ASSESSING THE RELATIONSHIP BETWEEN PERFORMANCE ASSESSMENT PROCESS, FEEDBACK AND MOTIVATION OF EMPLOYEES: A CASE OF NATIONAL BANK OF COMMERCE TANZANIA (LTD)
ASSESSING THE RELATIONSHIP BETWEEN PERFORMANCE ASSESSMENT PROCESS, FEEDBACK AND MOTIVATION OF EMPLOYEES: A CASE OF NATIONAL BANK OF COMMERCE TANZANIA (LTD)

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A Dissertation Submitted to Mzumbe University Dar es Salaam Campus College in Partial Fulfillment for the Award of Masters Degree in Public Administration of Mzumbe University

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CERTIFICATION

We the undersigned certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: “Assessing the Relationship between Performance Assessment Process, Feedback and Motivation of Employees: A Case of National Bank of Commerce Tanzania (LTD)” in partial fulfillment of the requirements for the degree of Master of Public Administration.

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Major Supervisor

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Internal Examiner

Accepted for the Board of…………………………..
DECLARATION

I declare that this dissertation entitled “Assessing the Relationship between Performance Assessment Process, Feedback and Motivation of Employees: A Case of National Bank of Commerce Tanzania (LTD)” has been written by me in the Department of Administrative Studies under the supervision of Dr. Flora Kessy. The information derived from the literature has been duly acknowledged in the text and a list of references has been provided. No part of this dissertation has been previously presented for another degree at any university.

Adelina Justine Kussaga
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I am thankful to my classmates and in a special way to my husband and family (mother, father and my brother) for their undying support during my study time.

May God bless you all!
DEDICATION

This research work is dedicated to my beloved family.
LIST OF ABBREVIATIONS

HR  Human Resource
HRM Human Resource Management
NBC National Bank of Commerce
NGO Non-governmental Organization
SPSS Statistical Package for Social Sciences
UK United Kingdom
USD United States Dollar
This study is concerned with the link between performance assessment, feedback and motivation of employees. A study was done at NBC Tanzania (LTD) and 70 respondents participated. The study used both qualitative and quantitative research techniques. The data collection methods used were observation, interview schedule, questionnaire and documentary review.

It was revealed that in performance management process setting mission and objectives in planning performance stage could impact positively on employee performance and increasing intrinsic and extrinsic motivation. For the case of if performance feedback has a direct impact on motivation, creativity and innovation of both employees and the organization performance, results indicated that the performance feedback improves customer satisfaction at large. Performance feedback has a direct impact on the competency and growth of both the organization and employees. This is a call to the NBC management to continue communicating effectively and be open to all employees towards the all process of employee feedback and motivation process.

Furthermore, the study recommended for the performance to be measured in terms of processes and outcomes. When measuring performance in terms of processes there should be a role expectations presented in terms of procedures to be followed, methods to be used, and plans of how to get work done Performance assessment process performs major functions as part of the organizational overall human resource strategy. Therefore, it should be integrated into the compensation, selection, training, and development strategies of the organization.
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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Informal system of performance appraisal has been around since people have worked together but formal performance appraisals have a shorter history (Redman, 2001). This has been reported by different scholars for example Grint (1993) reported on Chinese practice by tracing it back to a third century. Also Randell (1989) singled out the informal performance appraisal through silent monitor in Robert Owen’s textile mills in United Kingdom. Silent monitor was conducted through multi-colored blocks of wood that were hung over the employees workspace ranging from color for foreman’s assessment of the previous days conduct, white for good to black for bad.

The effort to improve companies/organizations performance placed significant emphasis on performance measurement. Also performance measurement is considered as means of increasing accountability and improve decision making (Cavalluzzo and Ittner, 2004). Reflecting back to 1970s, performance appraisal appeared more widespread in Western countries. During this period, surveys report shows that performance appraisal in USA recorded to be 89 percent, meanwhile up to 1980s performance appraisal increased to 94 percent (Locher and Teel, 1988). In UK, performance appraisal as was reported by the Institute of Personnel and Development report showed an increasing coverage of formal appraisal (Armstrong and Baron, 1998). During 1990s different studies reported performance appraisal not increasing only in western countries but also more common in non-western countries for example in China (Chow, 1994), Hong Kong (Snape et al., 1998), Japan in the form of Satei (Endo, 1994), India (Lawler et al., 1995) and Africa (Arthur et al., 1995).

Given the historical background of the performance appraisal, a variety of performance measurements have been introduced and initiatives are in place. These
include but not limited to comprehensive performance assessments and best value (Hodgson et al., 2007). Developing a performance assessment culture is considered critical to successfully achieving organizational goals and objectives. Thus given this fact, Human Resource Managers use performance appraisal programs in ensuring accountability for achievement of goals, assessing performance, identifying developmental needs, and improving individual and organizational performance (LGMB, 1994).

In order to ensure accountability for organization goals, employees performance plans should be aligned with organizational goals and targets. Alignments should be transparent so that employees can see how their performance assessments support achievement of organizational goals. Also based on assessing performance using appropriate measures, a standard performance assessment process should take into account credible measures of performance. General measures of performance include; quantitative, timeliness, quality and cost effectiveness and these measures require supervisor and employees to identify which measures are appropriate (Bevan and Thompson, 1991).

Reflected background on performance appraisal raised a lot of questions on performance appraisal. These are not limited from the following questions; managers, giving your employees feedback is perhaps the most important task, but are employees happy about the way feedback is given to them? Does feedback motivate employees to give their best or does it make them resentful? Does it boost employees’ morale? Does it keep them on-track regarding team’s objectives or do they continue being distracted? Are the assessment findings used to influence decisions on motivation? Is proper feedback stimulate intrinsic motivation? Therefore these are some of the questions that help in assessing the effectiveness of feedback. In an ideal corporate setting, feedback is supposed to help employees realize the reasons for inconsistencies in their performance and suggest a corrective course of action. Thus, it should facilitate employees’ career growth. However, in most situations, the opposite happens. Why? There are varied reasons. Most of the time, knowingly or unknowingly, managers make certain mistakes while passing on
feedback to their employees. These mistakes negate the very purpose of giving feedback and jeopardize the relationship between managers and their subordinates.

1.2 Statement of the Problem

Performance appraisals appear as one human activity that everyone loves to hate. Schneir et al. (1982) rank performance assessment as the most disliked managerial activity. Also historically performance appraisal has recorded to promise so much and deliver so little (Grint, 1993). According to different writers but not limited to Fletter (1993) and Roth and Ferguson (1994), despite of widely held view on performance appraisal, it does not work because most of managers are not naturally good at conducting performance appraisals and providing feedback. Furthermore performance appraisal is subject to political manipulation (Tziner, 1999).

Cole (2002) explained that there has been a wide problem of not giving feedback to the employees on a consistence basis. This has been one of the major factors that lead to a lot of employee resignations, and poor motivation to the employees. If proper feedback is given, for example each end of the month, the employees would get time and chance to develop and perform well where there were mistakes, compared to waiting until end of the year or quarter of the year thus ending up with a lot of disappointed employees. This study aims to examine the case at National Bank of Commerce (NBC) LTD as one of the financial institution that is faced with lack of giving consistence feedback on the personal development of their employees and low use of appraisal results to effect change. This has been causing a lot of complaints from employees, resignation and low motivation.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to examine how performance assessment process is linked with feedback and motivation of employees in NBC LTD.
1.3.2 Specific Objectives
Specifically the study intended:

i. To examine employees knowledge on performance assessment process and feedback.

ii. To identify ways in which performance assessment process and feedback is conducted at the organization.

iii. To explore the impact of performance feedback to employees and organization.

1.4 Research Questions

1.4.1 General Question

How is performance assessment process linked with feedback and motivation of employees in the Organization?

1.4.2 Specific Questions

i. What are the ways used in performance assessment process and feedback in the organization?

ii. What is the impact of performance feedback to employees and the organization as a whole?

1.5 Scope and Significant of the study

In scaling the study to a correct extent, this study was only done at NBC at corporate branch/head-quarters and not to all financial institutions.

This study analysed the relationship between performance assessment process, feedback and motivation. Exploring this relationship add knowledge to organizations on how to conduct consistency performance assessment process, giving feedback and motivation of employees in order to improve organization performance and reduce the on-going employee’s turnover challenge.

Recruitment is an expensive process. This expense stems from placing advertisements for positions, hiring recruitment consultants, interviewing and then
the risk of employing the "right" applicant. This study help managers, especially those responsible for the Human Resource (HR), to value the importance of having clear promotion procedures in their organizations and hence reduce employee’s turnover and also giving feedback on regular basis to allow employees to know themselves better and change for better performance if needed to do so.

1.6 Organization of the Dissertation

This dissertation comprised of five chapters: chapter one is an introduction whereby it has been split into background to the study of which a researcher has explained why the study of the relationship between performance assessment process, feedback and motivation of employees is of great importance to the organization performance. On the statement of the problem, a researcher has shown a gap to most of Tanzanian organizations not giving feedback to the employees on a consistence basis. This has been one of the major factors that lead to a lot of employee resignations, and poor motivation to the employees. In research objectives, a researcher has listed some specific objectives showing what kind of knowledge the research will generate and significance of the study to policy makers, frontier of knowledge to the researcher.

Chapter two is the Literature review where a researcher has reviewed what is already known theoretically and empirically and hence identify a gap to be filled.

Chapter three is the research methodology where a researcher has explained various techniques that has been employed to generate knowledge as depicted in chapter one at specific objectives.

Chapter four the presentation of the findings of the study and discussions. The findings were analysed to show if they collates with literature review and answering the research questions.

Chapter five is the conclusion, and recommendations of the study vis-as-viz filling the gap identified
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides literature on the relationship between performance assessment process, feedback and motivation of employees based on researchers previously done on the subject matter. The aim is to identify the gap to be filled by this study. Furthermore, the chapter presents theoretical framework that builds the conceptual foundation for the study and guide the research design and methodology. Theoretically, there are many scholars who have developed various theories pertaining the concept of employee performance assessment. Some of the theories are depicted here below.

2.2 Performance Management

The study of performance management has been popular within Human Resource Management (HRM) 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 we assume 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). The AMO-model (Appelbaum et al., 2003) claims performance which is a function of employees’ Ability, Motivation and Opportunity to participate. This means that an organization will benefit most if it organizes the work process in such a way that non-managerial employees have the opportunity (O) to contribute discretionary effort and it could be achieved by giving them autonomy in decision making, by providing in good communication and by employee membership in self-directed and/or off-line teams. For their effort to be effective, employees need to have the appropriate skills and knowledge (A). Hence, organizations can achieve this by attracting employees
who already poses this knowledge, or by providing employees with formal and/or informal training. Finally, the organization needs to motivate these employees to put their abilities into the best effort for the organization (M).

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 success fully 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 employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience?”(Otley, 1999:365,366)

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 a management process for ensuring employees is focusing on their work efforts in ways that contribute to achieving the organization's mission. It consists of three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c) measuring actual performance relative to performance expectations. Armstrong (2004) 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
Performance management is a process of designing and executing motivational strategies, interventions and drivers with an 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 suboptimal 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, 2006:5). Comprehensively, Bacal (1999) defines performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job functions of employee are expected to do; how the employee's job contributes to the goals of the organization; what doing the work well means in concrete terms; how employee and supervisor will work together to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them.

The similarities of general performance management and HR related performance management are the goal setting, planning, evaluation, feedback and rewarding activities. However, the HR related performance management focus on the management of employee or managers, then motivating employees and managers. Moreover, general performance management was defined more widely than HR related performance management. It considers the definition of goals and the measurement of goal attainment) not just financially but also in terms of meeting all stakeholder aspirations.

HR-performance management aims at developing potential capabilities of human resource. The performance management must be in line with the company's long-term policies (Kandula, 2006). 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 increases when there is ongoing feedback, behavior-based measures are used and preset goals and trained raters are employed (Lawler, 2003).

2.3 Performance Management System

2.3.1 Overview

In various 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 multiple levels of analysis, and is clearly linked to the topics studied in strategic HRM as well as performance appraisal. Different terms refer to performance management initiatives in organizations, for example, performance-based budgeting, pay-for-performance, planning, programming and budgeting, and management by objectives (Heinrich, 2002). A performance management system, according to Rudman (2003), 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 behavior to support the organization's strategy. Besides, he also stressed that the performance management system must fit with the organization's culture. 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). Similarly from the suggestion of Lawler (2003), the objectives often include motivating performance, helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies. The main purpose of the performance management system is to ensure that:

i. The work performed by employees accomplishes the work of the company;

ii. Employees have a clear understanding of the quality and quantity of work expected from them;
iii. Employees receive ongoing information about how effectively they are performing relative to expectations;
iv. Awards and salary increases based on employee performance are distributed accordingly;
v. Opportunities for employee development are identified; and
vi. Employee performance that does not meet expectations is addressed

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.

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.
2.3.2 The stages of Performance Management System

According to Schneier et al. (1987), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase (Figure 2.1).

Figure 2.1: Performance Management System

Source: Adapter from Schneier et al.(1987:98)

From above figure and according to Schneier, Beatty and Baird (1987), the performance management system consists of three phases: developing and planning performance is the Phase 1 which includes outlining development plans, setting objectives and getting commitment activities; managing and reviewing performance is the Phase 2 which includes assessing against objectives, seeking feedback, coaching and document reviews activities; rewarding performance is the last phase which has personal development, results of performance and link to pay activities. In the last chapter, the performance management system definition from Fletcher has been introduced. He mentioned that a performance management system approach should include developing organization’s mission and objectives, enhancing communication within organization, clarifying individual responsibilities and accountabilities, then defining and measuring individual performance and rewarding
performance, and finally improving staff performance and developing career progression in the future. There is an apparent difference of definition between Schineier and Fletcher, it is the communication. Fletcher pointed that enhancing communication within the organization so that employees are aware of the objectives and the business plan, and employees can continue communication in the production process for exchanging information, discussing problems and seeking feedbacks. Thus, in this study the definition of performance management system was combined with that of Macky, Johnson, Fletcher and Schneier.

Clear and detailed employee performance objectives play a crucial role in helping companies to perform in accordance with their business plan and achieve their strategic goals. Then, the managing performance activities like seeking feedback and coaching, also evaluation and rewarding are included in the theories of both authors. In addition to this, according to Fletcher (1996), I would analysis the continuous communication activity in the managing performance phase as well. The reason why communication activity in the performance system was concluded is that communication between managers and employees and communication within employees could make employees understand the objectives and make managers supervise the progress of daily work. Next, the details and contents in each phase would be introduced and discussed adequately.

**Phase1: Developing and Planning Performance**

Planning is the first stage in the performance management system process cycle and offers the foundation for an effective process. Planning is a continuous process in performance management and should be executed with great care (Schneier et al., 1987). Planning helps to encourage commitment and understanding by linking the employees' work with the organization's goals and objectives (Schneier et al., 1987). It usually includes identifying key value drivers of stakeholders, for example, shareholders, customers and employees of the organization. Similarly, according to Armstrong and Baron (2004), objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time.
They can be expressed as targets to be met, for instance, sales, and tasks to be completed before the deadline.

Armstrong and Baron (2004) further state that objectives need to be defined and agreed on. The objectives relate to the overall purpose of the job and define performance areas—all the aspects of the job that contribute to achieving its overall purpose. Targets then are set for each performance area. Rogers and Hunter (1991) stated that goal setting is the fundamental aspect for an organization. They further indicated that productivity gains will correlate with the extent of top management support for and employees' participation in the process of setting objectives. It is a motivational process which also gives the individual the feeling of being involved and creates a sense of ownership for employees. At the same time, part of the planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviors and knowledge and key competencies that will be required to achieve the objectives and targets set. The development plan can also include long-term development initiatives which are usually based on potential and good performance (Nyembezi, 2009).

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

**Phase 2: Managing and Reviewing Performance**

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

Amrstrong and Baron (2004) pointed that at its best, performance management is a tool to ensure that managers manage effectively. Therefore, performance management system should ensure the manager of employees or teams know and understand what is expected of them, and have the skills and ability to deliver on these expectations and be supported by the organization to develop the capacity to meet these expectation are given feedback on their performance; and have the opportunity to discuss and contribute to individual and team aims and objectives. Moreover, according to Armstrong and Baron (2004), performance management system is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage, and are encouraged to identify and exhibit positive behaviors. The actual performance is compared to the desired performance, so the outcome is evaluated and a development plan is set according to the weakness with reference the strategy. This outcome also provides a feedback mechanism to employees. In order to improve the feedback and update and discuss initial objectives, the organization should also focus on communication within employees and between employees and managers. It is important for managers to develop a fully integrated strategy which enables the different forms of communication to contribute to the success of the firm’s mission or common goal (Marion, 1998). Moreover, continuous communication or exchanging information between an organization’s strategic managers and its internal stakeholders should be designed to promote commitment to the organization and aware of its changing environment and understanding of its evolving aims (Welch & Jackson, 2007).

In the second phase, it includes the performance reviews which can be regarded as learning events. Individuals could be encouraged to think about how and in which ways they want to develop. Research by Ashford and Cummings (1983)
demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). Similarly, according to Armstrong and Baron (2004), the actual performance could also be compared to the desired performance, therefore the outcome is evaluated and a development plan is set based on the weakness. This comparative approach also provides a feedback mechanism to employees. Figure 2.2 shows the structure of performance comparing according to the view of Ashford and Cummings (1983).

**Figure 2.2: Performance Comparing**

![Figure 2.2: Performance Comparing](source)

**Source: Ashford and Cummings (1983)**

Additionally, in this phase, coaching and training is an important tool in learning and development. Coaching is developing a person's skills and knowledge so that employees' job performance improves, and helps them to achieve of organizational objectives. Managers should identify and implement training and other actions necessary to improve individual performance (Bevan and Thompson, 1991). According to Armstrong (2004), performance management is a strategic and integrated approach to delivering sustained success to organizations by improving
the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Similarly, Black & Lynch (1996) suggest that the training courses that are offered by organizations must be designed through considering the present and future needs of the employees and facilitate the learning of these skills. A good training or coaching course should improve the quantity and quality of organizations output; increase the chance of organizational success; decrease the organizational costs and expenses. Moreover, coaching is increasingly being recognized as a significant responsibility of managers, and can play an important role in an employee's working life. In 2006, Cunneen stressed that coaching comes naturally, and could take place during the review meetings or should be carried out throughout the year. Also, in this phase, training may be needed to improve their skills.

**Phase 3: Rewarding Performance**

According to Schneier et al. (1987), the rewarding performance phase includes three activities: personnel development, linking to pay and identifying the results or performance. In Rahdert's (1960) view, the function of personnel development is that the growth of people can be accelerated over and above that which would take place naturally and normally, and then maximum the employees' contribution to personal and group goals. Personnel development has some development principles.

First one is personal involvement. All personnel development is basically self-development. Opportunity for development is valuable only if the individual capitalizes on it himself. In fact, the organization can and should offer encouragement and help, but development activities seem to be successful only to the degree that individuals become personally involved in them. Second one mutual objective. The premise of any development activity in organization, there should be a clear understanding and acceptance of mutual objectives by both the individual and organization. If the objectives are understood and accepted, the efforts expended will be far more likely to succeed. The company should offer universal opportunity to every employee instead of single out a few of its people and make opportunities
available only to them. In fact, it is difficult to make long-term predictions concerning the ambition, drive, and growth potential of individuals.

The forth principle is individual planning. Development is individual and should be tailored to fit the individual and the situation; attempts to squeeze everyone into the same model may even prove a waste of effort. Moreover, development should be designed to improve performance on the current job firstly, and then prepare the employee for promotion. Employees who get promoted are those who are currently doing outstanding work and thus have been able to demonstrate their capacity to assume greater responsibilities.

Next principle is continuity. If a man who abandoned his efforts to keep updating skills or information, he will become antiquated. Especially for nowadays, the new knowledge and skills are constantly being introduced. Rahdert (1960) also points out that the benefit of personnel development. For employees, if the individual skills or knowledge increase, he may create more value and as a result he may receive a sense of satisfaction in the achievement of personal goals and attainment of professional recognition. On the other hand, for organization, personnel development is able to achieve competitive advantages because of a better qualified and a more highly motivated team, and is able to utilize advanced technology because of the effectively trained employees.

Furthermore, training activities should ideally be based on performance gaps that are identified during the performance review phase (Teke, 2002). By linking training to identified performance gaps, training will be focused, specific and relevant. Teke (2002) also points out that relevant training and development interventions and regular performance feedback are important factors in skills retention. Therefore, the training, development strategy and the performance management system process should be aligned tightly with the overall retention strategy of the organization. Development programmes are reflecting the needs of succession plans and seeking to foster leadership skills. In addition, there is a growing interest in pay-for-performance plans focused on small groups or teams. Small group pay plans provide monetary rewards based on the measured performance of the group or team.
Evaluation and checking feedback are both important activities in this period. In most organizations, they will not have only one corporate scorecard for the company as a whole, but will also have separate scorecards for each division/employee that feeds into the overall scorecard (Huang & Hu, 2007). See Figure 2.3, the first process is translating the vision which helps managers build a consensus around the organization’s vision and strategy. For employee to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success.

From financial perspective, organization should form some kind of profit measure for organization and employee performance. Financial performance measures might include shareholder value such as economic value added, profitability and growth such as sales volume growth and cost reduction, and liquidity and solvency such as inventory turnover and ratio of debt to assets. Then, organizations and employees also need to fulfill customers' commands and needs.

The customer perspective measures include client satisfaction, client profitability or time, price and quality (Kaplan & Norton, 1996). The measures needed in the internal business processes perspective can be summarized in the company's value chain. For instance, the organization could create new products and services to penetrate new markets and customer segments, also to achieve operational excellence through improving internal process and asset utilization (Kaplan & Norton, 2000). The last perspective is learning and growth, managers will define the employee capabilities and skills, technology, and corporate climate needed to support a strategy. According to Kaplan and Norton (1996), organization should pay attention to assess the effectiveness of their research and development process. Then, employee retention, workforce productivity, the number of suggestions made by employees and the number of suggestions implemented could be treated as the performance measures.
In this phase, pay-for-performance could be used together as a tool to assess the performance. Moreover, in the organization, employees are most likely to perceive that pay differences are made fairly when they are provided with information regarding the appraisal process and employees are allowed to discuss the appraisal results.

According to the view of Locke (2004), the pay-for-performance principle involves providing monetary rewards through carefully designed compensation system that base pay on measured performance within the control participants.

According to Delery and Doty (1996:802), employee performance appraisal is defined as 'the process of identifying, evaluating and developing the work performance of the employee in the organization, so that organizational goals and objectives are effectively achieved while, at the same time, benefiting employees in terms of recognition, receiving feedback, and offering career guidance'. Appraisals

can be based on results or behavior. Behavior-based appraisals focus on the behaviors of individuals necessary to perform the job effectively, whereas results-oriented appraisals focus merely on the consequences of those behaviors (Delery & Doty, 1996). Therefore, procedural justice concerns are central to ensuring that employees perceive the process of performance appraisals, and the linkage of appraisal to pay, to be fair (Greenberg, 1996). In most situations, properly designed pay-for-performance systems will lead to better performance results. Pay-for-performance systems make major contributions to performance through two main mechanisms. First, they positively influence the motivation to perform. Second, they impact the attraction and retention patterns of organizations, thereby affecting the ability of individuals available to perform. Pay-for-performance systems can deliver monetary rewards at the individual, small group, and/or divisional or organizational level. All of this impact of different levels can positively impact performance.

2.4. Measuring Employees 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; Pfeffer, 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 employees could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness (Güngör, 2011). Macky and Johnson pointed that improved individual employee performance could improve organizational performance as well.

From Deadrick and Gardner's (1997) points, employee performance could be defined as the record of outcomes achieved, for each job function, during a specified period of time. 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 over time.

On the other hand, Darden and Babin (1994) said employee's performance is a rating system used in many corporations to decide the abilities and output of an employee. Good employee performance has been linked with increased consumer perception of service quality, while poor employee performance has been linked with increased customer complaints and brand switching. To conclude, employee performance could be simply understood as the related activities expected of a worker and how well those activities were executed. Then, many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help employees identify suggested areas for improvement.

The concepts of performance are 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). Moreover, the axiom, 'If you can't measure it, you can't manage it,' underpins the rationale for organization having a completed and comprehensive performance measurement system such as the Balanced Scorecard or total quality performance management. This approach connects measures throughout an organization to translate high level objectives into lower level activities. Then, measures are imposed on individual employees to monitor their performance of these activities (Platts & Sobotka, 2010).

Performance criteria need to be unambiguous, clearly explained, relevant to the work tasks undertaken by employees and achievable. The criteria should not include factors beyond the control of the individual employee. Supervisors also need to be trained to provide regular, meaningful and constructive feedback. Employees should also be provided with appropriate training and development opportunities to overcome weaknesses in performance identified through the appraisal process. The assessment of individual employee performance also needs to focus on evaluating
employee behavior and work performance and not the personality of the employee (O’Donnell & O’Brien, 1999).

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 structures that allow employees to improve how their jobs are performed. Also, he used labor turnover, productivity as employee performance measurement when he test the influence of HRM practices on employee performance. Labor turnover is the rate at which an employer gains and losses employees.

Arnold and Feldman (1982) concluded that perceptions of job security, the presence of a union, compensation level, job satisfaction, organizational tenure, demographic variables such as age, gender, education, and number of dependents, organizational commitment, whether a job meets an individual’s expectations, and the expressed intention to search for another job were all predictive of employee’s leaving, and Sheridan (1992) also concluded that perceptions of organizational culture influenced turnover. Job dissatisfaction could cause employees to leave once they have reached decisions on the desirability of movement and the perceived ease of movement (March and Simon, 1958).

Prior to leaving the organization, individuals experiencing job dissatisfaction explore job alternatives and evaluate these in terms of their expected utility (Mobley, 1977). The traditional approach therefore views voluntary separation as a consequence of low job satisfaction combined with alternative labor market opportunities that are subjectively perceived as having higher utility and relative ease of movement to alternative employment (Price, 1977). In order to avoid job dissatisfaction, employees need adequate remuneration, job security and comfortable working conditions (Jonathan, 2004).
In Bhatti (2007) and Qureshi’s (2007) perspectives, productivity is a performance measure encompassing both efficiency and effectiveness. Labor productivity 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 the growth rate of the number of hours worked in the economy (Gust & 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. Moreover, labor productivity also could be impact by continuing information technology innovations which has the potential of changing the competitive game for many organizations (Mukhopadhyay et al., 1994).

If employee output is produced by two factors, labor and capital, then the growth of labor productivity depends upon the rate of ‘capital deepening’ and the growth of ‘multifactor productivity’ (Gust & Marquez, 2004). Capital deepening refers to a rise in the ratio of capital to labor, that is, an increase in the amount of capital which includes machines, structures, and infrastructure.

For a given level of technology, capital deepening raises workers’ ability to produce more output with the same level of effort. Increases in multifactor productivity may reflect advances in technology, but they may also reflect any other developments that result in greater efficiency, such as reorganization of tasks in a firm or improvements in distribution channels used to deliver goods and services.

2.5. The Relationship between Performance Management System and Employee Performance

2.5.1 Developing and Planning Mission and Individual Objectives
The first stage of performance management system is developing and planning. In this stage, business needs to set up mission and objectives, and then clarify the individual responsibility and duty. A mission is an organization's character, identity,
and reason for existence. It can be divided into four inter-relating parts: purpose, strategy, behavior standards and values. Purpose addresses why an organization is in being; strategy considers the nature of the business; behavior standards are the norms and rules of 'the way we do things around here'; values are the beliefs and moral principles that lie behind the behavior standards, beliefs that have normally been formulated within the organization by a founding dynasty or a dominant management team (Campbell and Yeung, 1991).

In order to maximize performance, organizations focus on the efforts of the organization on explicit, challenging and realistic aims and objectives. A clear mission answer the question: what business should the company be in, and it should be the guide line for employees and managers behavior and performance. Campbell and Yeung (1991a) refer to as creating a sense of mission—that is, employee's personal commitment to the organization's mission. There are two simple views on the purpose of the mission statement: one is that it is primarily for external public relations and the other is that it is to motivate staff within the company (Klemm, Sanderson & Luffman, 1991).

A simple explanation of motivation is the capability to change behavior. Motivation is also a drive that holds one to act because human behavior is directed toward some goal. Grant (2008) established a study where motivation enforced the employee outcomes such as persistence, productivity and performance.

Besides, motivated employees are found to be more self-driven and more autonomy-oriented than those who are less motivated (e.g. Ryan and Deci, 2000; Thomas, 2002, as cited in Grant, 2008), which suggests that they will take more responsibility when offered developmental opportunities. On the other hand, motivated employees are also more engaged and involved with their jobs (e.g. Guay et al., 2000; Vansteenkiste et al., 2007); they may be more involved in the work of their colleagues, when compared with employees with low motivation.
The organization still sets individual performance management targets which related both to operating-unit and wider organizational objectives (Bevan and Thompson, 1991). According to Costello (1994), performance management supports a company's or organization's overall business goals by linking the work of each individual employee or manager to the overall mission of the work unit.

Individual targets or responsibilities could be the mechanism to enable the performance of individuals within the organization to be aligned with the mission statement and the way of adjusting performance requirements to meet new challenges which may arise.

In the first stage, the most important thing of developing and planning performance is setting mission and objectives. Mission and objectives could motivate employees to act by the directions; therefore, motivated employees are more engaged and involved with their jobs. Moreover, motivated employees are found to be more self-driven and more autonomy-oriented.

2.5.2 Managing and Reviewing Performance

In this second stage, there are lots of activities that include observing and document efforts and accomplishments; provide feedback, coach and counsel employee regarding performance. In this stage, 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.

Besides, employee communication could be discussed in the narrowly defined context of mediated communication, for instance, the impact of internal news letters or specialized internal communication tactics.

However, Cameron and McCollum (1993) found that employees tended to prefer direct interpersonal communication to mediated communication when they need more information on ongoing issues of their corporations. According to Robertson (2005), an effective communication climate is based on such topics: job, personal,
operational and strategic issue. Moreover, Hargie & Tourish (2009) concluded top six topics were cited for 'information needed'—how problems that I report in my job are dealt with; how my job contributes to the organization; how decisions that affect my job are reached; things that go wrong in my organization; staff development opportunities, my performance in my job.

According to Ainspan and Dell (2000), favorable employee communication has been shown to increase job satisfaction and employee performance and finally result in organizational success (Baskin, Aronoff, & Lattimore, 1996).

On the other way, providing the quantitative and qualitative standards for judging individual and organizational performance are important elements in managing performance. As a result, individual employees would be aware of the standards which will encourage them and be the main objectives of them. Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop (Teke, 2002).

Performance feedback has significant potential to benefit employees in terms of individual and team performance. Taylor, Fisher and Ilgen (1984) suggest that feedback is essential for organizational effectiveness and that a lack of feedback can lead to anxiety, inaccurate self-evaluations, and a diversion of effort toward feedback gathering activities. Moreover, effective performance feedback has the potential to enhance employee engagement, motivation, and job satisfaction (Aguinis, Gottfredson, Joo, 2011).

Performance feedback is a critical component of all performance management systems. It can be defined as information about an employee's past behaviors with respect to established standards of employee behaviors and results. Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source.
The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction (Aguinis, 2009). Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance (Islam & Rasad, 2006). On the other hand, it is necessary to analyze and understand the feedback which is always ignored its complexities.

Feedback may improve performance under some conditions. However, in other conditions, feedback may not impact performance or even prove detrimental to performance (Kluger & DeNisi, 1996; Locke & Latham, 1990). According to this perspective, it further indicates that a number of factors, including characteristics of the feedback source and message, and timing issues such as the amount and frequency of feedback employees received, affect attitudinal outcomes of feedback.

Coaching is an important tool in learning and development. Coaching is developing a person’s skills and knowledge so that his or her job performance improves, leading to the achievement of organizational objectives (Cunneen, 2006). Similarly, Apperbaum and Armstrong (2003) pointed that the knowledge bases of coaching provide the company’s employees with a new professional outlook that in the long term leads to a higher level of productivity.

An individual's attitude towards an issue is factually the vision that he or she forms around that entity. Positive attitude affects the productivity of the organization, affects the productivity of the organization, while skills refer to the employee's ability in undertaking the practical tasks. The employees feel more efficient and confident in performing their duties when they learn what material would be needed, how the material must be collected and interpreted.

In the second stage, managing performance includes communication, collecting performance and coaching. Communication makes employees who are not only aware of the objectives and the business plan but can contribute to their formulation. Feedbacks contribute to evaluating the actual performance of employee with desired
performance. Managers and employees could realize the advantages and disadvantages of their works. After the realization of pros and cons of works, the coaching plays a role to improve acknowledge and skills of employees and finally impact the employee performance.

**2.5.3 Rewarding Performance**

Rewarding performance happens on the end of performance period. The main activities include evaluating employee’s accomplishments and skills; discussing evaluation with employees (McAfee and Champagne, 1993). It evaluates the effectiveness of the whole process and its contribution to overall organizational performance to allow changes and improvements to be made, and also provides the feedback to the organization and to individual staff about their actual performance.

The effectiveness of any organization is dependent on the quality of its personnel. The right people must be originally selected into the organization, motivated to works; and sound personnel promotion and training decisions must be made in filling non entry level.

An effective personnel performance evaluation system is a crucial cornerstone in this process, as it provides the data needed for most of the required administrative decisions. This system plays a key role in motivating people to utilize their abilities in pursuing the organization’s goals (Musgrove & Creighton, 1973).

After the evaluating and checking the feedback, managers or organizations should provide the pay-for-performance. Financial appraisal is a useful tool to incent employee’s passion for their work. In this stage, managers still need to focus on developing staff to further improve performance, and their career progression, in the future. Rewards represent important mechanisms by which employee behaviors can be aligned with the interests of the organization (Eisenhardt, 1989).
Particularly, pay-for-performance is a reward practice that links one's pay increase to one's performance, and could be used to direct, sustain, and motivate desirable behaviors, such as knowledge sharing (Bartol and Srivastava, 2002), creativity (Eisenhardt et al., 1998), quality (Cowherd and Levine, 1992) and customer satisfaction (Delaney and Huselid, 1996).

Pay-for-performance establishes the behavioral criteria by which rewards are allocated and in doing so underpins the alignment of employee behavior with organizational values and objectives.

Therefore, if an employee achieves his or her performance objectives then the employee receives a pay increase. This simple and visible link between pay and performance recognizes an employee for a specific level of accomplishment, therefore nurturing favorable work attitudes, such as satisfaction and commitment (Heneman et al., 1988). Thus, the effectiveness of pay-for-performance has a direct influence on high levels of service quality and desirable work attitudes.

In the last stage, rewarding performance consist of personnel development, final evaluation and rewarding activities. Financial appraisal is a useful tool to incent employee’s passion for their work. Rewarding motivates the positive emotion of employees, such as satisfaction and commitment. Thus, the effectiveness of pay-for-performance has a direct influence on high levels of productivity and desirable work attitudes.

Therefore, from the above literature review, nowadays the performance management which is a management process for ensuring employees is focusing their work efforts in ways that contribute to achieving the agency's mission is indispensable for a business organization.

At the same time, the performance management system is quite obviously influencing employee performance. Moreover, each phase within performance management system also impact employee performance respectively. Setting up an
accurate and ambiguous objectives or goals for organization and employee could
guide for staff to produce effectively and efficiently in a certain period. In addition,
such a goal and plan could improve employee's initiatives and commitment for their
job.

Performance review provides the feedback of employee performance which could
reflect the problems during the production and advantages for employees. Facing
those problems, organization needs to solve it. In performance management system,
communication and training could play an important role in improving employee
performance. The continuous communication between managers and employees, also
the communication between employees would contribute to update organizational
and individual goals, solve and improve the deficiencies in the production process so
that the performance quality would be improved and guaranteed.

On the other hand, coaching focuses on empowerment, development and qualifying
employee through knowledge and skills so that the problems would be corrected and
the success opportunity of the organization would be increased.

Through those activities, employee performance could be improved in different
aspect. For instance, the productivity of employee performance, the teamwork and
communication effectiveness could be influenced positively. Self-development of
employee is also quite important for improving employee performance and it could
integrate the organizational support and opportunities as well. In the last stage of
performance management system, performance evaluation could use for assessing
the performance in the process and providing the information for paying.
Management's feedback is required for a common sense reason.

When the employees do good jobs, they expect a pat on their backs (positive
feedback); on the other hand, if the poor performers do not receive any constructive
feedback which tells them to improve, they will think that the present level of
performance is accepted in the organization and they might not put extra efforts to
improve. Performance appraisal or pay-for-performance could be treated as a tool to
reward employee for their good performance and motivate employee to perform better in the next process.

2.6 Empirical Studies on Performance Assessment Process, Feedback and Motivation of Employees

In this part, there are some previous studies that relate or argue positively with the study hypothesis and variable. This Literature review involves systematic identification, location, and analysis of documents containing information related to a research problem under investigation (Kombo, 2006).

The study conducted on staff retention, recruitment and turnover among the United Kingdom’s (UK) enterprises by Chattered Institute of Personnel and Development (CIPD) in 2005 addressed that employees turnover influenced by; better opportunities outside the organization and lack of development and change in career. The study recommends on encouraging promotion of employees within the organization and if that is not possible staff should be moved sideways in order to make work more interesting.

Deloitte (2004) conducted study in the USA to establish the reasons why employees’ acquisition and retention strategies do not work. The findings indicate long term commitment from employees is one of the retention factors for USA companies.

Also the study suggest the following four ways of retaining staff; rewarding performance with bonuses; use of monitoring mechanism, keeping current staff happy and providing training to staff. In addition to that, direct and indirect cost of employees’ turnover amounts one year’s payments and benefits. Employees’ turnover is mostly influenced by salaries, lack of challenge and opportunities, work environment and lack of recognition (Ramlall, 2003).

The study on identifying the importance of retaining staff in organization conducted in Australia by Mercer (2004) shows that the cost of staff turnover ranges between
50 and 150 per cent of the annual salary. Other costs include skill shortages and ageing work force. Therefore in order to avoid these costs, companies would always seek to retain employees they consider are valuable resources to the company.

The study on the impact of promotion policy over civil servants performance conducted in Prime Minister Office in Dar es Salaam by Makule (1998) shows that most government departments and offices as well as the Prime Minister’s office fail to achieve their desire objective because civil servants are not motivated enough to render better services.

Also another study on the Assessment of effectiveness of employees/worker promotion practices in Local Government conducted in Mwanza Municipal Council by Ibraham in (1999) addressed that in order for a promotion to be effective it should consider performance appraisal since promotion without performance assessment becomes less efficient. He also noted that seniority and merits are used as the basis for promotion although seniority is mostly used compared to the later.

Another study conducted in Tanzania by Ishengoma (2007) observed that in higher learning institutions, a good number of academic staff is tempted to drift to green pastures. The study addressed that retention of academic staff will need improvement of their remuneration and working conditions. Among factors that accelerate employees turnover include, low remuneration; poor working conditions; restricted professional and career development; and lack of technology and working tools for professional tasks.

It can be concluded that, given the reviewed empirical literatures, retaining employees due to factors mentioned in still theoretical due to many factors that companies sometimes cannot accomplished it. Williams (2005) confirmed that due to global competition it is often difficult for universities to retain their indigenous staff with special skills and experience. He added that it is more difficult to recruit and retain foreign academic staff.
2.7 Conceptual Framework

A conceptual framework is a collection of interrelated ideas based on theories. It is a reasoned set of prepositions, which are derived from and supported by data or evidence. A theoretical framework accounts for or explains a phenomenon (Kombo and Tromp, 2006:56). In this research, the relationship between the effective performance feedback and the organizational performance has been analysed using various scholars as depicted below.

It is well known that effective performance feedback is the architecture for any organizations to maintain high quality of performance and work life. Yet before performance feedback can be applied for such organization wide objectives, a well-planned system must be created that enhances worker and organizational performance.

An organizational structure promoting performance feedback is mandatory. Too often, performance feedback is positioned as a stand-alone human resources process. In brief, there must be an organizational chain linking individual worker performance with overall strategic objectives, including quality of work-life (Senge, 1990).

This chain starts by linking organizational goals to divisional goals and achievements, and these divisional goals must directly align with individual outcomes that can in turn be translated into metrics. All worker performance expectations must support the overall organizational mission and vision, and managers at each organizational level must evaluate performance with the goal of reaching these objectives.

To forge this network, the performance feedback process must be communicated and rewarded across all organizational levels – including top managerial levels. Again, it is imperative that performance feedback must be integrated into a strategic framework (see Figure 2.4).
For individuals and teams, there are some feedback characteristics that all systems must possess. First, the feedback must be tied to the worker’s performance goals. Without this link, any behavioral changes will not improve organizational outcomes. Effective leader communication is vital at all levels in this context since top leaders generate organizational vision, mid-level management interprets and relays this vision, and direct supervisor feedback is most influential with employees (Mayfield, 2009).

Research clearly implies that for immediate supervisors three forms of motivating language; direction-giving, empathetic, and meaning-making have a profound impact on employee work behaviors and well-being (Mayfield and Mayfield, 2009). For all leader levels framing (when a leader articulates feedback in a persuasive manner to motivate employees) is a very beneficial skill for maximizing the effect of feedback (Conger, 1991).

Second, feedback must be non-personal, conveying an accurate assessment of a worker’s actual performance with sufficient supporting evidence including metrics. Third, feedback must be timely. Delayed feedback is not as effective as appraisal given closer to the actual performance. Fourthly, leaders must devise remedial steps when there are performance deficiencies. Lastly, feedback must be on performance aspects that are controllable by the worker. If the worker cannot change behaviors due to environmental factors, only frustration will result for both workers and leaders.
Figure 2.4: Conceptual Framework on Performance feedback to enhance Employee motivation

Dependent variable

Employee Motivation

Independent variables

- Set organizational feedback/learning process as a strategic priority
- Appropriate cross-level communication and reward processes
- Tailoring feedback to individual characteristics
- Clear advancement and reward feedback

Source: Researcher's own construction (2013)
2.8 Research Gap

The Relationship between performance assessment process, feedback and motivation of employees is the buzz word term for employee communication. It is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity, use and importance in the workplace and impacts organizations in many ways.

Most of the theories on employee relations above emphasizes on the importance of employee communication on the success of a business. Yet, information on how organizations should recognize employees, more than any other variable, as powerful contributors to a company's competitive position is not well depicted. Therefore more research knowledge should be retrieved to show how employee relations should be a continuous process of learning, improvement, measurement and action. This is because raising and maintaining employee relations lies in the hands of an organization and requires a perfect blend of time, effort, commitment and investment to craft a successful endeavor.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents methodology employed during the study. In this regard, area of study and reasons which underpinned the choice of that area is explained. Furthermore, research design, population, sample and sampling procedures are also explained. The information on the research methods and instruments used to collect data and data analysis procedure is also provided.

3.2 Research Design
A research design is the arrangement of collections and analysis of data in a manner that aims is to combine relevant to the research purpose. Research design is also the plan showing the approach and strategy of investigation aimed at obtaining valid and reliable data that achieves the research objectives and answer research questions (Cohen et al., 2000).

The researcher employed case study design because the case study design enabled the researcher to study deeply few cases in the system. Bell (1993) highlights that researchers employing case study design are able to examine small number of units that were extracted from a large number of variables and conditions. In this regard, analysis of the data obtained from case study design can be done easy because only small numbers of unit are always used.

3.3 Area of Study
The study was done at NBC (LTD) Dar es Salaam Corporate Branch/head-quarters. This organization was chosen because of being among giant banking services providers in Tanzania and has passed several reforms to enhance proper relationship between performance assessment process, feedback and motivation of employees.
3.4 Sources of Data
A study of this nature requires the sampling of the views of people (primary source) as well as documents (secondary source). The observations of the researcher also came to bear in the study. These sources, when blended, helped to balance and guide the thought of the researcher towards a meaningful analysis cum conclusion.

3.4.1 Primary Sources
The primary source of data gives first-hand information on the subject matter. This source allows a researcher the privilege of meeting stakeholders and getting their views on the particular subject of interest. Osuala (1982) sees the primary data as the collection of facts and figures relating to the population. To collect the primary data for this research, questionnaires and interviews were used. Though the primary data is usually expensive to gather, it remained a very vital part of this study. For example, the opinion of employees of the selected organization helped the researcher in knowing the relationship between performance assessment process, feedback and motivation of employees.

3.4.2 Secondary Sources
Any data that has been documented for the purpose of references or any other data that can be accessed without necessarily involving a face-to-face interaction is regarded as secondary. Occasionally, however, data collected for some other purpose, frequently for administrative purposes may serve as secondary data, (Osuala, 1982). The secondary source is a rich store for compiling a large number of statistics. For this research, our secondary data included Annual Reports of NBC (LTD). Other sources of literature included text books, journal articles, internet materials, World Bank publications, Government Publications, seminar papers reports, and other published and unpublished materials as well.
3.5 Instruments of Data Collection

This section presents the tools used to gather data and on which the study relies absolutely. For instance, the interviews, questionnaires and nonparticipant observations used to elicit data for the study are defined and described below.

3.5.1 Interview

The interview is a method of collecting social data at the individual level. This is a face-to-face method that ensures a higher response rate than postal questionnaires. It is very suitable for descriptive and exploratory purposes. Interviews could be guided or unguided. Any purposive conversation in which the interviewer attempts to obtain honest and complete answers to specific amount of questions is known as guided interview. Though it grants a face-to-face contact it is quite expensive in determining attitude and requires a trained interviewer to obtain accurate results.

The case is quite different with the unguided interview where the interviewee is the one leading the discussion, i.e. he determines the pace of the discussion. This allows the interviewer get as much information as he desires because his questions are structured in a way that allows him probe and establish emotional contact with the interviewee. For this study, the interview was made to capture the views of managers, head of departments and employees of NBC LTD.

3.5.2 Questionnaire

Questionnaires are most commonly used tools in survey research because they are easier to respond to and at the same time score and code. Respondents on the other hand, find them more convenient because they do less or no writing at all. Questionnaires involve framing questions about a particular subject matter and getting the relevant individuals to react to them. They provide descriptions of the individual or group characteristics such as their personal data like gender, age, status, etc. The focus is to make comparison between groups, and between individuals and see the group dynamics or differences in perception. For the purpose of this study, the questionnaire was structured to capture the respondents’ degree of agreement or
disagreement on the fact that there is a relationship between performance assessment process, feedback and motivation of employees.

3.5.3 Non–Participant Observation Technique

Personal observation was also employed in this study. Through the use of this technique, the researcher attempted to assess the present condition of relationship between performance assessment process, feedback and motivation of employees through interactions with them. The technique also provided an opportunity to interact and discuss with those not included in the sample, but whose views were regarded helpful in critical areas of the study. This technique was also helpful in balancing the views of different categories of employees as well as crosschecking certain facts for validity and reliability.

3.6 Population, Sample Size and Sampling Technique

Population here refers to the aggregation of survey elements which is specific and delineative from which survey sample is actually selected (Ngu, 2005). Population is sometimes referred to as the universe, and it is defined as the entire group whose characteristics are to be estimated. A population can be categorized into two: the target population and the accessible population. The target population refers to all the members of a specified group which relates to the investigation. Those elements in the group that are within the reach of the researcher refer to the accessible population.

The entire population for this study therefore is 91. This is the total number managers and employees at NBC (LTD). The figure was arrived at from the available records at NBC (LTD), i.e. as depicted in the Table 3.1 below:
Table 3.1: Population under study

<table>
<thead>
<tr>
<th>S/N</th>
<th>Department</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Corporate</td>
<td>32</td>
</tr>
<tr>
<td>2</td>
<td>Legal</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>IT</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Finance</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Credit</td>
<td>15</td>
</tr>
<tr>
<td>6</td>
<td>Risk</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>91</td>
</tr>
</tbody>
</table>

Source: Field Research (2013)

This study does not intend to use the entire population but, a sample will be utilized for the purpose of generalization. A sample therefore is a smaller group of elements drawn through a definite procedure from a specified population, and the elements making this sample are those that are actually studied. The sample adopted for this study was derived using the Yamane’s formula for deriving sample size.

To determine the sample size for this study, and because the population is finite, we chose Yamane’s formula to arrive at the appropriate number of staff to be administered questionnaire, thus;

Yamane’s Formula for Determining Sample Size

\[
n = \frac{N}{1 + N(e)^2}
\]

Where:

n = sample size
N = population
1 = constant
e = margin of error (level of significance)
Source: Israel (1994).

Therefore:

\[
n = \frac{91}{1 + 91(0.05)^2}
\]

\[n = 74.13 \quad n = 74\]

Yamane (1967) seeks to give minimum sample size under ±5 for the study ensuring reasonable coverage. However, the sample will be drawn using the simple random sampling technique. This is to allow a respondent to be handpicked from the pool of employees from NBC (LTD) made available. Questionnaires were therefore distributed proportionally to the employees from a selected organization. Table 3.2 below shows the sample size.

**Table 3.2: The Sample**

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Sample size (%)</th>
<th>The Sample</th>
<th>Number of returned questionnaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>32</td>
<td>35%</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Legal</td>
<td>18</td>
<td>20%</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>IT</td>
<td>14</td>
<td>15%</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Finance</td>
<td>10</td>
<td>11%</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Credit</td>
<td>15</td>
<td>16%</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Risk</td>
<td>2</td>
<td>2%</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>91</strong></td>
<td><strong>100%</strong></td>
<td><strong>74</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Research, (2013)

Summary of responses from the questionnaire is presented in Table 3.2. The rate of return was calculated as follows;

Rate of Return: = \( \frac{\text{Total Number of Questionnaires Retrieved} \times 100}{\text{Total Sample Drawn/Number of Questionnaires}} \)

\[70 \times 100 = 95\%\]

\[\frac{70}{74}\]
Out of the 74 questionnaires returned, 70 were duly completed hence the analysis was conducted on that number.

3.7 Methods of Data Analysis and Presentation
The researcher adopted simple descriptive statistics where frequencies and percentages have been produced and organized in tables using Microsoft excel software. This technique is very common in social sciences like public administration because it is relatively simple to use and understand.

3.8 Limitations of the Study
This study encountered a number of limitations. In essence, the problems were due to the nature of the study. Generally speaking, the following were noticeable challenges that faced by the researcher in an attempt to make this study a success:

i. **Financial constraints**: this disallowed the researcher to select a large sample as it was difficult to afford to incur expenses beyond the disposable budget. In addressing such constraint, a researcher selected a sample which is adequate against a disposable budget.

ii. **Confidentiality of documents**: some classified and unclassified information contained were not available to the researcher’s disposal and therefore the researcher missed important information pertaining this study. Using interview question at least addressed this constraint.

iii. **Irrational responses**: some of respondents were irresponsible and essentially were not willingly to be interviewed whereas other respondents were not ready to return the questionnaires on time. In addressing this shortfall, a researcher concentrated much on using interview research tool for data collection.
iv. *Case Study Approach:* This approach also is limited in the sense that, what has been observed at NBC is not necessarily to be applicable to all social security companies.
CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction
This chapter presents analysis, and interpretation of data collected regarding an assessment of the relationship between performance assessment process, feedback and motivation of employees. The first section presents demographic description of the respondent. The second section describes the perception regarding the relationship between performance assessment process, feedback and motivation of employees based on the research objectives which are to examine employees knowledge on performance assessment process and feedback, to identify ways in which performance assessment process and feedback is conducted at the organization and to explore the impact of performance feedback to employees and organization as the main thematic areas.

4.2 Characteristics of Respondents
A Total of 39 females (56%) participated in the study, while 31 participants were males (44%). Table 4.1 below shows that 66 persons representing above 94% of the total respondents are below the age of 50 and are the majority working class at NBC (LTD); The rest are the minority counting 3 persons representing only 4% of the sample between ages 50-62; and only one person fall between ages 63-79. No one was heading towards expiration (ages 80 and above).

The analysis showed that a bulk of the respondents is in the group of below the ages of 50 years old. This fact concurs with AMO-model (Appelbaum et al., 2003) which claims that performance which is a function of employees’ Ability, Motivation and Opportunity to participate in the organizational development at large extent saved during their active years which is below the ages of 50 years.
Table 4.1 Age of Employees/NBC Employees

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age below 50</td>
<td>66</td>
<td>94%</td>
</tr>
<tr>
<td>50 – 62</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>63 – 79</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>80 – above</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Research (2013)

Table(4.2) below shows only 12 counting (17%) respondents have less than 5 years of services and all are from NBC organization. A total of 30 persons representing 43% of the sample put in between 6-15 years of service; 18 persons (26%) of the total sample have put in 16-25 years of service; about 10% (10 persons) of the total sample size put in 26-35 years of service. Majority of the respondents fall under the years 6-15 spent in the organization. This show that majority of the respondents are youth and hence proving the AMO-model

Table 4.2: No of years spent in service

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5</td>
<td>12</td>
<td>17%</td>
</tr>
<tr>
<td>6 – 15</td>
<td>30</td>
<td>43%</td>
</tr>
<tr>
<td>16 – 25</td>
<td>18</td>
<td>26%</td>
</tr>
<tr>
<td>26 – 35</td>
<td>10</td>
<td>14%</td>
</tr>
<tr>
<td>40+</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>70</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field research (2013)

In table 4.3 below, among 12 respondents, 17% were holding MA degree and only 3% were having a PhD qualification. A total of 20 respondents (29%) were holding
Advanced Diploma. Majority of respondents (36) had bachelor or postgraduate diploma degree education qualification.

Table 4.3: Highest Educational Qualification

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency (f)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master’s Degree</td>
<td>12</td>
<td>17%</td>
</tr>
<tr>
<td>PhD</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Advanced Diploma</td>
<td>20</td>
<td>29%</td>
</tr>
<tr>
<td>Bachelors’ Degree</td>
<td>36</td>
<td>51%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Research (2013)

4.4 Employees knowledge on performance assessment process and feedback

An inquiry was made to know what kind of perceptions the employees have about the Employees’ Knowledge on Performance Assessment process and feedback. The purpose of this study is to examine the relationship between performance management system and employee performance.

Rather than examining specific human resource management policies and practices, this study focuses only on performance management system which is a model of performance management and its relationship with employee performance. Generally speaking, the results are quite mixed, however it is positive and insignificant according to Table 4.4 below.

Performance management system consists of three stages: developing and planning performance, managing and reviewing performance, and rewarding performance. In the first stage, developing and planning performance which includes setting mission and objectives influences employee performance insignificantly and but positively according the Table 4.4. However, in the literature review, this can be concluded that
setting mission and objectives in planning performance stage could impact positively on employee performance. Results also indicated that there few employees who disagreed and some were neutral with regard to the awareness on employee performance process. This is a call to the NBC management to continue communicating effectively and be open to all employees towards the all process of employee feedback and motivation process. This is similarly from the suggestion of Lawler (2003), who said in performance management system, employees should have a clear understanding of the quality and quantity of work expected from them.

Table 4.4: Employees Knowledge on Performance Assessment Process and Feedback

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>69</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>2</td>
<td>60</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>70</td>
</tr>
<tr>
<td>3</td>
<td>65</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>70</td>
</tr>
<tr>
<td>4</td>
<td>64</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>5</td>
<td>65</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>70</td>
</tr>
<tr>
<td>6</td>
<td>69</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>TOTAL</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>---------------</td>
<td>-------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>coaching activity within organization will lead to better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Rewarding performance phase will lead to better employee</td>
<td>69</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 personnel development will lead to better</td>
<td>70</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>9 Evaluating performance will lead to better employee</td>
<td>68</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 pay-for-performance will lead to better employee</td>
<td>70</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 performance management system will lead to better employee</td>
<td>69</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Research (2013)

4.5. The Principals of Strategic Performance at NBC

The research was directed to find out ways in which performance assessment process and feedback is conducted at the organization. Results collected indicated the above ways which were frequently mentioned by employees at NBC (LTD).

This finding accepts the views given by Mayfield (2009) who viewed that, in performance assessment process and feedback, chain starts by linking organizational goals to divisional goals and achievements, and these divisional goals must directly align with individual outcomes that can in turn be translated into metrics.
All worker performance expectations must support the overall organizational mission and vision, and managers at each organizational level must evaluate performance with the goal of reaching these objectives. To forge this network, the performance feedback process must be communicated and rewarded across all organizational levels – including top managerial levels. Again, it is imperative that performance feedback must be integrated into a strategic framework. The results concur with what was postulated by Schneier, et al (1987), who said a performance management system is classified into a development, planning, managing, reviewing and rewarding phase.

Figure 4.1: The Principals of Strategic Performance at NBC

Source: Field Research, (2013)
4.6 The Impact of Performance Feedback and Motivation to Employees and the Organization

In Figure 4.2 below, it was revealed that 17% of the respondents agreed that performance feedback has a direct impact on motivation, creativity and innovation of both employees and the organization. 19% agreed performance feedback brings about high production of the organization while 21% said the performance feedback improves customer satisfaction at large. 19% of the respondents said performance feedback has a direct impact on the competency and growth of both the organization and employees. And lastly, 14% of the respondents agreed that performance feedback has a direct impact on the development of the pleasant working environment at NBC (LTD)

Figure 4.2: Impact of Performance Feedback

Source: Field Research (2013)
Creativity and Innovation
According to the corporate manager creativity is the act or capability of conceiving something original or unusual to a better result and innovation is the implementation of something new. It was revealed that performance feedback made the employees to be creative and innovative because they were able to measure their strength of performance in relation to the NBC (LTD) goals.

Corporate manager explained the fact that NBC (LTD) operates its services on line was because the employees were trying to create something new to the customers so as to satisfy them. Furthermore, it was revealed that the bank actually operates Islamic banking services due to the fact that a certain employee wanted to come out with something which will attract attention of the Muslim customers.

High Production
It was revealed that NBC (LTD) in the past few years (2008-2010) did not experience the recession because the performance feedback made the employees to know their weaknesses and correct them before the damage was done and also performance feedback gave employees a chance of participating on decision making on matters related to employees and management interests. This allowed the management makes high profit between the years 2008-2010 with the raise of 12% from normal raise of 8%.

Customer Satisfaction
It was revealed that performance feedback and reward allows the NBC (LTD) management to correct its errors and mistakes in fulfilling customer needs. According to Risk Manager Customer satisfaction at NBC (LTD) was raised by the IT department because they had the opportunity to identify their weaknesses and strength in making on line services more reliable, effective and sufficient security of the online services. The technological advancement of the IT department raised the customer satisfaction and this was performed due to the fact that performance feedback and reward processes were followed respectively.
Competency and Growth
It was revealed that to date NBC (LTD) is competent and grows from day to day simply because the management was able to make use of the performance assessment and performance feedback of all matters concerning employees. The competence of NBC (LTD) allows the bank to attract more customers nationwide that is why the bank has more customers than any bank in Tanzania.

Pleasant Working Environment
It was revealed that the pleasant working environment at NBC (LTD) is present because employees are well motivated, promoted and rewarded according to their performance. 12% of the respondents said there is pleasant working environment because employees are able to measure their performance and from their performances they are rewarded, promoted and motivated so as to keep them keeping up the good work.
CHAPTER FIVE

DISCUSSION OF THE FINDINGS

The purpose of this study was to examine the relationship between performance management system and employee performance. Rather than examining specific human resource manage policies and practices, this study focuses only on performance management system which is a model of performance management and its relationship with employee performance.

Generally speaking, the results are quite mixed. According to the results presented in Table 4.4 performance management system consists of three stages: developing and planning performance, managing and reviewing performance, and rewarding performance. In the first stage, developing and planning performance which includes setting mission and objectives influences employee performance according to Table 4.7.

However, in the literature review, a researcher concluded that setting mission and objectives in planning performance stage could impact positively on employee performance. There could be several reasons for the difference between theory and practical data analysis. Besides the nature of data, objective itself also could affect the result. If the target which was built by an organization is higher than the company could expect, it would pressure the staffs because they are not able to do such tough work (Schneier et al. 1987:98).

On the other hand, if the objectives cannot indicate the ability and productivity of an organization, then the motivation of employee will be decreased. It could be said that setting objectives is a way to meet the expectation of employees and employees could compare the motivation of themselves with the objectives of the company. To conclude, planning performance influences employee performance positively from theoretical perspective; in practical data analysis perspective, the objectives have a negative effect on employee performance.
In the second stage; managing performance, coaching and communication has a positive relationship with employee performance. From the literature review and data analysis, I could conclude that the discussions and interactions between employees and employee could increase job satisfaction and employee performance and finally result in organizational success. Also from the results of data analysis, Phase2 managing and reviewing performance has a positive relationship with employee performance when compared together with Phase1 and Phase 3. Therefore, managers could pay more attention on these activities to gain better employee performance.

During the discussion, staffs in an organization could know what the state they are in and what the problems they face, or give the management suggestions to leaders and so on, then finally affect the performance of employees and organizations. In my view, continuous communication is a good way to solve some problems, even conflicts and exchange idea, knowledge also between staffs in organization. On the other hand, coaching and seeking feedback impact employee performance negatively according to the data analysis results.

It is opposite to the literature review. The evaluation or checking feedback in this stage still plays an important role for increasing employee performance. In addition to this, seeking feedback has a negative but significant relationship with employee performance (Welch & Jackson, 2007)

However, from researchers view, feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance, also from theoretical perspective. Seeking feedback is kind of reviews and learning activity which could compare actual performance and desired performance, in this way, employees could be encouraged to think about what kind of work they did good, then, they could recognize how and in which ways they can use for developing.

Moreover, feedbacks also help employee to stipulate themselves and control the working processes. In my opinion, more coaching time and different contents in the training activity, like computer skills and communication skills, also improve the
productivity of employee. Indeed, training activity is indispensable in a company. It related to improve employee efficiency and effectiveness, and finally impact on the organizational performance.

In the last stage rewarding performance, the main activities are personnel development, providing evaluation of employees’ performance and paying for performance. From data analysis, personnel development activity has a significant but negative with employee performance. It is thoughtful that employees in an organization should recognize the objectives of organization and themselves. Then, organization should provide the opportunities for employee development.

Firstly, organization needs to encourage employees to improve their knowledge or skills. Secondly, organization should promote employee if they have outstanding performance. In this way, employees can be motivated to do a better job and then contribute to employee performance. The evaluation in this stage, it focus on the effectiveness of the whole process and its contribution to overall organizational performance to allow changes and improvements to be made, and also provides the feedback to the organization and to individual staff about their actual performance. This confirms to what was suggested by Huang & Hu (2007) depicted in the literature review.

Moreover, the evaluation plays a key role in motivating people to utilize their abilities in pursuing the organization’s objectives. Even though the relationship is not significant from data analysis result, the impact however is positive. Pay-for-performance is a useful financial appraisal tool to stimulate employee’s passion for their work. From theoretical view, the effectiveness of pay-for-performance has a direct influence on desirable work attitudes of employee. Pay-for-performance sets up the behavioral criteria by which rewards are allocated and also making employee behavior fitting with organizational values and objectives.
From many literatures demonstrated that the evaluation and pay-for-performance could positively influence employee performance, the data analysis showed a different conclusion. In my view, in the payment system, the criteria of financial appraisal could not be too high to achieve, therefore motivation and passion of employee would be reduced. As well, accompanying with reduced motivation and passion of employee, the job satisfaction and expectation would be decreased.

Payment should act as stimulation for employees and it should be proper to the organization performance and working performance of employee. If the payment is below the employee performance, the motivation and passion of employee would be reduced.

Therefore, the productivity will be reduced. Meanwhile, when the payment is higher than the payment level of employee performance, employee would be inflated because the same work gains more in this company than payment in the others. It would decrease the efficiency and effectiveness of employee, therefore negatively impact on labor productivity. Therefore, the effect of evaluation and payment activities could not be ignored.

To conclude generally, the activities in rewarding performance stage in performance management system affect employee performance positively.

However, performance management system must fit with the organization's culture. Developing and planning performance management system should consider the employee ability, organizational asset and performance. The system should be suitable for the real ability and organization’s situation. On the other hand, the three stages: developing and planning performance, managing and reviewing performance and rewarding performance should be coherent with each other when establishing and executing the system.
CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Findings

This study is concerned with the link between performance assessment, feedback and motivation of employees. A study was done at NBC Tanzania (LTD) and 70 respondents participated.

From this study, it was revealed that in performance management process setting mission and objectives in planning performance stage could impact positively on employee performance and increasing intrinsic and extrinsic motivation. Performance feedback has a direct impact on motivation, creativity and innovation of both employees and the organization performance.

The study recommends for the performance to be measured in terms of processes and outcomes. When measuring performance in terms of processes there should be a role expectations presented in terms of procedures to be followed, methods to be used, and plans of how to get work done Performance assessment process performs major functions as part of the organizational overall human resource strategy. Therefore, it should be integrated into the compensation, selection, training, and development strategies of the organization.

5.2 Conclusion

As the increase of concentration on administrative management during these years, HRM plays a more important role in managing an organization, such as the effects of HRM on innovation, ‘new way of working principle’ for working relations. Performance management system, as a field of study, is a popular topic in HRM over time. It is important for a company to plan, manage and reward the performance. In doing so, company’s productivity would be developed and profit would be increased as well through supervising the whole process of performance management, such as
building objectives, checking feedback and evaluating performance. On the other hand, employees are the resources and assets of an organization. Organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work. Consequently, improved employee performance could also influence organizational performance. Therefore, this thesis aimed at assessing how performance management system influences employee performance.

This research presented the existing literature covering performance management, performance management system as well as employee performance, the measurement models of employee performance, as well as the empirical studies examining the relationship between performance management system and employee performance. From the findings which concur with the literature review, there are three stages in performance management system. Firstly, it is the developing and planning stage which helps to encourage commitment and understanding by linking the employees' work with the organization’s goals and objectives. According to organization’s mission and objectives, employees could understand their responsibility and also motivate employees to engage and involve with their jobs.

In the second stage, there are several activities included, such as coaching, communication and seeking feedback. Coaching aims at empowerment, development and qualifying employees through knowledge and skills. Enhancing communication within the organization makes employees who are not only aware of the objectives and the business plan but can contribute to their formulation. As well as effective feedback has the potential to enhance employee engagement, motivation, and job satisfaction.

The last stage is rewarding performance which consists of personnel development, evaluation and payment. An effective personnel performance evaluation system provides the feedback needed for most of the required administrative decisions, and motivate people to utilize their abilities in pursuing the organization's goals. Financial appraisal is also a useful tool to incent employee’s passion for their work.
Consequently, this study adds to more empirical evidence that supports the opinion about the relationship between performance management system and employee performance. However, regarding the various limitation of this study, there is a need for further research in the area of performance management system and employee performance.

5.3 Recommendations

The relationship between performance assessment, feedback and motivation of employees is very important because from this the organization can understand its weaknesses and hence increase its performance. From the findings of the study the following are the recommendations: Performance can be measured in terms of processes and outcomes.

When measuring performance in terms of processes there should be a role expectations presented in terms of procedures to be followed, methods to be used, and plans of how to get work done. Performance assessment process performs major functions as part of the organizational overall human resource strategy. Therefore, it should be integrated into the compensation, selection, training, and development strategies of the organization so as to make an organization competent in the market.

i) Insisting on performance management process can increase and employee motivation in both intrinsic and extrinsic.
REFERENCES


