head Quarter in order to obtain information on the employees’ performance management practices of the organization.

### **3.5 Sampling Technique & Sample size**

As discussed in the scope of the study this research focuses on the head office, Debrezeit & Modjo brunches of Gomeju Oil Ethiopia the total number of staffs in the stated brunches when this study is conducted was 72. Among them, only 68 have been with the organization at least for one performance period. The remaining four staffs are very new and are excluded from the study. Therefore, the total population is sixty eight staff. As the number of the population is small to manage for the study purpose a census approach is assumed.

**A census** is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a population. Baffour, Bernard; King, Thomas; Valente, Paolo (2013). In census survey complete information are collected from the entire population without omission or duplication.

### **3.6 Reliability and validity of the instrument**

The questionnaire was pre-tested with 10 employees to test the content validity of the instrument by reviewing the questionnaire in the light of previous literature in the field and check the clarity, length, word ambiguity and structure and their suggestion were incorporated before the final distribution of the questionnaire. Therefore, each question in the questionnaire is matched with a topic of this research.

Cronbach's Alpha was used to measure the reliability; Cronbach's alpha is a coefficient of reliability. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Ideally, the Cronbach's alpha coefficient of a scale should be above 0.70. Pallant, (2005). Accordingly, the next tables show the Cronbach's alpha result of the adapted questionnaires and the current research questionnaire. Reliability analysis of the questionnaires 0.981.

### **3.7 Method of data analysis**

The data was collected from respondent employees through questionnaire and interview discussions. The researcher will be analyzed and interpreted so as to reach on meaningful findings. The researcher will use SPSS to code and analyze the collecting responses for questionnaires.

In addition to this, descriptive statistical techniques will be used for analysis of data in doing do tables and percentages & mean will be applied.

### **3.8 Ethical consideration**

Before conducting the research, permission has been obtained from the management of Gomeju oil Ethiopia to collect data on the EPMS practices of the organization. The purpose of the research was explained to the management as well as employees who have been involved in the study. Participants of the study have been well informed about the research objectives. The works of other researchers and writers have been used in this paper with full acknowledgement of same in references. The questionnaire and the interview questions have been formulated in a way that doesn't offend respondents by any means.

## CHAPTER FOUR

### DATA ANALYSIS & INTERPRETATION

This chapter presents the data collected from primary sources. Primary sources are data that have been collected by undertaking survey from employees of the organization. These are the data by collecting from question and the interview that conducted with the higher officials of the company. Interviews were made with the human resource manager & deputy managing director of the company. In addition to that total of 70 copies of the questionnaire was distributed out of which 68 have been collected. This makes the response rate to be 97.1 %. Therefore, the analysis is made based on the 68 respondents 'data only.

The data collected through questionnaire and interview is analyzed using descriptive analysis method.

#### 4.1 Respondents background information

**Table 4.1 Background information of the respondents**

Background of the respondents				
		Frequency	Percent	Valid Percent
Gender	male	44	64.7	64.7
	female	24	35.3	35.3
	Total	68	100.0	100.0
Educational qualification	diploma	7	10.3	10.3
	degree	50	73.5	73.5
	Masters	11	16.2	16.2
	Total	68	100.0	100.0
year of service in GOE	less than one year	2	2.9	2.9
	1 to 5years	56	82.4	82.4
	above 5 years	10	14.7	14.7
	Total	68	100.0	100.0
Branch office	head office	40	58.8	60.6
	branch	26	38.2	39.4
	Total	66	97.1	100.0
Do you have a supervisory role	yes	13	19.1	19.1
	no	55	80.9	80.9
	Total	68	100.0	100.0

As indicated in table 4.1 above, 35.3% of the total respondents are females working in the company. The percentage of male respondents constitutes the largest part (64.7%) of the total sample. This shows that the number of female staffs is less by half from the number of male staffs which means there is gender imbalance in the organization.

About their educational background, 73.5 % are first degree holders followed by master's degree holders (16%), and Diploma (10.3%). This implies that most of the employees of GOE are well educated and professional. Therefor all the respondents being educated in different levels it is believed that they can easily understand the questionnaire as desired by the researcher.

Regarding respondent's service year in GOE, as indicated in Table 4.1 above 82.4 % of the total respondents have served the company between one up to five years, 14.7 % were served the company for more than five years and the rest 2.9 % serve the organization for about Less than 1 year. Therefore, almost all participants will have a better understanding regarding employees 'performance management system in the organization.

Respondents were participated in the study 58.8% of the population from the head office, and the remaining respondents were from the brunch office. Among the respondents only 19.1 % of the total respondents have a supervisory role in the organization. Whereas, the remaining 80.9 % were not. the above table which is characteristics of the respondents shows that the study is represented by those who are qualified in understanding the questionnaire as well as the subject matter, most of them are serve the company more than one year which helps them to respond their true feeling without fear of losing their job and they understand the practice of performance management system which were implemented in GOE.

## 4.2 Data Analysis & Discussion

### 4.2.1 Implementation of PMS in GOE

Table 4.2 Implementation of PMS in GOE

Items		SD	D	N	A	SA	Total	Mean	Stan. Dev
I am clear about what is Expected from me & my job responsibilities	F	1	4	10	37	15	67	3.91	0.866
	%	1.5	5.9	14.7	54.4	22.1	98.5		
I know the standards of that used to evaluate my work	F	4	18	19	22	5	68	3.09	1.061
	%	5.9	26.5	27.9	32.4	7.4	100		
My performance is regularly assessed based on the plan cascaded to me	F	3	27	12	17	9	68	3.03	1.171
	%	4.4	39.7	17.6	25	13.2	100		
I have received feedback regularly for my performance from my supervisor	F	8	29	5	21	4	57	2.76	1.195
	%	11.8	42.6	7.4	30.9	5.9	98.5		
The result of the evaluation matches with my actual performance.	F	10	18	18	16	6	68	2.85	1.2
	%	14.7	26.5	26.5	23.5	8.8	100		
There is a meeting with my supervisor after evaluation is made to review results.	F	12	28	3	16	8	67	2.7	1.337
	%	17.6	41.2	4.4	23.5	11.8	98.5		
My supervisor evaluates my work based on recorded evidence only.	F	19	23	18	2	6	68	2.31	1.175
	%	27.9	33.8	26.5	2.9	8.8	100		
The feedbacks are properly communicated to our office and me.	F	11	29	16	7	5	68	2.5	1.113
	%	16.2	42.6	23.5	10.3	7.4	100		
Performance evaluation is attached with reward and recognition schemes	F	28	26	6	3	5	68	1.99	1.165
	%	41.2	38.2	8.8	4.4	7.4	100		
All performance management processes in GOE is trustworthy and right.	F	4	33	19	8	3	67	2.6	0.938
	%	5.9	48.5	27.9	11.8	4.4	98.5		

Among the respondents 54.4 % have agreed, 22.1 % have strongly agreed that they are clear about what is expected from them and their job responsibilities, 14.7% of the respondent have no clue about it and the rest 5.9 % and 1.5 % have respectively disagree and strongly disagreed that they are they are not clear with what is expected from them and their job responsibilities. Therefore, based on their response, many of respondents in the organization are clear with what should they do and their responsibilities. So, the employees are responsible in their day to day activity.

Regarding the performance standards of the company, 32.4% of them have agreed and 7.4 % of them have strongly agreed that they know the standards that used to evaluate their work, on the reverse side 26.5 % respondents disagreed and 5.9 % have strongly disagreed with knowing performance standards of the company and the rest 27.9 % respondents have no clue about the performance standards of the organization. This indicates even if 39.8 % respondents agree on the reverses 32.4 % respondents agreed on the statement and the rest have no comment on it this shows there is no clear standards concerning performance standards even many respondents do not know whether they are evaluated by standard or not.

As indicated from table 4.2 above, 25.0 % of the respondents have agreed and 13.2 % have strongly agreed that their performance is regularly assessed based on the plan/target cascaded for them. However, 39.7 % of the total respondents have disagreed and 4.4 % of the respondent have strongly disagreed that their performances have been assessed regularly based on their given plan and the rest 17.6 % have no comment on it. From this we can say that their supervisors are not continuously assessing their performance even if some respondents do feel so.

From the same table 4.2 above, we can see that, 30.9 % of the total respondents agreed and 5.9 % have strongly agreed that they received regular feedback for their performance from their supervisor or manager. However, 42.6 % of the respondents disagreed and 11.8 % have strongly disagreed that they have received regular feedback from their supervisor or manager for their performance. This result shows that majority of the respondent perceive that employees do not receive regular feedback for their performance from their supervisors or managers. Therefore, in GOE Performance Execution phase of PMS which allow to observe, providing continuous assessment, follow-ups and feedbacks to performers by supervisors/managers is not fully implemented. As indicated in table above; 14.7 % of respondents have strongly disagreed and

26.5 % disagreed that the result of their performance evaluation does not matches with their actual performance, 26 5 % of the respondent have no comment on it and the rest 23.5% and 8.8% agreed and strongly agreed that the result of their performance evaluation matches with their actual performance respectively. This shows that employees in the company believe that they are not appraised based on their actual effort.

As indicated in table above among the total respondents 23.5 % agreed and 11.8 % have strongly agreed that there is a meeting with their supervisor after evaluation made to review results. Of the respondents 58.8 % have responded that there is no a meeting with their supervisor after evaluation is made and the rest 4.4 are not sure whether there is a meeting or not. Standing from the negative responses of more than half respondents we can say that there is no meeting between managers and employees to review their results after they made performance evaluation. even though, there is a slate action to conduct a meeting between managers and employees to review their results after they made performance evaluation. According to table above, among the total respondents 33.9 % have disagreed and 27.9 % have strongly disagreed that their supervisor does not evaluate their work based on recorded evidence only. However, 2.9 % of the total respondents agreed and 8.8 % strongly agreed that their supervisor evaluates their work based on recorded evidence only and the rest 26.5% don 't know whether they are evaluated by recorded evidence or not. Based on the respondents view for this issue we can conclude that, employees are not evaluated their work based on recorded evidence only in the company.

From the total respondents 17.7 % have said feedbacks are properly communicated to our office and me, 58.8 % of the respondents said feedbacks are not properly communicated to our office and me but the rest 23.5 % respondents have no comment on this statement. From this we can understand that, in most cases feedbacks from their supervisor and upper level units are not communicated to the respective individuals and branches.

According to table above, among the total respondents 38.2 % have disagreed and 41.2 % have strongly disagreed with statement; performance evaluation is attached with reward and recognition schemes and 8.8 % respondents have no clue on this statement. Even though 11.8% of the respondents reacts that the PMS has a link with the reward system of the organization, but

we can say except the implementation PMS is not attached with the employees 'reward and recognition programs.

As indicated in the table above, from the total respondents 48.5 % have disagreed and 5.9 % strongly disagreed with the statement says all performance management processes in GOE is trustworthy and right and 11.8 % of the total respondents have agreed and 4.4 % strongly agreed with this statement. This shows employees in the GOE believe that it is impossible to say that all performance management system processes are trustful and right in the organization.

Interviews were also conducted with the human resource manager and the human resource expert of the company. The interview questions forwarded to them were to explain how the GOE handles the processes of Performance Management System and about manual or rule being used to standardize the employee performance management system in the company. The respondents say that the company tries to implement PMS by ensuring that individual employees have current job descriptions to give knowledge about what is expected from them & what their job responsibility are. Based on the HR manual of the company, make a performance evaluation twice in a year. The supervisors have an awareness about how the performance evaluation process is taken place & also the company was conducted a training for supervisors about performance management system. The respondents also mention that the performance evaluation is not properly attached with reward & recognition scheme.

The researcher also conducted a focus group discussion among the sample respondents to understand more about the implementation of performance management system in the company. They focuses & blame that the supervisors rated the employee's performance based on the seasonal performance of employees rather than evaluating based on the recorded evidence only. They also mention that there is no reward & recognition for outstanding performance.



#### 4.2.2 Understanding of Organizational Strategy

Table 4.3 Respondents reflection on the organizational strategy

Items		SD	D	N	A	SA	Total	Mean	Stan. Dev
I am fully aware of the organization's mission, vision, strategic objectives and values	F	4	9	8	37	10	68	3.59	1.082
	%	5.9	13.2	11.8	54.4	14.7	100		
I have full understanding of the objectives of the project that I am working on or my department goals	F	4	2	10	35	17	68	3.87	1.021
	%	5.9	2.9	14.7	51.5	25	100		
I clearly recognize that my roles contribute for the accomplishment of GOE's objectives	F	2	1	22	28	15	68	3.78	0.912
	%	2.9	1.5	32.4	41.2	22.1	100		

As indicated in the table 4.3 from the total respondents 54.4% agreed and 14.1 have strongly agreed that they understand GOE's mission, strategies, objectives and values. However, 13.2% of the respondents disagreed and 5.9% strongly disagreed with the statement that understanding of mission, Vision & objectives of the company. The rest 11.8% are neutral. So, based on their responses we may fear that the company works to aware employees about the organizational mission & Vision.

From the same table above, from the total respondents 25% have replied that they are fully aware of the projects or departments objectives to which they belong to & 51.1% expressed that their feelings also agreed on having good understanding of the same. But 2.9% & 5.9% of the respondents disagreed & strongly disagreed on the statement respectively. The remaining 14.7% are neutral. Here we can infer about the proper understanding of employees about their departmental objective.

The respondents' reflection on their recognition to the contribution of their role to the accomplishment of organizational objective is mostly positive. As we can see from the above table 41.2% of the respondents agreed and 22.1% have strongly agreed. But 32.4% of the respondents are not sure whether their contribution is significant to the achievement of organizational objective or not. The remaining 1.5% & 2.9% respond negatively to the statement.

From this we can understand that almost all the surveyed staff believes that they contribute to the success of the organization.

As discussed in the literature review, understanding the organizations mission and strategies are the basis of having sound performance management system.

#### 4.2.3 The perceptions of employees towards employee performance management system in the Company

Table 4.4 the perception of employees towards employee performance management system in the company

Items		SD	D	N	A	SA	Total	Mean	Stan. Dev
Performance management helps me to do my job better	F	5	18	25	12	8	68	3	1.106
	%	7.4	26.5	36.8	17.6	11.8	100		
Performance management helps me to develop my skill and potential	F	5	27	14	15	7	68	2.88	1.153
	%	7.4	39.7	20.6	22.1	10.3	100		
I feel motivated after a performance review	F	5	29	18	11	4	67	2.7	1.03
	%	7.4	42.6	26.5	16.2	5.9	98.5		
I feel fairly treated in every process of performance management system.	F	6	35	16	7	4	68	2.53	1
	%	8.8	51.5	23.5	10.3	5.9	100		
The system of performance management used here works well and does not need to change	F	13	34	13	8	0	68	2.24	0.9
	%	19.1	50	19.1	11.8	0	100		
I have received adequate training in performance management	F	38	24	5	1	0	68	1.54	0.7
	%	55.9	35.3	7.4	1.5	0	100		
In my opinion, Employee Performance Management System is clearly defined in the organization.	F	13	35	10	8	2	68	2.28	1.005
	%	19.1	51.5	14.7	11.8	2.9	100		

As indicated in the table 4.2.3 above, among the participants 17.6 % of the total respondents have agreed and 11.8 % have strongly agreed that Performance management helps them to do their job better. And, 26.5 % of the respondents have disagreed and 7.4% have strongly disagreed with the statements saying Performance management helps them to do their job better.

From the total respondents shown in above table 22.1 % have agreed and 10.3 % have strongly agreed that employee that Performance management helps them to develop their skill and potential. However, 39.7 % of the respondents have disagreed and 7.4 % have strongly disagreed with the statement and 20.6% of the respondents are neutral. The mean result for this variable is 2.88 this result shows that major employees disagreed that Performance Management System helps them to develop their skill and potential. From the same table above 42.6% & 7.4% of the respondents disagreed & strongly disagreed on the statement that they feel motivated after performance review. On the other hand, 16.2% & 5.9% of the respondents responded that they feel motivated after performance review. The remaining 26.5% is neutral.

The 51.5% of respondents have disagreed that the statement; I feel fairly treated in every process of performance management system and 8.8 % have strongly disagreed with that. The mean result for this statement is 2.53 this implies majority employees believe that they are not fairly treated in every process of performance management system. From the same table above, from the total respondents 50 % have disagreed and 19.1 % have strongly disagreed that the system of performance management used in GOE works well and does not need to change. And 11.8 % of the respondents have agreed that the system of performance management used in GOE works well and does not need to change. The mean result of this question is 2.24. From this the researcher understand even if GOE implement performance management system it is not works well so it needs some changes.

As indicated in the table above, from the total respondents 35.3 % have disagreed and 55.9 % have strongly disagreed that they have received adequate training in performance management. The mean result shows 1.54 this implies that almost all employees do not have received adequate training in performance management.

With regard to the employees Opinion about PMS is clearly defined in the organization, we can look from the above table 51.5 % of the total respondents disagreed and 19.1 % of the respondents have strongly disagreed. However, 11.8 % of the total respondents agreed and 2.9 %

have strongly agreed with the statement. The mean result for this question is 2.28. This shows that, in the employees' view the employee performance management is not clearly defined in the organization. As a result, the company must clearly define PMS to its employees.

On the focus group discussion, the researcher also asked that what do they perceive about the PMS in the company. They replied that the company conducted training for supervisors but not for employees who do not have a supervisory role. As a result, the employees understanding about the benefits & implementation of PMS are not as enough as expected. They rejected the idea that performance management system helps them to develop their skill & potential. The question that was raised to know whether they feel motivated after a performance review or not, they really opposed the situation after the performance review is taken place. According to the discussion panelist they rather feel demotivated after the performance review because the company has no any reaction weather they perform well or not.

#### 4.2.4 Challenges that affect employees' performance management system

Table 4.5 Challenges that affect employee's performance management system

Items		SD	D	N	A	SA	Total	Mean	Stan. Dev
The company doesn't provides employees sufficient resources to execute the job.	F	11	23	18	16	0	68	2.57	1.027
	%	16.2	33.8	26.5	23.5	0	100		
staff input, and suggestion are highly encouraged during performance assessment process in your department	F	4	14	37	6	5	66	2.91	0.924
	%	5.9	20.6	54.4	8.8	7.4	97.1		
The statement that employees are provided performance-based feedback and counseling in this organization.	F	1	18	26	20	3	68	3.09	0.893
	%	1.5	26.5	38.2	29.4	4.4	100		
There is no clear mechanism to address underperformance.	F	4	3	11	46	1	65	3.57	0.865
	%	5.9	4.4	16.2	67.6	1.5	95.6		
Performance management processes are done free of bias & objectively	F	6	43	12	4	3	68	2.34	0.891
	%	8.8	63.2	17.6	5.9	4.4	100		
Pay raises depend on how well employees perform their jobs.	F	25	33	8	2	0	68	1.81	0.758
	%	36.8	48.5	11.8	2.9	0	100		
Performance raters are competent enough to undertake their assignment	F	2	25	33	8	0	68	2.69	0.718
	%	2.9	36.8	48.5	11.8	0	100		

As indicated in above table 4.4, from the total respondents 33.8 % have disagreed and 16.2 % strongly disagreed that the company doesn't provide employees sufficient resources to execute the job. However, 23.5 % of the respondents disagreed by the statement that the Company doesn't provide employees sufficient resources to execute the job. The remaining 26.5% of the respondents are neutral. The mean result for this variable is 2.57 from this result we can understand that the company somehow provides sufficient resources to execute the job. In the same table above, among the total respondents 20.6 % disagreed and 5.9 % strongly disagreed that the staff input & suggestion are highly encouraged. 8.8% & 7.4% of the respondents agreed& strongly disagreed respectively. But most of the respondents 54.4% are neutral.

On the question that is raised about the feedback & counseling of supervisors based on employee's performance 29.4% of the respondents are agreed & 4.4 % strongly agreed on that the employees are provided proper feedback & Counseling based on their performance. But the respondents who negatively responded do not have little number. Even though the mean result for this variable is 3.09 which imply that the employees provided performance-based feedback & counseling, the company must give attention to provide proper & timely feedback & counseling based on employee's performance.

As indicated in the table 4.4, among the total respondents, 67.6 % agreed and 1.5 % strongly agreed that there is no clear mechanism to address under performance. And 4.4 % of the respondents disagreed & 5.9% strongly disagreed that there is no clear mechanism to address under performance. This implies there is no clear mechanism in the company to address the issue of underperformance and no action has been taken for both poor as well as good performer.

Among the total respondents 63.2 % have disagreed and 8.8 % of the respondents strongly disagreed with the statement saying performance management processes are done free of biases and objectively. However, 17.6 % of the total respondents have no comment with the statement saying processes are done free of bias and objectively. From this we can understand that, employee performance management processes in GOE are infected with strong biasedness' in the organization.

Among the total respondents 36.8% have strongly disagreed and 48.5% have disagreed with the statement saying Pay raises depend on how well employees perform their jobs. This shows that the payment in GOE is not depend on how well employees perform their jobs. The mean result

for this variable is 1.81 this implies that the pay raises are not linked with the employee's performance which may highly discouraged the high performers.

As indicated in the table 4.5 above, among the participants 11.8 % of the total respondents have agreed and no one have strongly agreed that Performance raters are competent enough to undertake their assignment. However, 36.8 % of the respondents have disagreed and 2.9 % have strongly disagreed with the statements saying Performance raters are competent enough to undertake their assignment. From this we can infer that, the major respondents have disagreed with the statement. And employees give value for their rater because they play a major role to come up with better results and employees should have to rely on their raters 'competency. Otherwise, it is difficult to get favorable advantage from employee performance management system.

From the open-ended questions in the questioner & interview questions forwarded to Deputy Managing director & HR manager of the company were to explain Challenges that affect employees 'performance management system. The selected respondents says that the respondents have faced similar challenges which are: - difficulty in observing and documenting employees daily performance, lack of accurate data while measuring employee's performance, difficulty on measuring routine works, lack of higher officials and supervisors commitment to support employees to perform better, some of the standard used for measuring performance are unrealistic, bias due to different situations, limited participation of employees in the process, poor development opportunities for employees, lack of training and sharing of experience for better result, lack of timely feedback about the strength and weakness of an employee, skill and attitude were the major challenges faced by respondents.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter focuses on the summary of the major findings, conclusions and recommendations forwarded in light of the relevant literature developed by scholars and responses of research participants.

#### 5.1 Summary of major Findings

##### *Implementation of employee performance management system in GOE*

Based on the sample participants' response, many of respondents in the company are clear with what should they do and their responsibilities. They also know the standards that used to evaluate their work. However, many respondents do not know whether they are evaluated by standard or not, even if some respondents do feel so. their supervisors are not regularly assessing their performance based on the plan cascaded to them. Majority of the respondent perceive that employees do not receive regular feedback for their performance from their supervisors. Employees in the company believe that they are not evaluated based on their actual effort and are not evaluated based on recorded evidence only. According to the respondents there is no meeting with their supervisor to review their performance result. The feedbacks from their supervisor and upper level units are not fully communicated to the respective individuals; employee performance management system has been implemented in the organization still not properly attached with the employees' reward and recognition programs. This shows employees in the company believe that it is impossible to say that all performance management system processes are trustworthy and right in the GOE.

##### *Understanding of the organization's strategy, mission & vision*

The finding of the research shows that majority of the respondents said that they understand Gomeju Oil Ethiopia's mission, strategies, objectives & values as well as the objectives of their respective departments. Most of the respondents also replied that they contribute for the success of their department as well as the organization.

### *Perception of employees towards employee performance management system in the company*

The major respondents perceive that employee performance management system doesn't help employees to do their job to make employees target oriented and motivated to achieve their performance, even if many of the respondents have no clue weather the performance management system have significant role to improve their performance or not. Most of the respondents feels that Performance Management System doesn't help them to develop their skill and potential even if some respondents do feel so. The major respondents perceive that the employee's performance management system do not have any positive impact to motivate employees to achieve their performance at favorable level. Employees believe that they are not fairly treated in every process of performance management system, in addition almost all employees do not have received adequate training in performance management and also they did not believe that employee performance management is clearly defined in the organization. So due to these reasons the respondent's beliefs that the system not works well so it need some changes.

### *Challenges that affect employees' performance management system*

The performance management system has faces some challenges like; there is no clear mechanism in the company to address the issue of underperformance and no action has been taken for both poor as well as good performer as a result the good performers becomes demotivated, staff input & suggestion are not encouraged during performance assessment, the employee performance management processes is not free from biases & objectively in the organization, payment in GOE is not depend on how well employees perform their jobs and Performance raters are not competent enough to undertake their assignment.

In General, this study has reached findings that;

- Employees performance is not assessed regularly based on their plan cascaded for them.
- Employees don't receive regular feedback for their performance from their supervisors.
- Supervisors don't have a recorded evidence to evaluate employees work.
- Performance evaluation is not attached with reward & recognition schemes.
- Employees feel they are not fairly treated in every process of performance management system.



- Employees do not have received adequate training in performance management
- Performance Management System is not clearly defined in the organization.
- There is no clear mechanism to address underperformance
- Performance management processes are not done free of bias & objectively
- Pay raises are not depending on how well employees perform their jobs
- Performance ratters are not competent enough to undertake their assignment

## **5.2. Conclusions**

In this section based on the finding's conclusion will be made. In addition, recommendations will be suggested to improve employee's performance management system in the company.

The research has been conducted to assess the performance management system by dividing in to four sections.

In the first section, the general implementation of the employee's performance management system has been reviewed. Based on the sample participants' response, the researcher concludes that the employee of Gomeju oil Ethiopia are clear with what should they do and their responsibilities and they know the standards that used to evaluate their work. However, their performance is not regularly assessed based on the plan/target cascaded for them and also they do not receive regular feedback for their performance from their supervisor. The result of employees' performance evaluation & their actual performance does not match. Employees are not evaluated their work based on recorded evidence only and there is no meeting between managers and employees to review their results after they made performance evaluation and the feedbacks are not properly communicated to their office and them. More over Performance evaluation is totally not attached with reward and recognition schemes so it is impossible to say that implementation of performance management system processes are trustworthy and right.

Secondly, the inclusion & emphasis given by the system to the organizational strategy has been assessed. In this specific issue this study has conclude that the staff have clear understandings of the organization's mission & objectives. Moreover, most of the respondents expressed that they have well know the objectives of their departments. Most importantly they believe that they contribute to the successful accomplishment of the organization.

The other part of the research finding discusses about the Perceptions of employees towards employee performance management system in the company. The sampled participants responded that the Performance management do not help them to do their job better & also it do not have a contribution to develop their skill and potential. Moreover, they feel that they are not fairly treated in every process of performance management system even they do not have received adequate training in performance management this shows Employee Performance Management System is not clearly defined in the organization. As a result, the system of performance management used in GOE do not works well and need to change.

This study has also tried to assess and conclude Challenges that affect employees' performance management system. Based on the responses given by sampled participants, the researcher concludes that there are different types of challenges encountered during employee performance management system implementation. For instance, there is no regular employee's performance evaluation assessment based on the plan cascaded for them & also no regular feedback for their performance, the supervisors don't have a recorded evidence to evaluate employees work. The employees are also challenged by the mismatch of their performance evaluation result & their actual effort and, they responded performance management processes are not done free of biases. There is no clear mechanism to address underperformance moreover, pay raises are not depending how well employees perform their job.

### 5.3. Recommendations

In considering the major findings of the study and the conclusions drawn, efforts were made to forward possible recommendations by the researcher for the attainment of a better result out of the employee performance management system in GOE. Accordingly, the research recommends the following point of action.

- At the beginning level of implementing Performance, management GOE must clearly define the concept of performance management system by setting up a shared understanding of what is to be achieved at an organization level.
- Supervisor must evaluate employees work based on recorded evidence only by having proper data tracking to respond questions or claims raised from employees, this also have a solution for implementation of Performance management processes free of bias & objectively.
- Supervisors must take an attention while they are doing evaluation that the result of the employee's evaluation have to match with employee's actual performance to motivate high performers and to take correction.
- The management of the company must assure that Performance ratters must be competent enough to undertake their assignment and give adequate training because they play a major role to get favorable advantage from employee performance management system.
- To increase employees 'motivation and to prevailing performance accountability in the company Performance result should attach with reward and recognition system.
- To Employees feel that they are fairly treated in every process of performance management system GOE should create opportunity for the practice of setting goals and standards of performance measures based on agreement between employees and supervisor and let employees to agree on the goals they are expected to achieve and the standards which they will be evaluated. The act of jointly setting goals and standards will provide a clear direction in every process of performance management system.

- To change the attitude of employees about the implementation and process of performance management system, GOE must organize a training for employees to know about the benefits of performance management system, why evaluation is needed, for what purpose does it serve and the evaluation procedures and components and instruments of the process of performance management.
- To come up with better results GOE must align Pay raises with employees' performance.
- Management of the company must work on the mechanism that can address under performance in the company.

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## Appendix-I: Questionnaire

**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**MBA WITH CONCENTRATION IN HRM PROGRAM**

**Questionnaire to be filled by employees of Gomeju Oil Ethiopia (GOE)**

**Dear Respondent,**

The purpose of this questionnaire is to collect primary data to conduct a study entitled, —**An Assessment on Practices & Challenges of Employees' Performance Management system in Gomeju Oil Ethiopia.**" The study is required as partial fulfillment to the completion of the Masters of Business Administration (MBA) with concentration in HRM at St. Mary's University. In this regard I kindly request you to provide me with reliable information to the best of your knowledge so that the findings from the study would meet the intended purpose. Your prompt attention to this study will support me to achieve my MBA and will also support me to contribute to the implementation of employees 'performance management system. Please note that your responses will be used for my research purpose only. Consequently, rest assure about the confidential treatment of your answers. I would like to extend my deep-heart thanks in advance for your willingness to fill-in this form.

**General Direction:**

Please do not write your name on the questionnaire. Write your response in brief on the space provided for open-ended questions. In case you have ambiguities on any of the questions, please do not hesitate to contact me through my mobile number 0912 05 06 98.

I. Background Information

1. Gender

- A. Male
- B. Female

2. Educational Qualification

- A. Diploma
- B. Degree
- C. Masters
- D. Other (please specify) .....

3. Years of experience in GOE

- A. Less than 1 year
- B. 1year- 5 years
- C. Above 5 years

4. In which brunch office of the company you are currently working? \_\_\_\_\_

5. Do you have a supervisory role in the company? \_\_\_\_\_

## II. Questions in relation to Employees' Performance Management system

Please indicate to what extent you agree or disagree with each of the following statements by putting a check mark (✓) in the appropriate column within a range between strongly disagree (1) and strongly agree (5).

Note: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

	<b>Implementation of employee performance management system in GOE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	I am clear about what is expected from me and my job responsibilities.					
2	I know the standards that used to evaluate my work.					
3	My performance is regularly assessed based on the plan cascaded to me.					
4	I have received feedback regularly for my performance from my manager.					
5	The result of the evaluation matches with my actual performance.					
6	There is a meeting with my supervisor after evaluation is made to review results.					
7	My supervisor evaluates my work based on recorded evidence only.					
8	The feedbacks are properly communicated to our office and me.					
9	Performance evaluation is attached with reward and recognition schemes.					
10	All performance management processes in GOE is trustworthy and right.					
	<b>Understanding of organizational strategy</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
11	I am fully aware of the organization's mission, vision, strategic objectives and values					
12	I have full understanding of the objectives of the project you are working on or your department goals					
13	I clearly recognize that my roles contributes for the accomplishment of GOE's objectives					
	<b>the perceptions of employees towards employee performance management system in the Company</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
14	Performance management helps me to do my job better					
15	Performance management helps me to develop my skill and potential					
16	I feel motivated after a performance review					
17	I feel fairly treated in every process of performance management system.					



18	The system of performance management used here works well and does not need to change					
19	I have received adequate training in performance management					
20	In my opinion, Employee Performance Management System is clearly defined in the organization.					
	<b>Challenges that affect employees' performance management system</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
21	The company does 't provides employees sufficient resources to execute the job.					
22	The statement that staff input and suggestion are highly encouraged during performance assessment process in your department					
23	The statement that employees are provided performance-based feedback and counseling in this organization.					
24	There is no clear mechanism to address underperformance.					
25	Performance management processes are done free of bias & objectively					
26	Pay raises depend on how well employees perform their jobs.					
27	Performance raters are competent enough to undertake their assignment					

28. What are the major challenges you faced because of Employee Performance Management System implementation in the company?

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**THANK YOU!**

**ST. MARY'S UNIVERSITY S**  
**SCHOOL OF GRADUATE STUDIES**  
**MBA WITH CONCENTRATION IN HRM PROGRAM**

Interview questions for assessment of employee performance management system in Gomeju Oil Ethiopia

1. How would you describe Gomeju Oil Ethiopia's performance management system?
2. What is the purpose of the existing performance management system?
3. Do you believe that the PMS is well communicated to all staff?
4. Is the PMS in GOE implemented properly and consistently every year?
5. If your answer to the above question is no, what do you think is the reasons for this?
6. Do you think that the PMS includes all processes like Communicating organizations objectives, planning, execution, assessment, rewards, Training and development?
7. Is there distinction between good and poor performances in determining rewards like pay rise?
8. What challenges have been you faced in the employee performance management system?
9. What do you believe is the strong and areas for improvement of the system?
10. What would you recommend strengthening the current PMS?