

**THE IMPACT OF PERFORMANCE MANAGEMENT SYSTEMS ON
EMPLOYEE'S PERFORMANCE, A CASE STUDY OF UNIVERSITY OF
ARUSHA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN
RESOURCE MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA**

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CERTIFICATION

The undersigned certifies that he has read and hereby recommend for acceptance by the Open University of Tanzania, Dissertation entitled *Impact of Performance Management Systems on Employee performance. A case study of University of Arusha*, for the Partial fulfillment of the requirements for the Award of the Degree of Master of Human Resource Management.

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Date

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DECLARATION

I, **Jenifa Calisti Mbise**, do hereby declare that “The Impact of Performance Management Systems on Employee Performance” is my own original work and that all sources that I have used or have quoted from have been indicated and acknowledged by means of complete references.

Signature

Date

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First and fore most. I thank GOD for this far has brought me, the divine giver and source of all life, health and wisdom. It was not easy, but by His grace he strengthened me on my weakness. Special gratitude and thanks go to my parents, for their continuous support that has helped me reach my educational and career aspirations. Thanks for all sacrifices and inspiration that you have given me to make me what and who I am today.

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DEDICATION

This research is dedicated to my parents for their support and encouragement. When I lost direction, they gave me all the opportunity to continue with my studies. I know without them, this would not have been possible.

ABSTRACT

The purpose of this study aimed at assessing the impact of performance management systems on employee performance. The specific objectives were to know how personal development influence employee performance, to find out how compensation influences employee performance, to identify how evaluation of employee performances influence institution performance and to know the performance management system and how it helps in institutional development.

The study took a convergent design where by qualitative and quantitative data were collected concurrently. The target population was 150 respondents. The researcher used random sampling procedure to select a sample of 120 respondents. Questionnaires were used for collecting data which were then analyzed using tables.

The study attained high response which helped the findings to be thorough. It came out clearly that PMS has an impact on employee performance. It was revealed that PMS has changed the way employees works in terms of imparting knowledge and skills through training and mentoring. It has helped them feel empowered in terms of rewarding them for the good work done. PMS has helped to differentiate achievement among employees at all levels, thus driving discretionary effort.

However, the institution must view PMS as holistically, encompassing all the elements such as institution culture. Without this capability or desire the PMS is likely to become a compliance activity rather than adding value to the institution and employees. There should be reasonable compensation for higher performers.

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LIST OF ABBREVIATION

DLGH:	Department of Local Government and Housing
HR:	Human Resource
HRM:	Human Resource Management
MDAs:	Ministries Independent Agencies
PDP:	Performance and Development Planning
PMS:	Performance Management Systems

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Problem

This study focuses on assessing the impact of performance management system on employee performance. While many appraisal systems are still in existence and continue to be updated, performance management systems are increasingly seen as the way to manage employee performance. The conceptual foundation of performance management relies on the view that performance is more than ability and motivation. It is argued that clarity of the goals is a key in enabling the employee to understand what is expected and the order of priorities.

Walters (1995) sees performance management systems as concerned with directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization. Employee performance will continue to be of vital importance to HRM in the next few years, and increasingly, many organizations will be turning to the development of integrated performance management systems based on a competency framework to help bring this about.

In order to organize effectively, companies must rethink how they hire, train and reward their employees. Therefore employees could be encouraged to be competitive. Undoubtedly, an important factor is the human in an organization and investing in employees serves as one of the key management strategies. Organizations seek to develop, motivate and increase the performance of their employees in a variety of human resources applications (Gungor, 2011). Thus performance Management should be an important step in the organization's HRM systems to influence employee

performance.

The research topic is selected because at the present there are many organizations that are relying on employee for success and competitiveness. According to the Resource-Based View, employees are the resources and assets of an organization. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees` performance at work.

In this respect, performance management has come to play an indispensable role in helping organizations to reach their goals of productivity (Stevens&Joyce,2000). In fact, human resources management practices could influence the behaviors of individual employee. The impact of Human Resources (HR) on employees` commitment and performance depends on employees` perception and evaluation of these practices(Guest,1999).

1.2 Statement of the Research Problem

Performance management system sets expectations for employee performance and motivates employees to work hard. It involves identifying strengths and weaknesses of employees in their performance as it sets work standards, measure actual performance and gives feedback to employee regarding performance. The divergence of employee performance can only be explored through performance management systems, though most organizations focuses only on appraisals yet performance management system is a complete process which accounts also for appraisals. (Lebas, 1995).

Absenteeism, dissatisfaction ,poor motivation, poor working standards are among the factors which trigger poor performance of employee, but the use of effective performance management systems can help to harness the repercussions of these

factors(Kandula, 2006). Macky and Johnson (2000) pressed that the importance of performance management system is on continuously improving organization performance and this is achieved by improving individual performance. Therefore, improving employee performance by using performance management system is vital. In this research, investigation was on the impact of performance management systems on employee performance.

1.3 Objectives of the study

1.3.1 General Objective

The general objective of this study was to assess the impact of performance management systems on employee performance at University of Arusha.

1.3.2 Specific Objectives

Specific objectives of the study were:

- i. To know how personal development influence employee performance.
- ii. To find out how compensation influences employee performance.
- iii. To identify how employee performances influence institution performance.
- iv. To know the performance management system and how it helps in institutional development.

1.4 Research Questions

- i. To what extent does personal development influence employee performance?
- ii. How does compensation contribute to employee performance?
- iii. How employee performances influence institution performance?
- iv. How performance management systems help in institutional development?

1.5 Significance of the study

Findings will be useful to planners and administrators/management and other social institutions in forecasting and organization development by ensuring the total use of performance management systems for the betterment of the organization.

Through this study, it will help the management to know better how to use performance management systems to improve the performance of their employees. The findings of this study may serve as provoking resource that can inspire other researchers' curiosity to conduct research deeply in the area related to performance management systems on employee performance.

1.6 Scope of the study

The scope of this study was limited to the study of performance management systems and how they influence the performance of employees in an institution. This study concentrated on the following key areas; Developing and planning performance, Managing and reviewing performance and Rewarding performance.

1.7 Organization of the Study

This report consisted of the following chapters; Introduction, Literature Review, Methodology, Data Presentation & Analysis and Conclusion & Recommendations. In Introduction, detailed introduction was given to the scope of the study and also identify the problem which was treated under the research. Also the significance of the study was discussed here.

Under Literature Review, the following areas were looked at, Introduction, conceptual definition, Theoretical literature Review, Empirical literature review, Empirical literature review in the World, Empirical literature review in Africa, Empirical literature review in Tanzania and Under Methodology, Data Presentation

& Analysis, it identifies the methods that were used in analyzing performance management system, research results presentation and analysis.

Data analysis part was divided in to two sections. First part was dealing with respondents participated. And the second part concentrated on the questions given to respondent.

Under Conclusion and Recommendations, it was initiated final research findings and suggests recommendations for future enhancement of the institution.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher analyzed the existing literature authored by different writers. Literature review of an extensive nature was carried out to enable an understanding of the impact of performance management systems on employee performance.

2.2 Conceptual definitions

Armstrong (2004) defined performance Management as a means of getting better results from the whole organizations by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements.

2.2.1 Performance management

“Performance management is a process of designing and executing motivational strategies, interventions and drivers with on objective to transform the raw potential of human resource into performance. All human beings possess potential within themselves in a few or more functional areas. However, utilization and conversion of this potential into deliverable performances is often sub optimal due to a variety of reasons. Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource” (Kandula, 2006).

The study of performance management has been popular within human resource management study. Performance is defined as deploying and managing the components of the causal model that lead to the timely attainment of stated objectives

within constraints specific to the firm and to the situation (Lebas, 1995). At an organizational level of analysis it's assumed that an organization that is performing well is one that is successfully attaining its objectives; in other words, one that is effectively implementing an appropriate strategy (Otley, 1999).

According to Otley (1999), a general performance management considers such problems: What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions, and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employee) gain by achieving these performance targets (or conversely, what penalties will they suffer by failing to achieving them)?

According to Fletcher (2001), who gave a completed and comprehensive HR related performance management definition which is "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". Similarly, performance management is management processes for ensuring employees are focusing on their work efforts in ways that contribute to achieving the organization's mission. It consists of three phases: Setting expectations for employee performance, maintaining a dialogue between supervisors and employees to keep performance on track and measuring actual performance relative to performance expectations.

Performance management involves managing employee efforts, based on measured performance outcomes. Therefore determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective performance management process. And performance management effectiveness increase when there is ongoing feedback, behavior-based measures are used and preset goals and trained raters are employed (Lawler, 2003).

2.2.2 Employee performance

Employee performance defined as the record of outcomes achieved for each job function, during a specified period of time (Deadrick and Gardner's, 1997). If viewed in this way performance is represented as a distribution of outcomes achieved and performance could be measured by using a variety of parameters which describe an employee's pattern of performance overtime.

Aguinis (2009) described that "the definition of performance does not include the results of an employee's behavior, but only the behaviors themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work". Perceived employee performance represents the general belief of the employee about his behavior and contributions in the success of organization. Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as "declarative knowledge", "procedural knowledge" and "motivation" (McCloy et al., 1994).

Huselid (1995) have argued that the effectiveness will transfer on the behavior of employees as a result of human resource management, which also proves a positive association. Carlson et al. (2006) proposed five human resource management

practices that affect performance which are setting competitive compensation level, training and development, performance appraisal, recruitment package, and maintaining morale.

2.2.3 Performance management systems

Performance management systems defined as the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities (DeWaal,2003).

Performance management system defined as the set of metrics which is used to measure the actions' effectiveness and efficiency Neely et al. (2005). PMS also taken as dynamic and balanced system which helps in the process of decision making by collecting, analyzing and monitoring information related to performance.

Performance management systems can be used administratively as a source of information for making decisions about employees. They allow for communication of expectations and feedback to employees. They provide information relating to employee strengths and weaknesses and in so doing enable the identification of development needs and recommend remedial action. Good performance management systems yield information about skills, abilities and employee potential which can be used in workforce planning (Aguinis, 2009)

PMS is introduced to improve both the quality and quantity of work done and bring all activity in line with an organization's objectives.

2.3 Theoretical literature Review

Performance management is a concept in the field of human resource management. "Performance management is a continuous process of identifying, measuring and

developing the performance of individuals and aligning performance with the strategic goals of the organization” (Aguinis,2009). Performance management is many times mistaken as performance appraisal but the latter is just a part of the former.

There is no single universally accepted model of performance management. Various experts have explained the concept in their own ways. Mabey et al, (1999), has prescribed the model of performance management system in the form of ‘performance management cycle’. This cycle has 5 elements which suggest how performance management system should be implemented in an organization.

The elements of performance management system cycle include: Setting of objectives, measuring the performance, feedback of performance results, reward system based on performance outcomes and amendments to objectives and activities (Mabey et al, 1999).

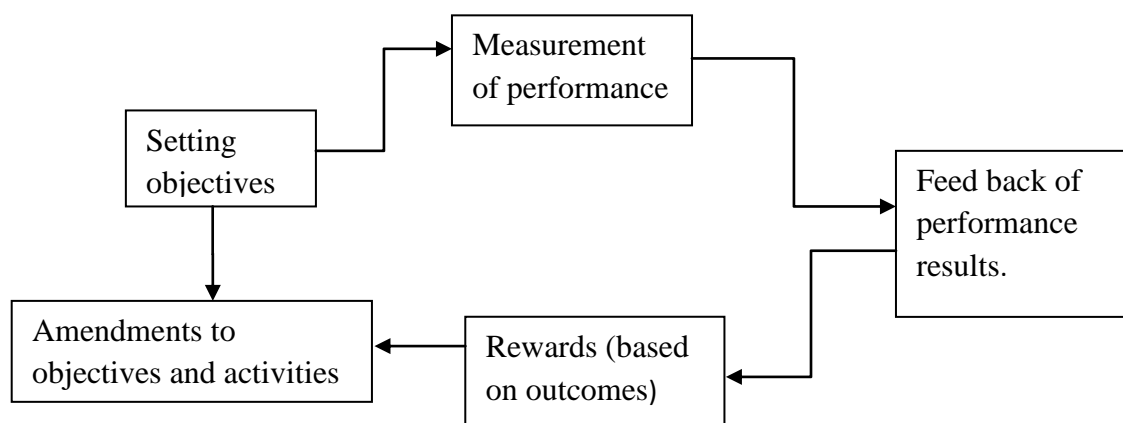


Figure 2.1 : Performance management systems cycle

Source: (Mabey et al,1999)

According to Salaman (2005) says there are two theories underlying the concept of performance management:

2.3.1 Goal-setting theory

The theory had been proposed by Edwin Locke in the year 1968, which suggests that, the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Salaman et al, 2005).

Edwin Locke and Gary Latham (1990), leaders in goal-setting theory and research, have incorporated nearly 400 studies about goals into a theory of goal setting and task performance.

According to the theory, there appear to be two cognitive determinants of behavior: values and intentions (goals). A goal is defined simply as what the individual is consciously trying to do. Locke and Latham postulate that the form in which one experiences one's value judgments is emotional. That is, one's values create a desire to do things consistent with them. Goals also affect behavior (job performance) through other mechanisms. For Locke and Latham, goals, therefore, direct attention and action.

Furthermore, challenging goals mobilize energy, lead to higher effort, and increase persistent effort. Goals motivate people to develop strategies that will enable them to perform at the required goal levels. Finally, accomplishing the goal can lead to satisfaction and further motivation, or frustration and lower motivation if the goal is not accomplished.

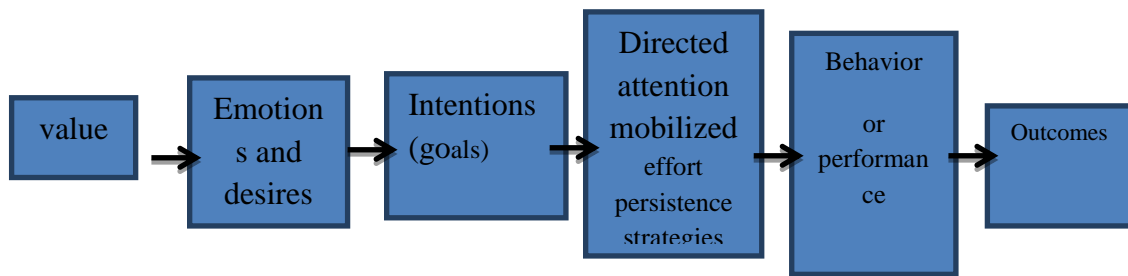


Figure 2.2 : General model of goal-setting theory

Source: Locke and Latham (1990)

2.3.2 Expectancy theory

This theory had also been proposed by Victor Vroom in 1964 is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005).

Expectancy theory is based on four assumptions (Vroom, 1964). One assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization. A second assumption is that an individual's behavior is a result of conscious choice. That is, people are free to choose those behaviors suggested by their own expectancy calculations. A third assumption is that people want different things from the organization (example good salary, job security, advancement, and challenge). A fourth assumption is that people will choose among alternatives so as to optimize outcomes for them personally.

The expectancy theory based on these assumptions has three key elements: expectancy, instrumentality, and valence. A person is motivated to the degree that he

or she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be rewarded (instrumentality), and (c) the value of the rewards is highly positive (valence).



Figure 2.3 : Basic expectancy model

Source :(Vroom, 1964)

2.3.3 Expectancy

Expectancy is a person's estimate of the probability that job-related effort will result in a given level of performance. Expectancy is based on probabilities and ranges from 0 to 1. If an employee sees no chance that effort will lead to the desired performance level, the expectancy is 0. On the other hand, if the employee is completely certain that the task will be completed, the expectancy has a value of 1. Generally, employee estimates of expectancy lie somewhere between these two extremes.

2.3.4 Instrumentality

Instrumentality is an individual's estimate of the probability that a given level of achieved task performance will lead to various work outcomes. As with expectancy, instrumentality ranges from 0 to 1. For example, if an employee sees that a good performance rating will always result in a salary increase, the instrumentality has a value of 1. If there is no perceived relationship between a good performance rating and a salary increase, then the instrumentality is 0.

2.3.5 Valence

Valence is the strength of an employee's preference for a particular reward. Thus, salary increases, promotion, peer acceptance, recognition by supervisors, or any other reward might have more or less value to individual employees. Unlike expectancy and instrumentality, valences can be either positive or negative. If an employee has a strong preference for attaining a reward, valence is positive. At the other extreme, valence is negative. And if an employee is indifferent to a reward, valence is 0. The total range is from -1 to +1. Theoretically, a reward has a valence because it is related to an employee's needs. Valence, then, provides a link to the need theories of motivation Herzberg et al (1957).

Vroom suggests that motivation, expectancy, instrumentality, and valence are related to one another by the equation

Motivation = Expectancy x Instrumentality x Valence.

2.3.6 The stages of Performance Management System

According to Schneider, Beatty and Baird (1987), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase.

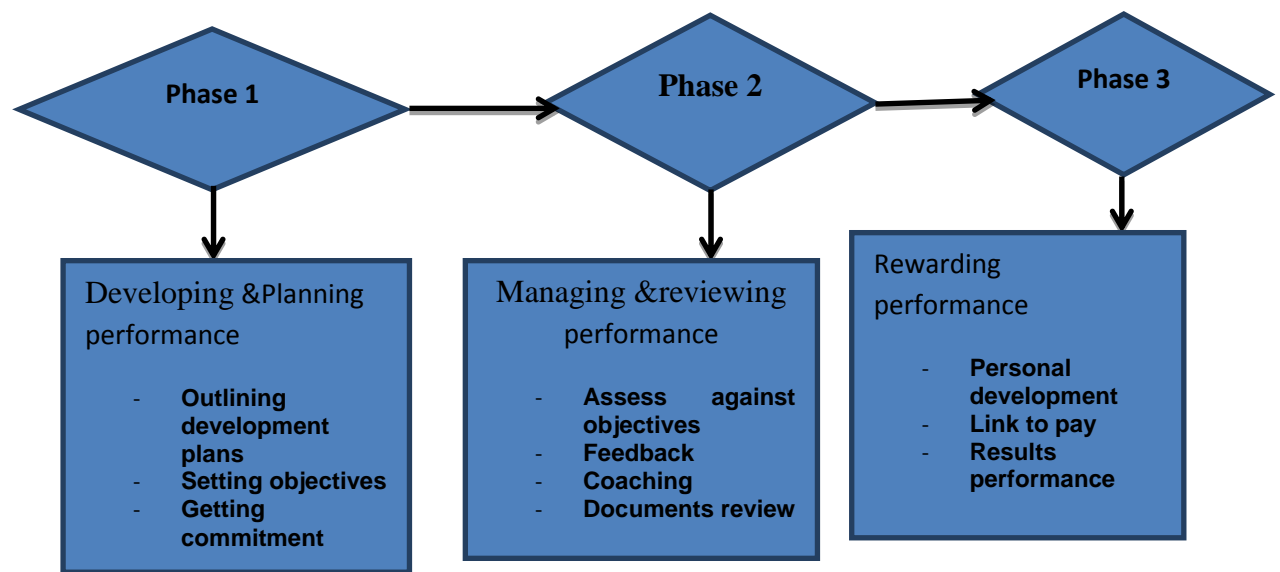


Figure 2.4 : Contents of the three phases according to Schneider and Baird (1987)

Source: Schneider and Baird (1987)

2.3.7 Employee Performance

In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Employees are a primary source of competitive advantage in service-oriented organizations (Luthans and Stajkovic, 1999, Pfeiffer, 1994). In addition, a commitment performance approach views employees as resources or assets, and values their voice. Employee performance plays an important role for organizational performance. Employee performance is originally what an employee does or does not do. Performance of an employee could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness (Gungor, 2011).

Macky and Johnson pointed out that improved individual employee performance could improve organizational performance as well. From Deadrick and Gardener's (1997) points employee performance could be defined as the records of outcomes archived, for each job function, during a specified period of time. If viewed this way, performance is represented as a distribution of outcomes achieved and performance

could be measured by using a variety of parameters which describe an employee's pattern of performance over time.

2.4 Empirical literature review

In different literature there are various models of performance management. Each model has its importance as a system for managing organizational performance, managing employee performance, and for integrating the management of organizational and employee performance. Performance management involves different multiple levels of analysis and is clearly linked to the topics studied in strategic HRM as well as performance appraisal (Heinrich, 2002)

A performance management system, is increasingly seen as a means of integrating HRM activities with the business objectives of the organization, where management and HR activities are working together to influence individual and collective to support the organization's strategy. Rudman (2003), Performance management system is a kind of completed and integrated cycle for performance management.

Fletcher (1996) 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.

2.4.1 Empirical literature review in the World

The concept of performance is studied through evaluation of overall performance and the management of the performance and the evaluation of performance is the process classifying certain outcomes within a definite timeframe (Coens & Jenkins, 2002).

According to Huselid (1995), employees within firms contribute for organizational performance and HRM practices can affect individual employee performance through their influence over employees' skills and motivation and through organizational structure that allow employees to improve how their jobs are performed.

In Bhatti (2007) and Qureshi's (2007) perspectives, productive, productivity is a performance measure encompassing both efficiency and effectiveness. Labor productive means the output of workers per unit of time which is a commonly used and straightforward measure of productivity.

The growth rate of labor productivity is approximately equal to the difference between the growth rate of output and growth rate of the number of hours worked in the economy (Christopher Gust & Jaime Marquez, 2004).

High performing, effective organizations have a culture that encourages employee involvement. Therefore, employees are more willing to get involved in decision-making, goal setting or problem solving activities, which subsequently result in higher employee performance.

Armstrong (2000) contends that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. Trained employees are also more confident in their performance and decision-making skills. In addition, employees who receive regular training are more

likely to accept change and come up with new ideas. Employees who learn new skills through training make good candidates for promotions because they have shown their ability to learn, retain and use information. Reliable, skilled employees can also be empowered to train other employees, the fact that reduces pressure for the management team.

2.4.2 Empirical literature review in Africa

According to the research done in South Africa in 2001 by Pandelani Harry Munzhedzi, the evidence collected was done with the specific aim of answering the research question, namely, whether the PMS of the Department of Local Government and Housing (DLGH) in the Limpopo Province contributes to the improvement of productivity.

Although there are officials with a better understanding of the PMS in the DLGH, the majority have not acquired a sufficient understanding of the PMS. During the period under review (2007-2010), several performance targets were not achieved.

Although the PMS plays a significant role in the improvement of productivity, it has not contributed to the improvement of productivity of the DLGH in the Limpopo Province. Productivity in the Department has been low because the performance has not been continuously improving.

The challenges facing the PMS in the DLGH are the following: Poor understanding of the PMS in the Department, separation of the PMS division from the training division in the Department, non-compliance to PMS policy provisions such as timeouts submission of performance instruments by some individual employees, shortage of personnel in the PMS division, biased ratings (subjective assessments)

and setting of unrealistic performance targets which are unrealizable.

A significant relationship was found between the employees training and their resultant performance in accomplishing different tasks. It was found that those employees who have taken trainings were more capable in performing different task & vice versa. Training has direct relationship with the employees' performance.

Basically training is a formal & systematic modification of behavior through learning which occurs as result of education, instruction, development and planned experience (Michael Armstrong, 2000). Because of the practical implications of training, it is important to have training that is effective. Studies have proven that more costly but effective training can save money that is wasted on cheap but inefficient training (Ginsberg, 1997). Therefore, training has acquired a strategic value for hotels since service quality depends on employee customer care effectiveness Connie Zheng (2009).

On the job training plays a significant role in the development of organizations, enhancing performance as well as increasing productivity, and ultimately putting companies in the best position to face competition and stay at the top. This means that, there is a significant relationship between organizations that train their employees and organizations that do not (Evans, 1999). Every organization that is committed to generating profits for its owners (shareholders) and providing quality service for its customers and beneficiaries must invest in the on the job training for its employees.

2.4.3 Empirical literature review in Tanzania

Effective performance management in the public service requires specific tools and

deliberate measures. Tanzania has made significant achievement in recognizing the need to ensure that performance in the public service institutions is monitored and evaluated by using a number of management tools and installing them in all MDAs. Much as installation of the performance management tools is important, it is also imperative to ensure that the performance management systems is continuously institutionalized in the public service in order to pave the way for creating and attaining a performance culture in the entire public service.

A performance management culture cannot be created by chance or by revolutionary means. This culture must be created evolutionary by putting into place a supportive incentive regime, including strategies to counsel and develop the poor-performers as well as rewarding tangibly and non-tangibly the good performers in the public service. The performance management tools should serve as means to good performance; hence they should not become ends in themselves.

There is a growing critique of Performance Management Systems. Firstly, they are seen as adding more pressure to a short-term view among Ministries Independent Agencies (MDAs) managers which may well hamper performance in the public service over a long term. Secondly, they are often proffered in a very prescriptive fashion, with many writers advocating a single best way for performance management, to the neglect of important variables such as degree of centralization, unionization, etc.

The real danger is that performance management, including the employee performance appraisal system cannot be simply borrowed from one organization and applied in another as many advocates appear to suggest. If PMS has to work the first

important step is to change the focus from appraisal to performance planning, review and development.

Thomas (1997) argues that employee training involves teaching employees skills that can help them become more efficient and productive workers. Most careers include some type of on-the-job training, and a trained work force has benefits for employees and employers. Training is often conducted to familiarize new employees with the roles and responsibilities of their positions as well as company policies. Many companies offer continuing training opportunities for employees, focusing on skills that can improve efficiency. Employees who are well trained often have higher motivation and morale because they feel that the company has invested in their ability and development. This also results in lower turnover rates.

2.5 Research Gap

According to the literature review even here in Tanzania more needs to be done especially in private sectors to find out the impact that can be brought by performance management system in private higher learning sectors in Tanzania. In this regards this study concentrated on the private sectors try to find out to what extent performance management system can bring on employees performance. Higher learning institutions in Tanzania needs high performing employee so that they can eventually attain their set goals. Many studies have been conducted on performance management but few related to relationship between performance management system and employee performance.

Also the relationship between performance management system and employee performance in an organization was looked at a thing which according to the literature review was not much researched.

2.6 Conceptual frame work

A research framework was built based on the foregoing hypotheses. Firstly, relationship between setting objectives which is the most important activity in the developing and planning performance stage with employee's performance (hypothesis 1) was tested. In the second stage, the test was on the relationship between seeking feedback, coaching and communication with employee performance respectively (hypothesis 2). Then in the last stage, how do personal development, seeking evaluation and payment influence employee performance was tested.

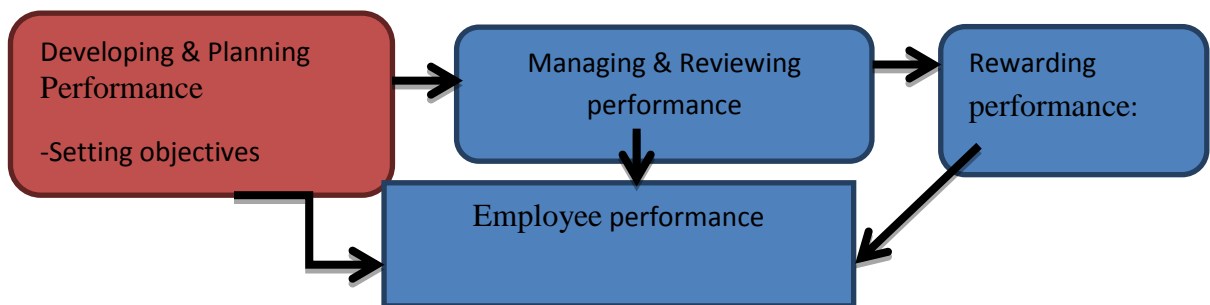


Figure 2.5 : illustrates the research framework

Source: Schneider and Baird (1987)

2.7 Theoretical framework

Developing and planning performance: The Performance and Development Planning process is designed to help all employees to understand the importance of the work they perform. Specifically, the developing and performance planning helps employees determine where to focus their efforts so that high value results are obtained – ones that move the organization forward to meet its goals. PDP also supports the development of stronger working relationships by providing some guidance on how the values of the University can be integrated into the working day.

By looking at the goals of the organization, the priorities in your department and the work you do, it becomes easier to make the connections between your work

and the university's goals. When you see the valuable contribution you make, it is easier to articulate the importance of the work being done here – you can then be an ambassador for the university.

Managing and reviewing performance: Refers to the annual formal process of reviewing and documenting employee performance. It is an on-going process where employees and supervisors can work together to:

- Identify and describe work expectations;
- Develop goals and plans to guide the work of the employee;
- Discuss learning and development needs;
- Recognize achievements; and
- Plan for future individual and organizational growth and development.

All academic and professional employees with an employment contract in excess of 12 months duration participate in the managing and reviewing performance process with their supervisor. The timing of the process is integrated with the Work Unit's annual planning cycle.

Rewarding Performance:

A form of additional compensation paid to an employee or department as a reward for achieving specific goals or hitting predetermined targets. A performance reward is compensation beyond normal wages and is typically awarded after a performance appraisal and analysis of projects completed by the employee over a specific period of time. Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the methodology, which was used in the study. It shows how data was collected from various sources and the techniques by which data was analyzed.

3.2 Research design

Research design can be conceived as a mixed methods study employing a case study design to assess the impact of performance management systems on employee performance. Performance management system is the main independent variable upon which employee performance is dependent. The study took a convergent design under mixed methods where by qualitative and quantitative data were collected concurrently. The analysis of data was done separately and merged at the point of interpretation, to obtain a complete understanding of the research problem.

3.3 Area of the Study

The study was conducted in Arusha region at University of Arusha. The area was selected as regard to the study which deals with performance management in higher learning institutions. The area has what the researcher was interested in especially of performance management in academic institutions.

The University of Arusha has been chosen as a private institution with a purpose of wanting to know the practice of performance management systems in higher private learning institutions. The area was also selected as to cater cost of travelling, geographically is located nearby my residence, so the cost of data collection especially traveling and accommodation was reduced.

3.4 Population of the study

The study involved 120 respondents randomly selected from a total population of 150 employees of the University of Arusha. This sample size has been selected given the limited time and financial constraints of this study. By using a case study design findings were representative of the populations from which the sample was drawn but was expected to have limited external validity (Generalization).

These included 5 top management, 10 administrators, 80 teaching staff, and 25 non-professional staff. Stratified sampling which involves identifying groups in the population was used.

3.5 Sampling Techniques

The study used random sampling. This technique involves identifying groups in the population and enables generalization with a margin of error that is statistically determinable. According to sample theory the size of our sample greatly influences our ability to generalize results back to the population we are investigating. According to Gold, David (1969), Sample theory centers on the central limit theorem, which briefly states that, as sample size N becomes large, the sampling distribution of the mean becomes approximately normal. Also, the sampling distribution will fall around the variable's population mean. A sample of 120 employees was randomly selected to present the entire employees of University of Arusha which is estimated to be 150+. The theory can be shown below as follows illustrating the 95% confidence interval of 5%.

Table 3.1 Illustration of the sample theory

Population	Sample
10	10
50	44
100	80
200	132
500	217
3000	341
100,000+	385

A sample on four categories of employees as regard to the above theory will be selected as follows:

Table 3.2 Sample size

	Target population	Sample size
Top management	05	5
Administrators	10	10
Teaching staff	100	80
Nonprofessional staff	35	25
Total	150+	120

3.6 Data collection Methods

The study used multiple sources of data to get broad view about employee performance and performance management systems. Data was collected through primary and secondary data collection methods.

3.6.1 Primary data collection methods

This was the kind of information that was collected by the researcher in first hand. Its expectation was solely within the bounds of this research topic and specifically about the institution. Four primary data collection methods were expected to be used. These are personal interviews, telephone questionnaires, mailed questionnaires and observation.

3.6.2 Secondary Data Collection Methods

The analysis involved looking up for literature related topics under the study developed by several researchers, and how the topic under study relates to the previous one. It enabled the researcher to focus beyond the literature to the problem of interest.

3.7 Data collection tools

3.7.1 Questionnaire

Semi structured questionnaires with both close and open ended questions were administered to 120 respondents, 5 from top management, 10 from administrators, 80 from teaching staff and 25 from non-professional staff.

Personal interviews: this is a face to face conversation between the researcher/interviewer and a respondent or interviewee initiated by the former for the purpose of obtaining some targeted relevant information. This method was used since the researcher had access to meet physical respondents. These interviews accompanied by a set of questions (questionnaire interview).

Telephone questionnaires; this is when telephone services, either fixed line or a mobile phone was used to administer a set of questions. However, due to financial limitations forecasted, this method was not used like the other two. It was used for the

respondents who were not accessed by any other means. Mailed questionnaire: A questionnaire is a form containing a structured set of questions especially one addressed to a statistically significant number of subjects as a way of gathering information for a survey. These forms were sent via postal mail to respondents who were scattered over a wide area and not reachable physically.

Observation: A researcher used this method to reduce distortion between the observer and what is observed that can be produced by other instrument for example questionnaire.

3.7.2 Interview

This is an oral or vocal conversation between the researcher and the respondents. Open ended interview was the main approach to collect the qualitative information from top management, administrators, teaching staff and non-professional staff. The reason behind is; open ended interviews are based on a more organized and standardized sequence of questions whose answers are richer than a plain “Yes” or “No” statement. The data obtained was summarized immediately to extract a meaningful content from the statements provided by respondent. This was done in the light of time specified.

3.8 Reliability and Validity of Data

Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.

Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research

instrument allow you to hit "the bull's eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others. Wainer and Braun (1998).

3.9 Pre testing of the instruments

Before the prepared instrument used or sent to the respondents, it was tested to check their usefulness and whether it will really meet the intended objectives. Pre testing of the instruments was done by selecting few people from the specified University and give them questionnaires to check their response before sending to the respondents for data gathering.

3.10 Triangulation

This means a combination of more than one method in data collection so as to make the collected data valid and reliable.

3.11 Ethical issues

This was done by ensuring the respondent that confidentiality is maintained and that all the information given out are majorly for academic matters and not otherwise.

3.12 Data analysis

After the fieldwork, before analysis all questionnaires were adequately checked for accuracy and completeness. The data was analyzed using qualitative and quantitative techniques. Quantitative data was analyzed by the use of such as tables. Qualitative data was analyzed as follows: First step involved understanding of the data collected.

Second step, researcher focused the analysis by looking at how respondents answered questions, in order to identify consistencies and differences. Third step involved coding of data. Data was coded according to categories and sub categories identified by reading and re-reading the data collected.

Fourth step, researcher identified patterns and connections within and between categories.

Last step involved interpretation, where by themes and connections were used to explain findings. An outline for presenting results for final report was developed.

CHAPTER FOUR

4.0 DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The purpose of this study was to find out the impact of performance management systems on employee performance. This chapter presents the findings of the study. The coverage will be on the analysis, presentation and evaluation of data taken from the sample population.

4.2 Presentation and findings

4.2.1 Respondents

Table 4. 1 Respondents

	Target population	Sample size
Top management	05	5
Administrators	10	10
Teaching staff	100	80
Nonprofessional staff	35	25
Total	150+	120

Source: Field data

The totals of 120 respondents were well involved in the data collection despite the views they had in the questions asked. Questions to respondents were distributed in form of questionnaires whereby each respondent from the selected sample was given a questionnaire to respond to. Also there were interview done to some of respondents. Questions were well formed and enough time was set to allow each respondent think and respond to each questions. The responses were given in the light of respondent's

knowledge and experience over the topic and question asked .The responses for each given question to the respondents was collected and analyzed.

4.3 Performance management systems and employee performance

4.3.1 Existence of PMS in the institution

Question: Does Performance Management Systems exist in your institution?

The major purpose of this question was to know if performance management systems exist in the institution. It was so because performance management system is not familiar with many employees. The following were the results:

Table 4.2 Existence of PMS in the institution

		Frequency	Percent	Valid Percent
Valid	yes	56	46.7	46.7
	no	44	36.7	36.7
	don't know	20	16.6	16.6
Total		120	100.0	100.0

Source: Field data

From the above presentation, 56 respondents who are 46.7 percent were of the opinion that PMS exists in their institution. 44 respondents about 36.7 percent of all respondent to this question said PMS doesn't exist in the institution. Only 20 respondents who are about 16.6 percent said they don't know if PMS exist. With these findings it shows that not all employees are aware of PMS in the organization and its practices.

4.3.2 Satisfaction of the existing of performance management systems

Question: Are you satisfied with the existing of performance management systems?

This question was asked to know if employees are satisfied with the existing of the performance management systems in their institution. The practice of PMS in an institution normally involve everyone in one way or another and sometimes how is being practiced may not satisfy every employee.

Table 4.3 Satisfaction of the existing of performance management systems

	Frequency	Percent	Valid Percent
Valid yes	56	46.7	46.7
no	44	36.7	36.7
don't know	20	16.6	16.6
Total	120	100.0	100.0

Source: Field data

From the statistics above, 56 respondents who are 46.7 percent of those responded to this question were satisfied with the existence of PMS in the institution. On the other side 44 respondents who are about 36.7 percent were not satisfied with the existing of the performance management system in their institution. 20 respondent equal to 16.6 percent were not sure whether satisfied or not with the existing of PMS.

4.3.3 The impact of performance management systems on changing the way employee work

Question: Has performance management system changed the way you work?

This question sought to know if the practice of PMS in the institution has changed the way employee works. This was so because the practice of PMS in an organization also gives direction as to how employees can reach their organization goals.

Table 4.4 The impact of PMS on changing the way employee work

		Frequency	Percent	Valid Percent
Valid	yes	56	46.7	46.7
	no	44	36.7	36.7
	don't know	20	16.6	16.6
	Total	120	100.0	100.0

Source: Field data

From the above presentations, 56 respondents, about 46.7 percent were of the opinion that PMS has changed the way they work through training in terms of imparting knowledge to meet challenges arise at work. Other 44 about 36.7 percent indicated that PMS has not changed the way they work. And 20 respondents who are 16.6 percent argued that they don't know if PMS has changed the way they work or not.

4.3.4 The impact performance management systems has on setting and achieving meaningful goals

Question: Do you think PMS helps you set and achieve meaningful goals?

This question was designed to get to know how employees perceive PMS with regard to the setting and goals achievement.

Table 4.5 The impact PMS has on setting and achieving meaningful goals

		Frequency	Percent	Valid Percent
Valid	yes	77	64.2	64.2
	no	17	14.2	14.2
	don't know	26	21.6	21.6
	Total	120	100	100

Source: Field data

From the above information, 77 respondents equal to 64.2 percent showed that PMS helps them set and achieve meaningful goals in terms of participation in setting goals. Also 17 respondents equal to 14.2 percent indicated that PMS does not help them set and achieve meaningful goals. Lastly 26 respondents, about 21.6 percent they didn't know whether PMS helps them set and achieve goals or not.

The process of setting goals should be a collaborative process between an employee and his or her manager. Whether writing long- or short-term goals, the most widely-used framework is S-M-A-R-T.

Specific: Well-defined to inform employees exactly what is expected, when, and how much. With specific goals, managers can easily measure progress toward goal completion. **Measurable:** Provide milestones to track progress and motivate employees toward achievement.

Attainable: Success needs to be achievable with effort by an average employee, not too high or low. **Relevant:** You should focus on the greatest impact to the overall company strategy. **Time-bound:** Establish enough time to achieve the goal, but not too much time to undermine performance. Goals without deadlines tend to be overtaken by the day-to-day crises.

4.3.5 Perceptions of employees on the process of PMS

Question: How do you perceive the process of PMS in this institution?

This question was set for the purpose of knowing if the process of PMS is well communicated and how does employee perceive it. This is because sometimes employee may have different perception over the evaluation of performance process and may eventually perceive it positively, negatively or neutral

Table 4.6 Perceptions of employees on the process of PMS

		Frequency	Percent	Valid Percent
Valid	positive	79	65.8	65.8
	negative	18	15.0	15.0
	neutral	23	19.2	19.2
	Total	120	100.0	100.0

Source: Field data

From these findings, 79 respondents who are about 65.8 percent perceived the process of PMS positively. While 18 respondents equal to 15.0 percent perceived it in a negative way. 23 respondents about 19.2 percent didn't have any perception on the process of PMS.

4.3.6 PMS on employee work development

Question: Do you think PMS works well with you?

The intention of asking this question was to find out if PMS works well with employee in the institution. This is because sometimes the use of PMS may not suit and work well in some environment.

Table 4.7 PMS on employee work development

		Frequency	Percent	Valid Percent
Valid	yes	78	65.0	65.0
	no	8	6.7	6.7
	don't know	34	28.3	28.3
Total		120	100.0	100.0

Source: Field data

From the presentation above, 78 respondents equal to 65.0 percent indicated that PMS works well with them. The components of PMS triggers well the employee's

work done. While 8 respondents about 6.7 percent were of the opinion that PMS doesn't work well with them. 34 respondents, about 28.3 didn't know whether PMS works well or not.

4.4 Impact of performance management systems on employee performance

4.4.1 The impact PMS has on the enhancement of work life of employee

Question: PMS enhance your work life in this institution. Your opinion?

The intention of asking this question was to find out if PMS give any support on enhancing the employees work life in the institution.

Table 4.8 The impact PMS has on the enhancement of work life of employee

		Frequency	Percent	Valid Percent
Valid	agree	38	31.7	31.7
	disagree	12	10.0	10.0
	neutral	70	58.3	58.3
	Total	120	100.0	100.0

Source: Field data

The above statistical presentation , 38 respondents, about 31.7 percent agreed that PMS enhances their work life,12 respondents, which is 10.0 percent disagreed that PMS enhances their work life in the institution, 70 respondent 58.3 percent were neutral with this question of whether PMS enhances their work life in the institution or not.

4.4.2 Aim of performance management system

Question: PMS helps you get the work well done in this institution. Your opinion?

One of the aims of PMS is to make and help the organization or institution achieve its goals by making the work well done. This question has the target of looking if PMS helps to ensure that the work is well done in the institution.

Table 4.9 Aim of performance management system

		Frequency	Percent	Valid Percent
Valid	agree	69	57.5	57.5
	disagree	21	17.5	17.5
	neutral	30	25.0	25.0
	Total	120	100.0	100.0

Source: Field data

From the presentation 69 respondents about 57.5 percent of the respondents agreed PMS help get work well done in the institution. 21 respondents who are about 17.5 percent disagreed that PMS helps them get the work well done in the institution.30 respondents equal to 25.0 percent didn't know whether PMS helps them get the work well done or not.

4.4.3 PMS on developing key competencies in the work

Question: PMS helps you develop key competencies in your work. Your opinion?

The purpose of this question was to find out if PMS helps in developing capabilities, skills and knowledge needed in work. One of the key practices of PMS is to identify weak areas and try to suggest how to develop competencies that will enhance the work well done.

Table 4.10 PMS on developing key competencies in the work

		Frequency	Percent	Valid Percent
Valid	agree	78	65.0	65.0
	disagree	20	16.7	16.7
	neutral	22	18.3	18.3
	Total	120	100.0	100.0

Source: Field data

The statistical presentation above indicates that, 78 respondents, about 65.0percent agreed that PMS help them develop key competencies in their work. 20 respondents about 16.7 percent disagreed PMS help them develop key competencies. 22 respondents equal to 18.3percent were neutral with PMS helping in development of key competencies needed in a job.

4.4.4 The impact of PMS on the decision making process

Question: PMS help you feel part of the decision making process in this institution.

Your opinion?

The aim of this question was to find out if the involvement of employees in PMS process gives them opportunity of becoming part of the decision making. The practices of PMS do allow opinions, views and suggestions of employees for the betterment of the working place.

Table 4.11 The impact of PMS on the decision making process

		Frequency	Percent	Valid Percent
Valid	agree	26	21.7	21.7
	disagree	28	23.3	23.3
	neutral	66	55.0	55.0
	Total	120	100.0	100.0

Source: Field data

According to the data above, 26 respondents about 21.7 percent agreed that PMS helps them feel part of the decision process. 28 respondents equal to 23.3 percent indicated that PMS doesn't help them feel part of the decision process for the institution, 55.0 percent were neutral.

4.4.5 Performance management systems on employee's rights

Question: PMS inspires you to exercise your rights in this institution. Your opinion?

This question was set to find out whether PMS motivates employees to exercise their rights while in the institution. Normally when employees are able to exercise their rights they can eventually become good performers.

Table 4.12 : Performance management systems on employee's rights

		Frequency	Percent	Valid Percent
Valid	agree	19	15.8	15.8
	disagree	90	75.0	75.0
	neutral	11	9.2	9.2
	Total	120	100.0	100.0

Source: Field data

From the statistical presentation above 19 respondents about 15.8 percent indicated that PMS inspire them to exercise their rights in the institution. 90 respondents about 75.0 percent were of the opinion that PMS doesn't inspire them to exercise their rights. Only 11 respondents equal to 9.2 percent knew nothing on whether PMS inspires them to exercise their rights.

4.4.6 Performance management systems on work performance

Question: To what extent do PMS enhance your work performance in this institution?

One of the major aims of PMS is to improve work performance. This question aimed at knowing if at all the practice of PMS has enhanced the work performance of employees in their institution.

Table 4.13 : Performance management system on work performance

		Frequency	Percent	Valid Percent
Valid	Highly	39	32.5	32.5
	normal	76	63.3	63.3
	not at all	5	4.2	4.2
	Total	120	100.0	100.0

Source: Field data

From the data above 39 respondents about 32.5 percent indicated that PMS can highly enhance their work performance in the institution, 76 respondents equal to 63.3 percent were of the opinion that PMS can enhance their work performance in a normal way. Lastly 5 respondents who are about 4.2 percent said PMS cannot enhance their work performance in the institution.

4.5 Top management and administrators views on PMS

4.5.1 The need of performance management systems in the institution

Question: Is there any need of having PMS in this institution?

This question was asked to top management and administrators for the purpose of knowing if they see any need of having PMS in their organization. This is because sometimes they may find it unnecessary having PMS in the place.

Table 4.14 : The need of performance management systems in the institution

		Frequency	Percent	Valid Percent
Valid	yes	12	80.0	80.0
	Don't know	3	20.0	20.0
	Total	15	100.0	100.0

Source: Field data

The above statistical information shows that, 12 respondents about 80.0 percent indicated that there is a need of having PMS in the institution, 3 respondents about 20.0 percent didn't know whether there is a need of having PMS in their institution or not.

4.5.2 The role performance management system has on leaders

Question : Does performance management systems helps leaders who tend to believe that “putting out fires “with employees for performing poor is the most important part of the job?

This question was asked to see how leaders perceive PMS and how it help them dealing with poor performing employees. Sometimes leaders do deal with poor performing employees in a wrong way by putting out fire onto them without considering other alternative of handling the situation.

Table 4.15 The role performance management system has on leaders

	Frequency	Percent	Valid Percent
Valid yes	8	53.3	53.3
don't know	7	46.7	46.7
Total	15	100.0	100.0

Source: Field data

From the statistics above, 8 respondents, who are about 53.3 percent, indicated that PMS help leaders who tend to put fire over poor performing employees, 7 respondents, about 46.7 percent didn't know whether PMS help leader in dealing with poor performing employees.

4.5.3 The role of performance management systems on good and poor performers

Question: Do performance management systems differentiate the good performers from the poor performers in this institution?

This question was set for the purpose of knowing if at all PMS differentiate good performers from poor performer in the institution. PMS also deals with training, mentoring and developing employees for the better success of the organization or institution, so it does not end up identifying poor and good performers but also developing employees to better work performance.

Table 4.16 : The role of PMS on good and poor performers

		Frequency	Percent	Valid Percent
Valid	yes	7	46.7	46.7
	no	6	40.0	40.0
	don't know	2	13.3	13.3
	Total	15	100.0	100.0

Source: Field data

From the above information, 7 respondents about 46.7 percent indicated that PMS differentiate poor from good performers in the institution, 6 respondents equal to 40.0 percent were of the opinion that PMS does not differentiate poor from good performers and 2 respondents who are 13.3 percent didn't know whether PMS differentiate poor from good performing employees.

4.5.4 One of the aspects of PMS

Question: One of the most important aspects of effective performance management systems is the interpretation of employee performance outcome. Do you agree?

The aim of this question was to find out if the aspects of PMS are well known. One of

the important aspect of PMS is to interpret employee's outcome, this is to allow employee be aware of what their employers are expecting from them and what they should attain at work.

Table 4.17 One of the aspects of PMS

	Frequency	Percent	Valid Percent
Valid yes	13	86.7	86.7
don't know	2	13.3	13.3
Total	15	100.0	100.0

Source: Field data

According to the above study, 13 respondents about 86.7 percent indicated that PMS do interpret the employee's performance outcome, 2 respondents about 13.3 percent didn't know if PMS interpret the employee's performance outcomes.

4.5.5 Perception upon the gap to be filled by PMS

Question 17: Do you think there is a gap to be filled upon PMS on employee performance?

This question was asked to see if employees have any suggestion towards the improvement of PMS. The question seeks to know whether employees sees any gap which needs to be filled so as to make PMS works well with them in the institution.

Table 4.18 : Perception upon the gap to be filled by PMS

	Frequency	Percent	Valid Percent
Valid yes	25	23.5	23.5
no	22	20.8	20.8
don't know	59	55.7	55.7
Total	106	100.0	100.0

Source: Field data

The findings above shows that 25 respondents, about 23.5 percent were of the opinion that there is a gap to be filled, 22 respondents about 20.8 percent indicated that there is no gap to be filled. Lastly, 59 respondents about 55.7 percent they didn't know if there is a gap to be filled by PMS on employee performance in the institution.

4.6 Interview response

4.6.1 Top management

A researcher goes further by asking top management “What is the main purpose of the PMS in the institution “and the response were as follows: *PMS helps the institution to translate and put into outline the strategies that are likely to be employed by the institution for the purpose of attaining the desirable goals. PMS create a performance oriented culture and motivate employees to work hard and become good performers.*

A researcher kept on asking top management “Do PMS have any impact in this institution” responses were as follows:

***Institutional development,** PMS directly relates to institutional development, since it is primarily focused on improving the performance of the institution and its people. PMS helps get clear the objectives view of the institution performance and decision making. .*

***Quality management,** PMS has shaped the management in this institution by ensuring that all the activities are done with respect to the system and its performance by designing, developing and implementing effective and efficient strategies.*

4.6.2 Administrators

A researcher also goes further by asking administrators "What is your own assessment of the effectiveness of the PMS in this institution" responses given were as follows: *PMS has maintained the achievement of institutional in short and long term goals in terms of receiving regular work status from the employee, employee awake over their duties and responsibilities, future planning and goal setting, and motivational to employees.* A researcher kept on asking administrators "How efficient is the process of performance management system in this institution "responses were as follows:

Producing hard workers, PMS has shaped employees to the point of becoming good and effective workers.

Achievement of short and long term goals of the institution, this is due to the fact that employees are being develop and trained for the purpose of getting the right personnel needed by the institution.

Payments and rewards, the transparency of PMS allows identification, recognition and appreciation of employee performance to facilitate the achievement of the institutional goals.

4.6.3 Teaching staffs/nonprofessional staffs

A researcher goes further by asking teaching and nonprofessional staffs "Do you see the benefits of having performance management system in this institution" responses were as follows:

Involvement: PMS has helped employees be part and parcel of institution as they are fully involved in suggestion and planning of important matters of the institution.

***Workshops and training,** Through PMS workshops and training have been conducted several times in the institution, and as results employees have been able to update their knowledge and skills and manage working even with new technology instead of being fired due to insufficient knowledge.*

***Recognition and rewards,** Employees have been recognized by getting certificate or appreciation. These have been the outcome of performance management systems in the institution.*

4.7 Discussion of the findings

From the summary of the findings of this study, there is a relationship between empirical literature review and the results as from the field. Armstrong (2000) contends that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. Trained employees are also more confident in their performance and decision-making skills. In addition, employees who receive regular training are more likely to accept change and come up with new ideas. From the findings, 65% were of the opinion that PMS helps them develop key competencies in their work and this is done through training and workshops as suggested in PMS. PMS helps in developing capabilities, skills and knowledge needed in work.

Another key important area is that of achievement of organization goals by setting goals and aims. Most of the respondents agreed PMS help them get work well done in the institution. This leads the directions which employees should follow in helping the organization in the attainment of short and long term goals. PMS has helped employees be part and parcel of institution as they are fully involved in suggestion

and planning of important matters of the institution. The research done by Fletcher (1996) was of the same view, he 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.

The findings also indicate that PMS also help the identification of good and poor performers. The identifying of good and poor performance gives chance of training and workshops to developing the major key competencies needed by the organization for its success. Because of the practical implications of training, it is important to have training that is effective. Studies have proven that more costly but effective training can save money that is wasted on cheap but inefficient training (Ginsberg, 1997).

From the findings, revealed that PMS helps leaders who tend to believe that "putting out fires" with employees for performing poor is the most important part of the job. It does so by helping them plan well, set achievable goals, monitoring and evaluation of the work done as they discover the strengths and weaknesses of it and gives appropriate solutions

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The researcher has analyzed that performance management system has an impact on employee performance. When employees perform well the achievement of intended objectives in the institution matures quickly. Performance management systems provide valuable information for corporate management; their purpose is to align performance of every employee with corporate strategy and objectives.

5.2 Summary of the major findings

5.2.1 The impact of performance management systems on changing the way employee work

From the findings 46.7% of the respondents were of the opinion that PMS has changed the way they work through training in terms of imparting knowledge to meet challenges which arise at work. This is an indicator that PMS has a role to play at work, 36.7% were of the opinion that PMS has not changed the way they work while 16.6% of the respondents didn't know whether PMS has impact on their work or not. This could be brought by lack of awareness, or how performance management process has been operated in the institution.

5.2.2 The impact performance management systems has on setting and achieving meaningful goals

From the findings, it was observed that PMS has helped employees to set and achieve meaningful goals, 64.2% of the respondents believed that PMS has helped them while 14.2% were of the opinion that it has not helped them, 21.6% didn't know if it has helped them or not.

5.2.3 Aim of performance management system

One of the aims of PMS is to make and help the organization achieve its goals by making the work well done .From the findings, it was observed that 57.5 % of the respondents agreed PMS help them get work well done in the institution. 17.5 % disagreed that PMS helps them get the work well done in the institution, while 25% didn't know whether PMS helps them get the work well done or not. PMS has components which facilitate the way of tackling issues in the work.

5.2.4 PMS on developing key competencies in the work

From the findings, 65% were of the opinion that PMS helps them develop key competencies in their work.PMS helps in developing capabilities, skills and knowledge needed in work. One of the key practices of PMS is to identify weak areas and try to suggest how to develop competencies that will enhance the work well done.

5.2.5 The role of performance management systems on good and poor performers

From the findings,53.3% were of the opinion that PMS differentiate poor from good performers in the institution. PMS deals with training, mentoring and developing employees for the better success of the organization or institution, so it does not end up identifying poor and good performers but also developing employees to better work performance.

5.2.6 Main purpose of the PMS in the institution

From the findings, the main purpose of the PMS in the institution is to help institution translate and put into outline the strategies that are likely to be employed by the institution for the purpose of attaining the desirable goals, also PMS helps to improve and articulate a shared understanding of institution objectives and priorities.

5.2.7 Compensation on employee performance

From the findings, the transparency of PMS allows identification, recognition and appreciation of employee performance to facilitate the achievement of the institutional goals. These have lead to the production of an employee who is committed and motivated to work.

5.2.8 Interpretation as one of the aspects of PMS.

From the findings, 86.7 % indicated that PMS do interpret the employee's performance outcome. One of the important aspect of PMS is to interpret employee's outcome, this is to allow employee be aware of what their employers are expecting from them and what they should attain at work.

5.3 Implications of the findings

The study has implication towards managers and supervisors that they must pay attention to barriers of performance that originate with employee. Also managers and supervisors need to be aware that the performance management system and employee interact to produce performance, because employees in the same job who are equally skilled may produce differently because the system variables affect each of them differently.

The study has implication to employers that when using performance management systems to determine promotions and whether an employee will be retained or let go, they should keep in mind that each employee's performance is influenced by his or her own skills and abilities but also strongly affected by performance management system.

The study has implication to employees that they should know performance is resulted unto total commitment and determination on their work enhanced by

performance management systems; therefore they have a role to play towards their performance.

5.4 Conclusion

The objectives of the study were met and the research questions were answered. From the study it was concluded that, there is a relationship between performance management system and employee performance. Performance management systems trigger the achievement of institution goals by influencing employee performance.

Performance management systems give directions on what to be done, the mode of doing it and give indicators for the outcomes. Performance management systems improve both quality and quantity of work done and bring all activities in line with institution or organization goals.

Performance management systems link the employee performance and success of the institution, as a result of developing employee' skills and competences. Developing, planning and managing, and reviewing employee performance has been most important aspects for PMS.

Performance management system is not a tool that is not well known by many employees in higher learning institutions. The most known type of evaluation which is much also practiced in many of the institutions is performance appraisal which is done annually.

Many of the reasons institution report disappointing results from their PMS can be attributed to either implementation or execution, resulting in line managers and employees not taking ownership of the process and treating the PMS as a compliance activity rather than an opportunity to improve performance. When these issues are

addressed, and the institution commits resources to the process, the institution can expect benefit.

Although from the observations, it has been revealed that PMS has a lot of benefit to employees and institution at large but it has not yet been utilized to maximum point of getting the benefit out of it.

Institutions implementing PMS must take a holistic approach remembering that PMS involves far more than performing an annual appraisal and expecting performance to improve as a result. As stated by Latham et al. (2005) and Ken Sheridan (2009, pers. comm. 19 September 2009), the cultural transformation to performance based can take years to achieve and requires the organizations to commit the necessary resources. A PMS can be a critical tool for the organization to achieve the transformation.

5.5 Recommendations

The institution must view PMS as holistically, encompassing all the elements such as institution culture. Without this capability or desire the PMS is likely to become a compliance activity rather than adding value to the organization and individual employees.

Sensitization to all employees must be taken into account to create awareness on the implications of performance management systems. PMS tool provides tangible benefits to the institutions, including ability to ensure development plans in line with “set objectives and ensure there is a direct correlation between the two thus providing employees with growth and opportunity within the institution.

Line managers should be trained properly to conduct the employee performance review as one of the elements of PMS. They also need to understand the importance of conducting employee performance review in long term perspective. They should be given motivation to carry out these human resource activities as well as make them aware about the consequences of not allowing the set guideline, which can be ensured by evaluating their performances on all managerial activities especially on human resource management.

There should be reasonable compensation for higher performers. PMS has a role to play in terms of rewarding higher performers but high performance should be proportional to its reward if we are to increase the morale of the employees.

There should be a clear methodology while conducting performance management systems to avoid misconception of it. Strategies should be clearly understood as well as expectation of the outcome.

5.6 Limitation of the study

Busy schedule: Finding employees of University of Arusha in order to interview them was difficult since most of the time they were working and immediately after work they were on their way home. However the researcher had to find time to interview the employees during their lunch breaks, the questionnaires were dropped by the researcher and collected the following day.

Confidentiality: The information that was given regarded as confidential, however the respondents were assured that their privacy was protected.

Time: Limited time for research to beat deadlines, however total commitments of the researcher enabled her to create ample time for the research.

5.7 Suggestions for further studies

There is still room for further research and it is advisable that the research be undertaken in the area of strategic management based on compensation.

Another study should be carried out to analyze the impact of motivation on employee productivity.

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5. How long have you been working in this institution?

Less than five years Five years Above five years

SECTION 2

Performance Management Systems and Employee performance.

1. Does Performance Management Systems exists in your institution?

Yes No Don't know

If Yes, how often is it used to fulfill your inquiry?

.....
.....

Are you satisfied with the existing of performance management systems?

Yes No Don't know

2. From your own work experience in this institution, how has performance management systems influenced how you work?

.....
.....

3. Has performance management systems changed the way you work?

Yes No Don't know

If Yes, what has changed?

.....
.....

If No,

explain.....

4. Do you think performance management systems helps you set and achieve meaningful goals ? Yes No Don't know

If Yes, how does it help you?,

.....

.....

If No, please

explain.....

.....

5. How do you perceive the process of performance management in this institution?

Positive Negative Neutral

6. Do you think performance management systems works well with you?

Yes No

Please explain your answer

.....

Impact of performance management systems on employee performance.

1. Performance management systems enhance your work life in this institution. Your opinion? Agree Disagree Neutral

2. Performance management systems help you get the job done right in this institution. Opinion?

Agree Disagree Neutral

3. Performance management systems helps you develop key competencies in your work. Opinion?

Agree Disagree Neutral

Please

explain.....

.....

4. Performance management systems help you feel part of the decision making process in this institution. Opinion? Agree Disagree Neutral

If Agree, how does it help you?.....

.....

.....

5. Performance management systems inspires you to exercise your rights in this institution. Opinion? Agree Disagree Neutral

Please explain your answer

.....

.....

6. To what extent does a performance management system enhance your work performance in this institution? Highly Normal Not at all

SECTION 3

A) This part has to be filled by management and administrators

1. Is there any need of having performance management systems in this institution?

Yes Don,t know

If Yes, how does it help your work performance?

.....

2. What are the difficulties of implementing performance management systems in this institution?.....

.....

3.What are the factors seem to be among the key problems to effectively implement performance management systems in this institution ?

.....

.....

4. Does performance management systems helps leaders who tend to believe that “putting out fires “with employees for performing poor is the most important part of the job

Yes

No

Don,t know

5.Do performance management systems differentiate the good performers from the poor performers in this institution? Yes No Don,t know

Please

explain.....

6. One of the most important aspects of effective performance management systems is the interpretation of employee performance outcome. Do you agree?

Yes

Don,t know

Please

explain.....

.....

B) This part has to be filled by teaching staff and non-professional staffs.

1. Do you think there is a gap to be filled upon performance management systems on employee performance in this institution? Yes No Don,t know

If Yes, identify the gap

.....

2. Do you think you can perform better in the absence of performance management systems in this institution? Yes No

If Yes, how can you perform?

.....

If No, please explain

.....

.....

3.Are you satisfied with the existing performance management systems in this institution? Yes No Don,t know

Please explain how

.....

C) This part has to be filled by both respondents.

1. Is there any sign of ignoring performance management systems on employee's performance in this institution?

Yes No

Please explain your answer

.....

4. Please give ideas as to how the implementation of the performance management systems could be improved.

i).....
.....

ii).....
.....

5. Please tell us, what are the advantages of having performance management systems in this institution?

.....
.....
.....

Thank you for taking part in this research.

INTERVIEW GUIDE

ALL RESPONDENTS

1. Do you have a process of Performance Management System in your institution?
2. Briefly describe how it works in your institution.
3. How do PMS contribute to the employee performance in this institution?

TOP MANAGEMENT

5. What is the main purpose of the system of performance management in this institution?
6. Does performance management systems have any impact in this institution?

ADMINISTRATORS

7. What is your own assessment of the effectiveness of the PMS in this institution?
8. How efficient is the process of performance management system in this institution?
9. Can it be made more efficient?

TEACHING STAFFS /NON PROFESSIONAL STAFFS

10. Are you engaged in any improvement strategies of performance management system at the moment? What are they?
11. Do you see the benefits of having performance management system in this institution?