



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF PERFORMANCE MANAGEMENT PRACTICE
IN DHL ETHIOPIA**

**BY
MERGA AFA GELAN**

**MAY, 2019
ADDIS ABABA**

**ASSESSMENT OF PERFORMANCE MANAGEMENT PRACTICE
IN DHL ETHIOPIA**

By

MERGA AFA GELAN

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE
STUDIES IN PARTIAL FULFILLMENT OF THE REQUIRMENTS FOR THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION**

**MAY, 2019
ADDIS ABABA**

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF PERFORMANCE MANAGEMENT IN DHL
ETHIOPIA

BY
MERGA AFA GELAN

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

signature

Advisor

signature

External Examiner

signature

Internal Examiner

signature

ACKNOWLEDGMENTS

First and foremost, I would like to thank the Almighty God for everything he brought in my life. I would also like to thank my Advisor Dr. Worku Mekonnen for his dedication, valuable advice, continuous and precious guidance and support throughout the study of this research. He was ready and available to give me guidance through any communication mechanisms.

I am also grateful for the staffs of DHL Express Ethiopia to their cooperation and support to give the data.

Table of content

Contents

Acknowledgments.....	i
Table of content	ii
List of Tables	v
List of Figures	vi
List of Acronyms	vii
Abstract.....	viii
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the Study	1
1.2 Statement of the Problem	5
1.3 Research Questions	6
1.4 Objective of the study	6
1.4.1 General Objective	6
1.4.2 Specific Objectives	6
1.5 Operational Definition of Terms	7
1.6 Significance of the Study	7
1.7 Delimitation of the Study	7
1.8 Organization of Research Paper	8
CHAPTER TWO.....	9
LITERATURE REVIEW	9
2.1 Definition of Performance management	9
2.2 Evolution of Performance Management	11
2.3 Performance Management Principle.....	14

2.4 Purpose of Performance Management	15
2.5 Performance Management Process	18
2.6 Key aspects in the performance management process	18
2.7 Performance management Cycle.....	20
2.8 Performance Management Benefit.....	23
2.9 Challenges of Performance Management	24
2.10 Empirical Literature on Performance Management Practices.....	26
2.10.1 Performance management practices at DHL	26
2.10.2 Performance Management Practice of Kenya IBM.....	27
2.10.3 Performance Management Practice at PIACT (an NGO in Bangladesh).....	28
2.10.4 Performance Management Practice at USAID/DELIVER Project in ETHIOPIA.....	29
2.10.5 Performance Management Practices at Ethiopian Airlines.	30
CHAPTER THREE	32
RESEARCH METHODOLOGY	32
3.1, Research Design.....	32
3.2, Population and Sampling Techniques	32
3.3Data Collection.....	32
3.4, Procedure of Data Collection	32
3.3 Source of Data and Procedure of Data Collection	33
3.3.1 Sources of Data.....	33
3.4 Method of Data Analysis	33
CHAPTER FOUR.....	36
RESULTS AND DISCUSSIONS.....	36
4.1 General Information.....	36

CHAPTER FIVE	44
MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	44
5.1 Summary of Major Findings	44
5.2 Conclusion.....	45
5.3 Recommendations	46
References.....	47
Appendices.....	49

List of Tables

Table 1. Existing DHL Performance Appraisal Rating	27
Table2: Five Scaled Likert Criterion	36
Table3: The mean and standard deviation of organizational dimension of performance management practices in DHL.....	37
Table 4: The mean and standard deviation of Performance planning of performance management practices in DHL.	38
Table5: The mean and standard deviation of organizational dimension of performance management practices in DHL.....	39
Table6: The mean and standard deviation of organizational dimension of performance assessment.....	40
Table 9 The mean and standard deviation of the six dimension of performance management practices in DHL.	43
Table 8: The mean and standard deviation of Performance Renewal and Re-contracting of performance management practices in DHL.	42
Table7: The mean and standard deviation of Performance Review of performance management practices in DHL.	41
Table 9 The Mean and Standard Deviation of the six Dimension of Performance Management Practices in DHL.....	43

List of Figures

Figure 1. The pyramid of Performance Management	13
Figure 2. Performance Management Cycle	22

List of Acronyms

PA Performance Assessment

PE Performance Execution

PM: Performance Management

PP: Performance Planning

PRR: Performance Renewal and Re-contracting

PPRD: Performance Planning, Review and Development

PR : Performance Review

OS: Organizational Strategy

KPI: Key Performance Indicator

TQM: Total Quality Management

AIROPS: Air Operation Department at Airport

GOPS: Ground Operation Department at DHL

DHL: Adrian Dalsey, Larry Hillblom and Robertt Lynn.(Three founders of DHL Company)

NCG: Network Control Group Working in DHL Airport branch

ABSTRACT

Performance management system helps in aligning individual goals and objectives with those of the organization. The major objective of this study was to assess DHL Ethiopia performance management practice alignment with the objectives of the company and individual's goal. Research question has been developed on key performance areas of Organizational Strategy, planning, execution, evaluation, performance review, renewal and re-contracting to assess performance of the organization with specific objective of assessment on the six terms described in research questions. The system engages employees and thereby directs them toward achieving the strategic goals of the organization. The purpose of this research study is to investigate at DHL express Office of, Ethiopia Branch to establish whether a performance management system would facilitate the achievement of the organization's strategic goals and as to achieve the goals of this study, 110 employees of the organization were presented with a questionnaire based on important key elements of performance management. Responses were received from 100 employees, of which 40 was from DHL Airport branch (Air ops team), 40 from GOPS (ground operation) 10 from customer service department, and 10 from finance and human resource departments. Their responses to the questionnaire were analyzed. Descriptive statistics was used mainly on the primary data collected, and using SPSS, the findings were analyzed. Validity and reliability has been also tasted by using mean and standard deviation. The findings of the study showed that problems exist in the organization which impedes achievement of its strategic goals. A performance management system would assist the organization in many of these areas to overcome the identified problems. Based on the results of the study it was recommended that the management of the organization need to design and implement a performance management system to facilitate the achievement of the organization's strategic goals.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Performance management system plays an integral role in the employer's performance management process as it translates the strategic goal into individual employee's goals. Performance management is very useful in promoting and rewarding good performance. It is also helpful in identification of performance gaps and addressing issues in good time.

Performance Management is a systematic approach to improving individual and team performance in order to achieve organizational goal. Organizations implement Performance management for various purposes and have different steps. One of the most important steps in the performance management is performance appraisal (Armstrong, 2009).

Performance management should be evidence based. It is an analytical process in which the factors influencing performance are identified and this is not just about performance measures. Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management. Performance management as practiced today incorporates processes such as management by objectives and performance appraisal. 'Performance management is managing the business.' It is what line managers do continuously, not an HR-directed annual procedure. It is a natural process of management (Mohrman and Mohrman, 1995).

Performance management is much more than appraising. It contributes to the achievement of cultural change and it is integrated with other key HR activities, especially Human capital management, talent management, learning and development and reward management.

Thus performance management helps to achieve horizontal integration and the ‘bundling’ of HR practices so that they are interrelated. As an important part of a high-performance work system, it contributes to the development of more effective work systems that largely determine levels of Performance (Armstrong, 2009).

Performance management encompasses:

Motivation of employees to perform

Vision by employers as to what performance standards they expect of employees

Ownership of management of performance at a variety of levels within organizations

Monitoring and measurement of the performance achieved by employee (Moharman and Moharman,1995).

Performance management is the essential bridge between the strategic goals of the organization and the day-to-day priorities of teams and individuals. It is also the way in which an organization can gear its people development strategy to the needs of the business—defining the skills and competencies required for excellent performance and then creating performance development for individuals (IPD, 1997)

Performance management is a systematic approach to improving individual and team performance in order to achieve organizational goals. Performance management is the process of trying to bring the rewards which individuals desire into line with those required by the organization (Edis, 1995).

Performance management (PM) is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. It is the main vehicle by which managers communicate what is required from employees and give feedback on how well they are achieving goals (CIPD, 2009).

Performance management is creating a shared vision of the purpose and aims of the organization, helping each individual employee to understand and recognize their part in contributing to them and thereby managing and enhancing the performance of both individuals and the organization (Philips, 1997).

The Performance management process at “DHL “is a short process. Some of the methods of performance management system at DHL are redundant and there is conflict between the supervisee and the supervisor during the review period. The office atmosphere during the review period is not good. The paper focuses in assessing the performance management practices starting from the prerequisite to renewal process. Areas that need correction were also be identified.

History and background of DHL

Logistics is concerned with getting the products and services where they are needed when they are desired. It is difficult to accomplish any marketing or manufacturing without logistical support. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging.

The operating responsibility of logistics is the geographical repositioning of raw materials, work in process, and finished inventories where required at the lowest cost possible

The formal definition of the word ‘logistics’ is: – it is the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements.

In order to understand the concepts of logistics in terms of practical usage and to glimpse into the how a real company or organization uses logistics as a formidable tool to gain customer satisfaction, reduce overall cost and increase efficiency we selected “DHL” the world’s leading courier Service Company. But DHL is multi-faceted and offers myriad types of services.

DHL are the first letters of the last names of the three company founders, Adrian Dalsey, Larry Hillblom and Robert Lynn.

In 1969, just months after the world had marveled at Neil Armstrong’s first steps on the moon, the three partners took another small step that would have a profound impact on the way the world does business.

The founders began to personally ship papers by airplane from San Francisco to Honolulu, beginning customs clearance of the ship's cargo before the actual arrival of the ship and dramatically reducing waiting time in the harbor. Customers stood to save a fortune.

With this concept, a new industry was born: international air express, the rapid delivery of documents and shipments by airplane.

The DHL Network continued to grow at an incredible pace. The company expanded westward from Hawaii into the Far East and Pacific Rim, then the Middle East, Africa and Europe. By 1988, DHL was already present in 170 countries and had 16,000 employees.

At the beginning of 2002, Deutsche Post World Net became the major shareholder in DHL. By the end of 2002, DHL was 100% owned by Deutsche Post World Net. In 2003, Deutsche Post World Net consolidated all of its express and logistics activities into one single brand, DHL

The world's largest express and logistics Network

DHL is the global market leader in international express, overland transport and air freight. It is also the world's number 1 in ocean freight and contract logistics. DHL offers a full range of customized solutions – from express document shipping to supply chain management.

Below are the global facts and figures that show you the scale of the world's largest express and logistics network.

Global Facts and Figures

Number of Employees: around 285,000

Number of Offices: around 6,500

Number of Hubs, Warehouses & Terminals: more than 450

Number of Gateways: 240

Number of Aircraft*: 420

Number of Vehicles: 76,200

Number of Countries & Territories: more than 220

Shipments per Year: more than 1.5 billion

Destinations Covered: 120,000

The reason for the success of DHL is due to its very effective and efficient way of carrying out the process of project management. The basic steps in it are as follows

The study focuses in assessing the performance management practices of DHL Express Ethiopia.

1.2 Statement of the Problem

DHL is an express company known in service giving industry. Service giving industries are more competitive. Therefore, service giving industries were obliged to take more effort in order to gain the ability of making long-term strategic goals. The method that through which the service giving industries can make strategic goals will be placed in a competitive environment is through good performance management systems. Besides of lacking such a broad system in service giving industries, the outcomes are very low. For this reason, DHL Ethiopia needs performance assessment for better improvement for its decision and goal achievement.

Performance Management is one of the most important activities of human resource management, and it is important to an organization, if it is properly assessed, in bringing to handle employees successfully to make effective and efficient on their job. It is observed that most organization often doesn't properly used performance management to achieve their desired goals.

DHL is a courier service giving organization here in Ethiopia. In order to be, effective and efficient to stay competitive and to achieve desired objective the company has to exercise quality management practice. DHL is also need to review its performance management process to look ahead, receive valuable feedback, and to put serious thought into performance management. And also employees claim that there is no strong relation between the organizational goal and individual goal with in DHL.

Furthermore, there is no clarity between the organization and employees objective based on the data obtained from employees performance appraisal of the past years.

During appraisal period there is always conflict between the supervisor and employees. The entire performance management practice is needed to be re-assessed.

1.3 Research Questions

This research paper tries to address the following research questions.

- How to assess organizational strategy in performance management in DHL Ethiopia?
- How to assess performance planning system on DHL?
- How to assess performance execution toward goal achievement?
- How to evaluate performance in DHL Ethiopia?
- How DHL review its performance?
- How DHL manage its performance through renewal and re-contracting?

1.4 Objective of the study

1.4.1 General Objective

The general objectives of the study is to assess the performance management practices of DHL Ethiopia

1.4.2 Specific Objectives

This research paper tries to address the following specific research objectives.

- To assess organizational strategy in performance management in DHL Ethiopia.
- To assess performance planning system on DHL
- To assess performance execution toward goal achievement
- To evaluate performance in DHL Ethiopia
- To assess employees dissatisfaction during review
- To assess DHL performance through renewal and re-contracting

1.5 Operational Definition of Terms

Performance management

Performance management is a systematic process of improving organizational performance by aligning individual employees' efforts to address organizational strategies and goals.

As performance is the main image of this research, in this section the term of performance will be defined and its usage in the literature will be clarified. In literature "performance" has used in a very wide-range and has been the focus of many researchers as a helping tool in making strategic decisions and focusing on shareholder value (Deng & Smyth, 2013). One of the comments on the meaning of performance was stated by Lebas, (1995) that was "there are a few agreements between the people on the real meaning of performance: the meaning could be everything relative to efficiency, to be powerful and have enough resistance in investment, or any other definition that may not be fully satisfied for the term".

Performance Appraisal

Performance appraisal is one of the most important stages of performance management and includes the planning, execution, assessment, review and renewal of the performance of individuals in the organization. (Mawardi Ibrahimi, 2013)

1.6 Significance of the Study

The study is significant to give feedback to DHL management to enhance their performance management system to align with the company and employee's goal and development.

Also this paper is useful for employees to have awareness on performance management that their company is practicing.

Helps for other stakeholders and researchers to add up their idea for improvement.

1.7 Delimitation of the Study

The study was used to assess the performance management practices at DHL and provide recommendation for implementation. Due to time and distance limitation, the impact to be realized as a result of the implementation of the recommendation in the performance of the organization was not reviewed and presented. Because there is service centers located in Awasa and Mekele regions. The study is also did not include part time and contract workers.

1.8 Organization of Research Paper

In the final paper, chapter one is about introduction, under chapter two, related literature is reviewed; under chapter three the research designs as well as the methodology are discussed. Under chapter four, the results of the finding are being fully discussed and finally under chapter five, conclusion of the findings is summarized and recommendations are also described.

CHAPTER TWO

LITERATURE OF RELATED REVIEW

2.1 Definition of Performance management

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management (Armstrong, 2009).

Performance management is concerned with: aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies (Armstrong, 2009).

Performance management is “a continuous process of identifying, measuring and developing the performance of individuals”. Performance management primarily focuses on its employees to develop their capabilities (Aguinis, 2007).

Performance management system usually includes measures on both behaviors (what an employee does) and results (the outcomes of an employee’s behavior). In order to realize the purpose of performance appraisal, organization should carefully design appraisal system and implement accordingly (Aguinis, 2007).

Performance management is assessment of personnel performance, feeds into career development, compensation and promotion, movement within the organization, and sometimes even termination of employment. Importantly it links the performance of the individual with the objectives of the organization. Assessment of individual performance through mechanisms such as the appraisal system are normally linked to training and development plans which enable people to improve performance and also develop abilities in new areas (Armstrong, 2009).

Performance management as practiced today incorporates processes such as management by Objectives and performance appraisal that were first developed some time ago. But its overall approach is significantly different. As Mohrman and Mohrman (1995) emphasize: 'Performance management is managing the business.' It is what line managers do continuously, not an HR-directed annual procedure. Performance management is the process of continuously attracting, developing and retaining talented employees. Performance management provides supervisors, tools for planning, supporting, counseling, mentoring, appraising and recognizing employee performance. One can learn how to effectively set measurable goals, build competencies, coach mentor, conduct performance appraisals and recognize accomplishments.

Performance Management Systems are so far the best available mechanisms for efficient and productive management and also Performance Management System aim is to create a high performance culture in which all members, managers or employee takes responsibility for continuous improvement of business processes and also of their own skills (Armstrong, 2006).

Performance management is a planned management process consisting of communication among all working groups, task agreement, cooperative work design, output assessment, feedback and positive reinforcement. Significant characteristics of performance management system which makes it one of the best practices are:

- Emphasis on front end planning rather than back end review
- Broader definition of performance
- Ongoing dialogue
- Performance appraisal practice
- Graphical rating scales.

(Aguinis, 2007).

Performance Management System approach believes that there are many other factors coupled with performance outcome and it is not only based on objective achievement which was main target of Management by Objective practice. In this approach 'sharing expectations' has changed the autocratic style of management into democratic (Wilson, 2004).

Managers can make it clear, what they actually want from their staff or each individual. Managers also make it understandable to all, what they expect from them in terms of good performance and how mutually they can contribute in organizational goals.

On the other end employees can talk about how they should be managed, how they can give their best output. They can discuss the support or resources which they need from managers (Bascal, 1999).

Main focus of Performance Management System appears to be on consensus which was lacking in early practices where there was no discussion before writing the annual character report or setting objectives points and the positive relationship between performance management and better business performance (Aguinis, 2007).

It can communicate shared vision of organization, define expectations and reach consensus. It also enhances motivation, leads towards personal development plans, allows people to monitor their own performance and of those who are responsible for this and encourage dialogue about various issues. The words performance measurement and performance management often used interchangeably, performance includes measurement based on key success factors to track achievement while performance management aims to react to the results of the measurement (Radnor, 2003).

2.2 Evolution of Performance Management

Performance Management began around 60 years ago as a source of income justification and was used to determine an employee's wage based on performance. Organizations used Performance Management to drive behaviors from the employees to get specific outcomes. In practice this worked well for certain employees who were solely driven by financial rewards. However, where employees were driven by learning and development of their skills, it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of Performance Management. This approach of managing performance was developed in the United Kingdom and the United States much earlier than it was developed in Australia.

The current trend across the entire industry is shifting from performance measurement to performance management (Radnor & Barnes, 2007).

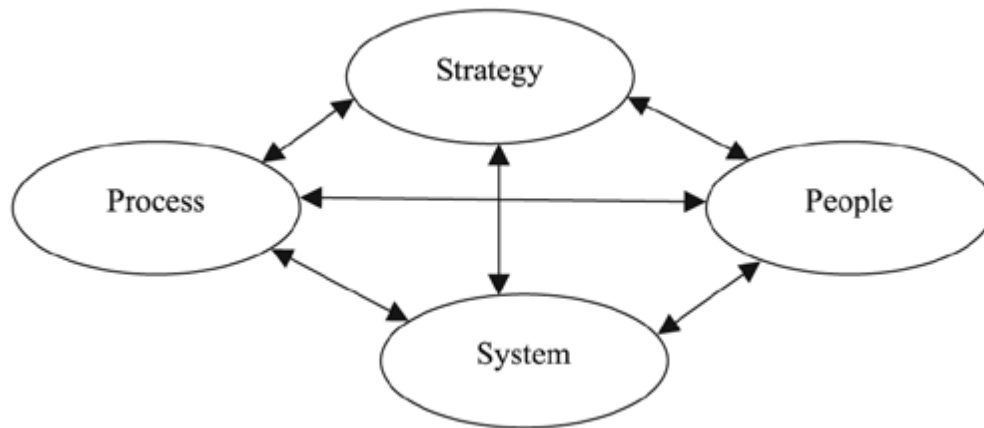
According to Koontz (1971), the first known example of performance appraisal took place during the Wei dynasty (AD 221–65) when the emperor employed an ‘imperial rater’ whose task it was to evaluate the performance of the official family. In the 16th century Ignatius Loyola established a system for formal rating of the members of the Jesuit Society. The formal monitoring systems, however, evolved out of the work of Frederick Taylor and his followers before the First World War. Rating for officers in the US armed services was introduced in the 1920s and this spread to the UK, as did some of the factory-based American systems. Merit rating came to the fore in the United States and the UK in the 1950s and 1960s. (IPD, 1997).

Management by objectives then came and largely went in the 1960s and 1970s, and simultaneously, experiments were made with assessment techniques such as behaviorally anchored rating scales. A revised form of results-orientated performance appraisal emerged in the 1970s and still exists today. The term performance management was first used in the 1970s but it did not become a recognized process until the latter half of the 1980s. In the late 1980s and early 1990s the dissatisfaction with traditional backward looking accounting based performance measurement system led to the development of balanced multi- dimensional performance measuring frame work (Radnor & Barks, 2007).

Kaplan and Norton (1996) outline that for successful implementation of the BSC

The organization needs to understand and state their strategic foundation. This strategy has then to be geared into measurable and balanced dimensions in four perspectives (Kaplan & Norton, 1996).

Figure 1. The pyramid of Performance Management



source: Performance Management in the public sector: Radnor 2003

Organizational diamond for performance management can help in giving the sense of direction for performance management.

“Processes” are the “nervous” system of the organization (Clarke, 1994). They can be considered to be the “harder” mechanics of the organization and described as the business processes as well as the structure of the firm (Radnor, 1999). By understanding and defining the processes within an organization it would be possible to develop ensure that a coherent set of performance measurement and appropriate targets that support the processes and vice versa.

“People” are the “blood and guts” of the organization (Clarke, 1994). The organizational factors represented here are largely concerned with training, motivation, culture and skills (Radnor, 1999). The people element is important in terms of the framework to ensure ownership, accountability and, improvement in the performance. People need to be trained to understand the purpose and impact of performance management. They should also be involved in creating and managing performance management (De Waal, 2002).

“System” relates to the actual performance measurement or performance management system itself. It needs to be realistic, measure and reinforce the right targets to ensure the appropriate behavior (De Waal, 2002). In other words there needs to be an understanding between, the structure and behavior that a performance management system drives.

By understanding the various facets and ensuring that there is some balance between them in relation to performance management within the public sector it should be possible that it is not always be about developing targets, setting measures and measuring the process but rather about developing indicators, performance management and understanding the outcome to support the “organizational” needs.

“**Strategy**” can be defined as the direction of the organization. It refers to and supports the building block of bold aspirations (Radnor, 2003).

2.3 Performance Management Principle.

Employees want direction, freedom to get their work done, and encouragement not control. The performance management system should be a control system only by exception. The solution is to make it a collaborative development system, in two ways.

First, the entire performance management process – coaching, counseling, feedback, tracking, recognition, and so forth – should encourage development. Ideally, team members grow and develop through these interactions. Second, when managers and team members ask what they need to be able to do to do bigger and better things, they move to strategic development (Egan, 1995).

According to Armstrong (2009), research conducted by Fletcher and Williams suggests four underlying principles of effective performance management systems, namely that:

- It is owned and driven by line management and not the human resources department;
- There is an emphasis on shared corporate goals and values.
- Performance management is not a packaged solution but something that has to be developed specifically and individually for each particular organization.
- It should apply to all staff, not just the managerial group.

Armstrong (2009) further expands on these principles as follows:

Performance management translates corporate goals into individual, team, department and divisional goals;

It helps to clarify corporate goals;

It is a continuous and evolutionary process, in which performance improves over time;

- It relies on consensus and cooperation rather than control or coercion;
- It encourages self-management of individual performance;
- It requires a management style that is open and honest and encourages two way communications between superiors and subordinates;
- It requires continuous feedback;
- Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives;
- It measures and assesses all performance against jointly agreed goals;
- It should apply to all staff and is not primarily concerned with linking performance to financial reward.

2.4 Purpose of Performance Management

According to Aguinis, 2007 Performance management has a number of purposes including, Strategic, communication, development as well as organizational maintenance discussed below.

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

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

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

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

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

According to Armstrong (2009), an effective performance management process sets the foundation for rewarding excellence.

- By linking individual employee work efforts with the organization's mission and objectives, the employee and the organization understand how that job contributes to the organization.
- By focusing attention on setting clear performance expectations (results + actions & behaviors), it helps the employee know what needs to be done to be successful on the job. Through the use of objectives, standards, performance dimensions, and other measures it focuses effort. This helps the department get done what needs to be done and provides a solid rationale for eliminating work that is no longer useful.
- By defining job-mastery and career development goals as part of the process, it makes it very clear how the current position supports employee growth and the additional opportunities the employee needs to explore. Through regular check-in discussions, which include status updates, coaching, and feedback, it promotes flexibility, allowing the supervisor and the employee to identify problems early and change the course of a project or work assignment.
- By emphasizing that an annual appraisal should simply be a summary of the conversations held between the supervisor and the employee during the entire cycle, it shifts the focus away from performance as an "annual event" to performance as an on-going process. An effective performance management process, while requiring time to plan and implement, can save management and the employee time and energy. Most importantly, it can be a very effective motivator; since it can help both management and the employee achieve the best possible performance.

According to Aguinis (2007), the following characteristics are important ingredients of an ideal performance management system.

- Strategic congruence. The system should be congruent with the unit and organization's strategy.
- Thoroughness. The system should be thorough.
- Practicality. Good, easy- to –use systems.
- Meaningfulness. The system must be meaningful.
- Specificity .A good system should be specific
- Reliability. It is free from error
- Validity. The measures of performance should also be valid.
- Acceptability and fairness. Good system is acceptable and is perceived as fair.
- Inclusiveness. Good systems include input from multiple sources on an ongoing basis.
- Openness. Good systems have no secrets.
- Correctable
- Standardization etc...

The successful implementation of a comprehensive performance management system can provide everyone the direction and support they need to enhance and improve their productivity and standards on a regular basis. Besides serving as important input to the organization's developmental efforts, performance management programs can also provide information for effective work force planning and compensation projections. A comprehensive performance management program allows managers to gain relevant and timely insights into their employees' goals, desires and abilities, thereby enabling them to execute better motivational strategies and fairer evaluation methods for each person as per his or her performance. For employees, a comprehensive performance management program can clarify their jobs, the expectation of managers from them, as well as the perception of managers regarding their performance for each task and responsibility. A good comprehensive performance management program also provides relevant and timely information for those organizational goals.

One purpose of performance management in regard to people development is that effective coaching can build an employee's confidence and commitment while resolving performance attitude problems on a just-in-time basis (James Rollo, 2001).

2.5 Performance Management Process

Performance management is a process for measuring outputs in the shape of delivered performance, compared with expectations expressed as objectives. In this respect it focuses on targets, standards and performance measures or indicators. But it is also concerned with inputs- the knowledge, skills and competencies required to produce the expected results. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively that developmental needs are identified (Armstrong, 2001).

Performance management is a positive interaction between a coach and an employee working together to achieve maximum performance. The process involves the following:

1. Organization Strategy
2. Performance Planning
3. Performance execution
4. Performance Assessment
5. Performance review
6. Performance renewal and contracting

2.6 Key aspects in the performance management process

It is a business process:

- It is about the everyday actions and behaviors people use to deliver the goals of the organization to meet customer needs, improve performance and themselves. It cannot be divorced from the management and business process of the organization. Performance management is not about a set of forms, the annual appraisal ritual, or the merit or bonus scheme.

It creates a shared understanding.

There is a linkage between what is to be achieved and how it is achieved.

- Individuals and teams need to have a common understanding of how their roles connect to the business mission and goals of the organization. To improve performance they also need to know what superior performance looks like and how to achieve it. Performance can be described as a set of tasks, goals, behaviors or results or any combination of these elements. The goals and tasks must be formalized into a performance agreement.

It is an approach to managing people:

- The focus of performance management is on connecting people to one another and to the larger organization and its values. The main emphasis is on how to get people to work together and support one another to achieve shared aims. In particular it puts the responsibility on managers to work effectively (through coaching and motivating) with those for whom they are accountable.

It increases the probability of organization health and durability:

- Performance management has a clear purpose. It is about delivering success for individuals, teams and the organization. By establishing a continuous management processes that delivers clarity, support, feedback, and recognition to all, leaders take a major step in sustaining performance, the performance management process, and organizational life span.

It is driven by Competencies:

Competencies are the only common denominator that can be used across human resource system consistently. This assists both line managers and human resource professionals to measure and manage jobs and performance in an integrated way.

- Performance Management is based on four key elements: Strategy, people, process and system which are all inter related (Radnor, 2003).

2.7 Performance management Cycle

Performance depends on the motivation and ability of individuals, that is, they have to be willing to do the job, know how to do it, be able to do it, and have receive feedback on how they are performing in considering the cycle of performance management, it is useful to compare ideas from different authors and contrast their views (Fox, 2006).

According to Shultz et al (2003), the starting point of performance management is setting goals and measures and goes on to list the steps that form the performance management cycle and the cycle that consists of the following steps:

- **Clarify expectations**

This is the crucial first step in the performance management. It ensures that employees know what is expected of them. They must have a crystal clear understanding, not only of what the objective means, but also of what is necessary to affect the measure associated with the objective. The initial meeting between manager and subordinate in the performance management cycle should be a discussion about setting performance objectives and ensures. It should not be a briefing in which the manager tells the subordinate what his or her objective are, and then spends the rest of the time convincing the subordinate of the importance of achieving objectives.

- **Plan to facilitate performance**

The manager might ask the subordinate what he or she could do help the subordinate achieve his or her objectives. There are many instances in which the manager's intervention may be necessary due to the fact that subordinate may not have the authority or resources to make things happen.

- **Monitor performance**

There are many methods of monitoring performance of subordinates. One such method is referred to as managing by wandering around. If this is not possible, then the monitoring of performance may be achieved by regular meetings, telephone calls, written reports etc... Frequency of monitoring is a factor of the nature of the job and the seniority of the person being monitored.

- **Provide feed back**

It is critically important to provide feedback to subordinate on their performance. Such feedback serves the purposes of allowing for the manager to provide for consequences of performance and it allows the manager to redirect the efforts of the subordinate if necessary. One of the measurement tools, the balanced scorecard measures the organizations performance across four balanced perspectives financial, customers, internal business process and learning & growth (Kaplan & Norton, 1996).

- **Coach, council and support**

It performance monitoring reveals a serious deficit, and then the manager may have to coach the subordinate. This will consist of discussing the desired performance, and if necessary, modeling the performance for the subordinate, asking the subordinate to perform, and then giving critical feedback on the performance, until it is at the required level.

- **Recognize good performance**

Behavior that is positively reinforced is likely to recur, while behavior that is punished, or for which there are no consequences, is less likely to recur. Managers who seek to influence the performance of their subordinates need to ensure that good performance is followed by positive consequences.

- **Deal with unsatisfactory performance**

If a subordinate fails to perform as expected and this performance persists, then it may be necessary to start disciplinary procedures by starting performance improvement plan, the area the subordinate should improve, then standard must be offered every assistance to perform, including it necessary reassignment to a different position to help then remain employed.

In terms of dealing with poor performance, the following steps should be followed:

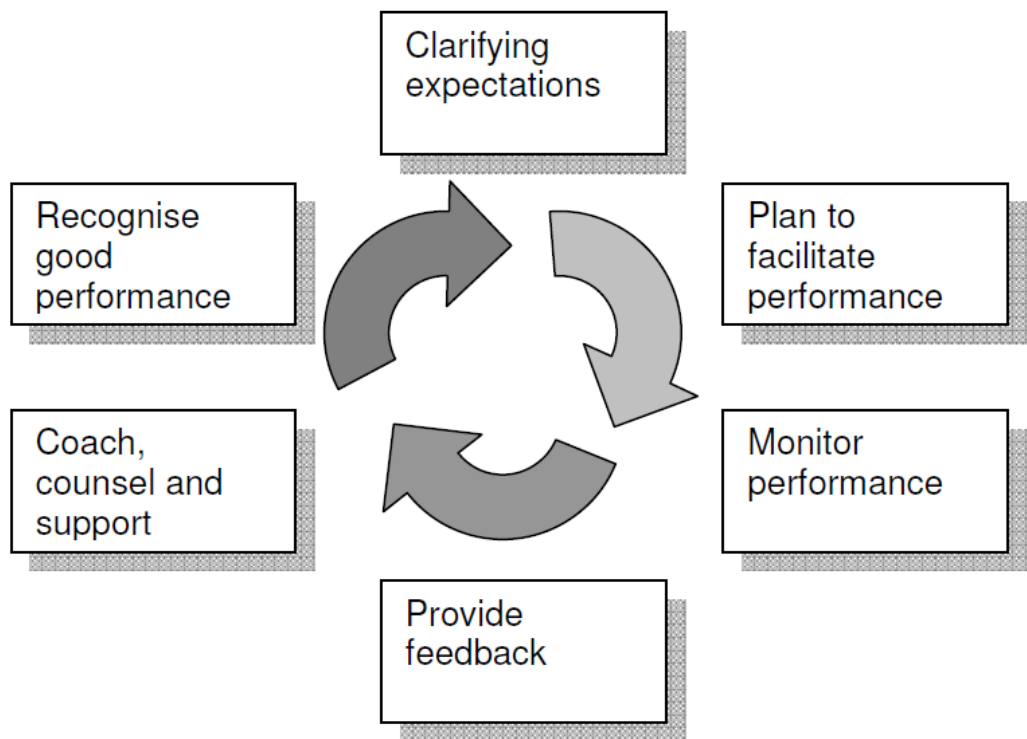
- Ensure that employee knows that his or her performance is unsatisfactory;
- Check to see what employee's previous performance record is like;
- Revisit the performance objectives and ensure that subordinate knows what is required of him or her and what he or she need to do to perform adequately;
- Agree on a performance improvement plan;

- Agree on a process for follow up and review of the improvement plan, and consequence of non-performance
- Record the agreement in writing
- Monitor performance in terms of the agreement

One of the measurement tools, the Balanced Scorecard measures the organization's performance across four balanced perspectives: financial, customer, internal business process and learning and growth. (Kaplan & Norton, 1996).

Figure 2. Performance Management Cycle

Performance management cycle



Source Shultz, et al (2003)

2.8 Performance Management Benefit

The use of performance management can be seen as a method designed to meet organizational goals. Measuring key performance indicator will improve operational effectiveness, ensure accountability and foster collaboration (Lemieux-Charles, etal, 2003).

Schultz ,(2003) believes that through performance management, the product of successful performers is a high performance company with an unmistakable profile that distinguishes it from the mediocre. Osborne and Cowen in Schultz, (2004) list the key attributes that differentiate the culture of high performance companies as follows:

- High performance companies have a simple compelling vision for the future;
- They produce a ‘true believer mentality’ (whereby everyone believes in the vision of the company, certain that it will bring success);
- Three or four plain values guide the organization, such as self-confidence, speed and simplicity;
- Employees are proud of their company, but dissatisfied with their current performance learning from both every mistake and every success;
- The urge to earn and maintain peer respect is the greatest motivator
- Employees in a high performance company expect that long term relationships will foster their careers
- A single person’s success is celebrated through the company.

Management Benefits.

While performance management cannot solve every problem, it has the potential to address many common management concerns. If it is properly used, with invested time on it, and a cooperative relationship, performance management can:

- Reduce time-consuming misunderstanding among staff about who is responsible for what.
- • Reduce the frequency of situations where you do not have the information you need when you need it.
- • Reduce mistakes and errors (and their repetition) by helping you and your staffs identify the causes of errors or inefficiencies.

- Identify individual training and development needs.
- • Build closer working relationships based on mutual trust and respect.
- • Provide better feedback to individuals about their performance and progress based on mutual understanding of needs (Armstrong, 1994).

Performance management is an investment upfront so that managers can just let employees do their jobs. They will know what they are expected to do, what decisions they can make on their own and how well they have to do their jobs.

Employees Benefits.

It can provide scheduled forums for discussion of work progress, so employees receive the feedback they need to help assess their accomplishments and to know where they stand. That regular communication ensures there are no surprises at the end of the year. Since performance helps employees understand what they should be doing and why, it gives them a degree of empowerment-ability to make day-to-day decisions.

It helps in figuring out how to improve performance, even if there are no current performance problems. This provides an opportunity to help employees develop new skills and is more likely to identify barriers to better performance, such as inadequate resources.

Employees benefit from better understanding their jobs and their job responsibilities. If they know their limits, they can act more freely within those parameters.

Organizational Benefits.

When people in the organization understand how their work contributes to the success of the company, morale and productivity usually improve. A company can have all of its parts aimed at the same bulls-eye. Performance management is the key to making these links clear to everyone.

2.9 Challenges of Performance Management

The outcomes of an effective and comprehensive performance management program should be satisfied and productive employees, better bottom-line profits and better competitive position in the market or industry. Traditionally, performance management programs have been devalued due to the fact that most organizations viewed it as a single or “stand alone” initiative, rather than a strategic tool to enhance performance and achieve organizational productivity.

Some people have viewed performance management programs as” touchy feely” initiatives that simply do not add much value to the organization, while others have seen it as being out of touch from the needs of an organization’s human resource asset.

Other reasons “devalued” view of performance management programs can be attributed to the view that it is considered as extra work to complete the required forms, its perception that it is part of some legal requirement by human resource department, lack of proper training for understanding the process and its core elements, and fact that often employees and managers are not included in the initial design and implementation process.

Performance management is easy to describe but hard to operate. And there is no such thing as ‘one best way’ to carry it out. As Pulakos, Mueller-Hanson and O’Leary (2008)

Performance management is often referred to as the ‘Achilles heel’ of HRM. All modern organizations face the challenge of how best to manage performance. That is, they must determine the best ways to set goals, evaluate work and distribute rewards in such a way that performance can be improved over time. While all firms face similar challenges, the way a firm responds to these challenges will depend on where the firm is located and the context within which it is operating. Differences in culture, technology or simply tradition make it difficult to directly apply techniques that have worked in one setting to a different setting (Armstrong, 2009).

Reactions and conflicts an employee’s sides are often inevitable. Dissatisfaction, feeling of unfairness in the process and in equity in evaluation can lead to appraisal system to failure (Palaiologos, etal 2011).

The process is problematic because of the complexity and difficulties involved in one person attempting to sum up the performance of another.

There is a problem in getting line managers to do it well, or at all.

There are too many poorly designed or poorly administered performance management schemes (Armstrong, 2009).

Researches indicate that there is a positive and significant relationship between justice perception and employee engagement (Gupta & Kumar, 2013).

2.10 Empirical Literature on Performance Management Practices

Performance management system is handled in different ways in different organizations. Under this section, practical literatures on performance management system in different organizations are discussed. The organizations assessed include both NGOs and government organizations, organizations that operate within this country and some that work outside the country. The practices of these organizations are compared with that of DHL Express Ethiopia.

2.10.1 Performance management practices at DHL

DHL has offices all over the world and all branches use the same type of performance management system. In this management system, employees are expected to plan for the upcoming year's activity. The plans are based on key areas of accountability which considers performance factors that are used to evaluate how one's performance has met the set targets during the appraisal period.

Each department prepares its own performance plan; the plan is then fully discussed between the employee and the respective supervisor. The agreed plan is signed by both parties and kept as a reference for future appraisal. It is the policy of the DHL to set goals for all employees and to appraise their performance against those goals; to reward them based on their performance and to take appropriate remedial action where this is considered necessary. DHL performance management policy is available on the company's portal and is accessible to all employees. Employees are made aware of this policy during the initial induction period. Some of the most important points included in the policy manual are:

- 1 All permanent employees of DHL are guided through company policy.
2. Performance appraisals are strictly confidential. Only the Supervisor and SMT members have access to the results.
- 3.All staff members permanently employed by DHL should be appraised formally once in a year.
- 4.The HR Records Office shall be responsible for the safekeeping of performance appraisal results.

For the appraisal, employees are expected to submit the self-assessment report to their immediate supervisors.

5. The supervisor is expected to compile his own data about the employee (s) he supervises, take inputs from the employee's self-assessment report and contact the reference personnel and evaluate the performance of the employee .

Each component in the appraisal form is rated as indicated in table 1. DHL has 5 rating methods.

Table 1. Existing DHL Performance Appraisal Rating

No	Meaning
1	Far exceed
2	Exceed
3	Fully meet
4	Partially meets
5	Does not meet

The average annual rating and the initial goal setting of each employee is compiled by their respective supervisor and this compiled data is forwarded to department managers.

Source: DHL annual employees performance taken from year 2018.

2.10.2 Performance Management Practice of Kenya IBM

In Kenya IBM Company, the purpose of performance management system is to motivate and focus individuals to perform to their optimal level of competence during a defined period, usually an annual performance cycle. Ultimately, the collective efforts of individual performers must add up to positive organizational performance for an enterprise to succeed. Too often, however, organizational strategies and goals are created and passed down to others without a clear set of principles or a clear understanding of the key requirements for meeting them and without translation into meaningful, realistic targets and activities that individuals can perform.

The following are key processes of Performance Management at Kenya IBM Company.

- Lay the groundwork for setting objectives by exploring aspirations, need and preferences.
- Conduct a discussion about performance expectations (competencies, goals and development).
- Create specific plans that can be implemented and tracked pragmatically. Develop commitment to a transparent contract between manager and employee around a performance plan.

2.10.3 Performance Management Practice at PIACT (an NGO in Bangladesh)

PIACT Bangladesh established 1980, It is a non- profit, non-governmental organization committed to the welfare of the people of Bangladesh. Employees and projects are evaluated by different individuals in PIACT based on their nature of job activities such as:

The individuals working as PIACT's core employees are evaluated by the top level management consisting of Director, Deputy Directors and Administration Officer.

The individuals working in projects are evaluated by their Coordinator and if that individual is a member of any project team then he/she is evaluated by the team leader.

A project team is evaluated by the Project Administration Officer. The finance and accounts related activities of a project team are usually evaluated by the Finance Manager.

A whole project is evaluated both internally and externally. Internally it is evaluated by the top-level management and externally it is evaluated by the representatives of the project donors.

Different time frames are maintained for the evaluation of different entities such as:

The core employees are evaluated once in year. The project-based employees and the project teams are evaluated quarterly.

The whole project can be evaluated quarterly and sometimes it can be conducted phase-wise.

Each project has different phases in its whole life time. Usually phases are determined based on the years required to complete a project.

Performance criteria at PIACT for project employees and teams are determined by the top level management along with the project director. These criteria depend on the nature of the job and job contents. Such as for a field officer it is necessary to be a hardworking person. He also must have the willingness of taking and meeting job responsibilities. It must maintain timeliness, speediness and accuracy for each activity.

In PIACT Performance appraisal information of the employees are used for the following purposes: Performance Improvement: The supervisor of an employee communicates the performance review results of that employee and gives advice to improve his/her performance for future. Placement Decisions: Depending on the performance evaluation information the promotions and transfer take place.

These decisions are taken by the top-level management of PIACT along with the project directors. Career planning and Development: Based on the information from performance evaluation the top-level management tries to find out the potential employees who can improve the overall performance of the organization. Identifying Job Design Errors: After conducting the evaluation it is found whether the problem is with the employees or with the job designing. If the employees fail to accomplish the tasks due to the error in job designing, then the jobs are redesigned to perform to enhance its effectiveness.

Source: (Mawardi Ibrahimi,2013)

2.10.4 Performance Management Practice at USAID/DELIVER Project in ETHIOPIA

The USAID /DELIVER project is a U.S. Agency for International Development (USAID) – funded project, works with national and international partners to increase the availability of essential health supplies for clients around the world. The project works to ensure transparent and cost-effective procurement, create efficient delivery systems, and strengthen and integrate national and international supply chains; it was established in Ethiopia in 2003.

The purpose of performance management is to assist supervisors and Employees in designing and implementing each project or unit's annual evaluation process. Each project develops its own format based on the guide line and the formats used by different projects are not expected to be the same.

According to its internal policy, the following are the general guidelines prepared by The USIAD/DELIVER project in Ethiopia

- I. The Supervisor of Record or the Project Director/Administrator should notify the employee that the evaluation is due. Either the employee or the supervisor should select a date for the review and invite the appropriate participants.
- II. The employee should complete a self-evaluation/assessment prior to the evaluation. This should be part of the evaluation documentation.
- III. Whatever process the project chooses for the annual performance evaluation, the Supervisor of Record should be present at the review meeting and the following points must be discussed:
 - An assessment of the past years performance
 - Concerns on both parts regarding the past year's performance

- Feedback from Supervisor of Record
- Planned activities for the coming year
- The employee's goal for personal and professional development in the coming year
- Any additional performance standards/expectations beyond those included in the planned activities.

In the event of unsatisfactory performance, the supervisor should discuss the performance with the project director/administrator or with HR to begin the performance improvement process to support the employee. Guidelines for this process are available through HR or the project director/administrator (www.USAID/DELIVER HR.Manuel.2009).

The performance management practice at USAID/DELIVER Project is almost the same with performance management practice exercised at DHL.

2.10.5 Performance Management Practices at Ethiopian Airlines.

According to the performance management policy of Ethiopian Airlines as posted in its company portal, there are different performance management tools world-wide and companies use either one or more of these tools. The performance management tool accepted by Ethiopian Airlines is the Balanced Scorecard that was developed by Robert Kaplan and David Norton in 1992. According to the performance management policy as posted on the company portal, the purposes of performance management at Ethiopian Airlines are:

- Relating employee's performance evaluation to the achievement of strategic goals and objectives.
- Rewarding employees in line with their individual performance and the productivity of Ethiopian.
- Creating a sense of understanding by establishing non-financial quantitative indicators (process index) other than financial indicators.
- Achieving a balance among short-term, medium-term and long term management objectives through a diverse measurement of performance.
- Promoting organizational learning through a repeated cycle of goal setting.

- Providing a common strategic communication platform linking the heads and members of the organization.
- Identify training and development requirements for performance improvements.

The corporate strategies, goals and objectives are cascaded through our organization down to individual level. For different sections, the airline uses the cascaded BSCs whereas for individuals, these sectional BSCs are further cascaded to Individual Scorecards (ISCs).

The company states that it uses the BSC system to:

- Align employee's performance to strategic goals and values of the Organization.
- Enhance accountability and facilitate communication between the supervisor and the staff.
- Reward staff in line with their performance and productivity of the Airline.
- Promote a culture of learning and growth to meet the strategic goals of the company.
- The overall Balanced Score card process shall be implemented fairly, and objectively.

Though the company has a nice policy to manage its performance, it has not yet started making use of BSC to reward good performers. The policy has not been properly translated into working document to enable the airline to link the reward system to the performance management policy.

Because of the above discrepancy, all employees of the airline were granted a 6% salary increase across the board as a bonus for the 3012/13 budget year that was completed in June 2013.

Conceptual Frame Work

The theoretical framework provides a general representation of relationships between things in a given phenomenon. The conceptual framework, on the other hand, embodies the specific direction by which the research will have to be undertaken. Statistically speaking, the conceptual framework describes the relationship between specific variables identified in the study. It also outlines the input, process and output of the whole investigation. The conceptual framework is also called the research paradigm. But, since my research was descriptive I didn't used variables to assess performance management system in DHL Ethiopia. Rather, I used the six dimensions of performance management evaluation methods explained under Chapter Four with SPSS package in order to assess the performance of the organization with the mean and standard deviation metrics.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1, Research Design and approach.

The research design of the study is descriptive research. It describes the performance management practices and assessing the overall DHL performance management system. The quantitative data was collected through self-administered questionnaires and the total numbers of employees were 110. Due to the small number of employees; I used the whole permanent employees for this study.

3.2, Population and Sampling Techniques

The study was targeted for the total of 110 employees working in different branches including head office, Airport and service centers. The questionnaires were distributed to each department, including managers and employees at different levels.

3.3 Methods and Instruments of Data Collection

All selected permanent employees in DHL were respected to fill the questionnaires. The respondents were then requested for their willingness to fill up the questionnaires. Once their willingness was obtained, the questionnaires were distributed to each participant. Finally, the filled questionnaires were collected and respondents at DHL were thanked for their participation and for their valuable input.

3.4, Procedure of Data Collection

An important basis for successful research is information in the form of facts. These facts can be called data and are the ones that allow the researcher to understand the problem under that is being investigated (Walliman, 2005). In order to conduct a relevant research both primary and secondary data were gathered. Secondary data was obtained from scientific articles, relevant DHL websites and Internet sources.

The collections of data were started from DHL Airport branch office and finally concluded in DHL head office service center located around Megenagna in front of Anbesa Garage. The researcher was created awareness about the overall purpose of the study to the respondents in order to avoid misunderstanding and confusions especially to the lower level department working on delivery and pickup operation departments. And then, Questionnaires were distributed to the target employees. Data were collected through questionnaires. The content of

the questionnaire was divided in to different parts as described on the research question part. These enables the researcher to get a better understanding of the respondents and relate it to how they expect and perceive DHL performance management system. Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) was selected to interpret participants' response. A self-administered questionnaires survey was used in DHL Ethiopia.

3.3 Source of Data

3.3.1 Sources of Data

According to Kothari (2004, p.95) there are two types of data viz., primary and secondary. The *primary data* are those which are collected afresh and for the first time, and thus happen to be original in character. The *secondary data*, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process. Therefore, in this research both primary and secondary types of data were used.

Primary Data Sources: To obtain primary data the researcher mainly used all permanent DHL staff working in Addis Ababa. The decision to use those persons as a source of data is based on the expectation and perception that they have a better understanding and information about the performance management.

Secondary data Source: Review of documents, record reviews, organization reports, DHL corporate mails and organization history. The data obtained from these sources believed to strengthen the data obtained through questionnaires.

3.4 Method of Data Analysis

The data was analyzed and interpreted mainly by using quantitative approach. The quantitative approach emphasis on measuring on attributes of things. The collected data were analyzed through SPSS package using different statistical methods to find out the factors affecting performance management. This method used statistically which involves in collecting, summarizing and interpreting data through frequency distribution, mean and percentage.

3.5 Validity and reliability

Reliability and validity are the two most important and fundamental features in the evaluation of any measurement instrument or tool for a good research. Validity in this research concerns on the six dimensions of performance measurements, and how well it does so. Reliability in my research concerns the data obtained from the six dimensions by using SPSS package for measuring mean and standard deviation. The detail was separately assessed under Chapter four of the research paper and as developed on my research question of assessment of performance management in DHL Ethiopia.

Ethical Consideration

Questionnaires were distributed to permanent DHL staff members who were willing to fill-up the questionnaire. The purpose of distributing the questionnaire was clearly indicated on the questionnaire. The name of the respondents was also kept confidentially. Also the conclusion reached and the recommendations given were not biased rather it was aimed to assist DHL Human manger (generalist) to review performance of their employees the way they enhance their employees performance to make their company even better competitive.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter consists of the presentation, analysis and interpretation of data gathered through primary data, i.e., self-administered questionnaire distributed to all DHL staffs working in Addis Ababa. Under this chapter, the frequency and mean score of assessment of performance management practices has been assessed.

4.1 General Information

In this study 110 questionnaires were distributed to the respondents and only 100 questionnaires were returned. That means response rate was 90.1 %. The remaining 9.9% of the respondents failed to return the questionnaires. Respondents have different educational back ground starting from courier (ground operation) in high school diploma level to Master's degree holders in different managerial levels.

Respondents were asked different questions regarding the dimensions or variables associated with performance management practices. Their responses were organized in the following manner. While making interpretation of the results of mean and standard deviation.

The Scales were reassigned as follows to make the interpretation easy and clear (Al-Sayaad, Rabea, & Samrah, 2006). As cited by (Bassam, 2013).

Table2: Five Scaled Likert Criterion

No.	Mean range	Response option
1	1.0 to 1.80	Strongly Disagree
2	1.8 to 2.60	Disagree
3	2.6 to 3.40	Neutral
4	3.4 to 4.20	Agree
5	4.2 to 5.00	Strongly agree

Source: Al-Sayaad et al. (2006, as cited by Bassam, 2013).

Organizational strategy

Table3: the mean and standard deviation of organizational dimension of performance management practices in DHL.

Descriptive Statistics			
	N	Mean	Std. Deviation
I am fully aware of DHL's mission, vision, strategic objective and values.	100	2.77	1.033
DHL mission is very clear that makes its business to be realistic	100	3.13	.981
Mission and strategic goals of DHL allow me to make great contributions to the company and for my personal development.	100	2.61	1.014
I believe that, a performance management in DHL is providing systematic process for improving both on organizational and employees performance.	100	2.89	1.063
Total mean	100	2.85	0.74

Sources; field survey, 2019.

According to table 1 in the variable organizational strategies there were 4 questions asked for respondents. Regarding knowing about the organizational mission, vision, strategies and objectives the mean value is 2.77 with standard deviation 1.03. The clarity of mission had mean value 3.13 and standard deviation 0.98, mission and strategic goal contribution with personality development with mean value 2.61 and standard deviation 1.01, and performance management in improving both organizational and employee performance has a mean value of 2.89 with standard deviation 1.06. The overall mean was 2.85 with standard deviation 0.74. As the mean value shows the majority of the respondents were in neutral status, as far as the mean range criterion table....is concerned. This shows the problem regarding the organizational strategies understanding with the employees who works there.

Performance planning

Table 4: the mean and standard deviation of Performance planning of performance management practices in DHL.

Descriptive Statistics			
	N	Mean	Std. Deviation
My department has clear goal and Objective	100	3.42	1.335
The developmental plan will be measured on correct KPI and employees behavior	100	2.77	1.033
KPI (Key performance indicator) is developed based on the agreement between supervisor and Employees.	100	3.13	.981
Performance measurement tools in DHL Ethiopia are SMART.	100	2.61	1.014
I have clear understanding on the performance evaluation on my company.	100	2.89	1.063
I owned necessary skills and competencies to achieve my individual goals and objectives.	100	2.90	.969
Total mean	100	2.95	0.58

As shown in table4 - in the variable performance planning there were 6 questions asked for respondents. Regarding the goal and objective mean was 3.42 and standard deviation of 1.33 has been registered. The mean value of the developmental plan mean was shows 2.77 and standard deviation describes 1.03. The mean value of key performance indicator was 3.13 and standard deviation of 0.98. The mean and standard deviation of performance tool measurement were 2.61 and 1.014 respectively. The mean and standard deviation of performance of clear performance evaluation were 2.89 and 1.063 respectively. The mean and standard deviation of skills and competencies to achieve individual goals and objectives were 2.90 and 0.869 respectively.

The overall mean was 2.95 with standard deviation of 0.58. As the mean value shows most of the respondents were in neutral status, as far as the mean range criterion table4 is concerned. This shows there is a problem regarding Performance Panning understanding with the employees working in DHL Ethiopia.

Performance Execution

Table5: the mean and standard deviation of organizational dimension of performance management practices in DHL

Descriptive Statistics			
	N	Mean	Std. Deviation
My supervisor monitors my performance and gives developmental feedbacks regularly.	100	2.60	1.326
My Supervisor encourages me in developing my performance.	100	3.40	1.326
I provide regular updates on progress toward goal achievement in terms of results I achieved.	100	3.40	1.326
I am responsible employee for performance execution (implementation) in DHL Ethiopia	100	2.60	1.326
My supervisor provides me the required resources and equipment to do my job effectively.	100	3.14	1.349
Valid N (listwise)	100		

Table 5: the mean and standard deviation of Performance Execution of performance management practices in DHL. According to table5: in the variable performance execution there were 5 questions asked for respondents. Regarding the developmental feedback given from supervisor's mean was 2.60 and standard deviation of 1.32 was registered. The mean value of the developmental encouraging was shows 3.40 and standard deviation describes 1.32. The mean value of progress updates towards goal achievement were 3.40 and standard deviation of 1.3 respectively. The mean and standard deviation of employees' responsibility on performance execution were 2.60 and 1.326 respectively. The mean and standard deviation of available resource and equipment for employees to their job effectively was 3.14 and 1.34 respectively.

The overall mean was 3.028 with standard deviation 1.13. As the mean value shows most of the respondents were in neutral status, as far as the mean range criterion on table5; is concerned. This shows the problem regarding the performance execution understanding with the employees who works there.

Performance Assessment

Table6: the mean and standard deviation of organizational dimension of performance assessment practices in DHL

Descriptive Statistics			
	N	Mean	Std. Deviation
My performance is clearly measured based on my assignment.	100	2.72	1.036
When the performance has below the target, my supervisor and I discuss on the reason for future improvement.	100	2.81	.929
The performance evaluation criteria used at DHL is fair and true measurement.	100	2.91	1.093
DHL performance measurement is modified based on the nature and characteristics of my job.	100	2.79	1.008
Valid N (listwise)	100		

Source filled survey 2019

The mean value of the performance measured based on the assignment was shows 2.72 and standard deviation describes 1.036 . The mean value of reasons for the future improvement were 2.81 and standard deviation of 0.929. The mean and standard deviation of performance evaluation criteria were 2.91 and 1.093 respectively. The mean and standard deviation of DHL performance measurement on nature and characteristics was 2.79 and 1.008 respectively.

The overall mean was 2.8 with standard deviation 3.35. As the mean value shows most of the respondents were in neutral status, as far as the mean range criterion table6 is concerned. This shows the problem regarding the performance assessment understanding with the employees who works there.

Performance Review

Table7: the mean and standard deviation of Performance Review of performance management practices in DHL.

Descriptive Statistics			
	N	Mean	Std. Deviation
My Supervisor evaluates my performance without bias	100	2.88	1.008
The rating distribution at DHL makes distinction between good and bad performers.	100	2.60	1.005
My supervisor keeps regular records on my performance	100	2.79	.998
Performance review process in DHL is fair and useful for company growth and objectives.	100	2.77	1.033
I believe that there is no involvement by senior management to dictate the performance review at the end of the year.	100	3.13	.981
I have a clear understanding on the performance evaluation on my company.	100	2.61	1.014
Valid N (listwise)	100		

Source; filled survey

The mean value of evolution performance without bias was shows 2.88 and standard deviation describes 1.008. The mean value of the distinction between good and bad performance were 2.79 and standard deviation of 1.998. The mean and standard deviation of fair and useful company growth and objectives were 2.77 and 1.03 respectively. The mean and standard deviation of senior management involvement to detect the performance review was 3.13 and 1.014 respectively. The mean and standard deviation of understanding performance evaluation on the company was 2.61and 0.98 respectively.

The overall mean was 2.79 with standard deviation 1.0065. As the mean value shows most of the respondents were in neutral status, as far as the mean range criterion table7: is concerned. This shows the problem regarding the performance assessment understanding with the employees who works there.

Performance Renewal and Re-contracting

Table 8: the mean and standard deviation of Performance Renewal and Re-contracting of performance management practices in DHL.

Descriptive Statistics			
	N	Mean	Std. Deviation
The performance appraisal form at DHL Ethiopia has different relative measurement for different KPIs (Key Performance Indicators).	100	2.60	1.326
Senior management team (SMT) is committed for the successful implementation of the performance management at DHL Ethiopia.	100	3.14	1.349
I have sufficient capability to control over the activities that I am expected to perform in terms of my performance contract.	100	3.24	1.272
Valid N (listwise)	100		

Source; filled survey

The mean value of different measurement of key performance indicators was shows 2.60 and standard deviation describes 1.326. The mean value of the successful implementation of the performance management were 3.14 and standard deviation of 1.349. The mean and standard deviation of controlling activities expected to perform in terms of performance contract were 3.24 and 1.272 respectively.

The overall mean was 2.99 with standard deviation 1.31. As the mean value shows most of the respondents were in neutral status, as far as the mean range criterion on table 8 shows the problem regarding the performance renewal and re-contracting with the employees who works there has been identified and will concluded on the recommendation part.

Comparison of the mean of all dimensions

Table 9 the mean and standard deviation of the six dimension of performance management practices in DHL.

Descriptive Statistics			
	N	Mean	Std. Deviation
Performance Execution	100	3.0280	1.29459
Performance Renewal and re- contracting	100	2.9933	1.28967
organizational strategies	100	2.8500	.74281
performance planning	100	2.9533	.58367
performance Assessment	100	2.8075	.79364
Performance Review	100	2.7967	.71992
Valid N (listwise)	100		

According to the table... the overall dimension of management practices which are dealt in this research paper namely performance execution, performance planning, performance assessment, organizational strategy, and performance review and performance renewal and re contracting. Also the total mean value of respondent were presented. The highest mean value among the six dimensions were performance execution with mean value 3.02 and standard deviation 1.29. Following it Performance Renewal and re- contracting, performance planning, organizational strategies, performance Assessment and Performance Review with mean value 2.99, 2.95, 2.85, 2.80, 2.79 and standard deviation of 1.28, 0.58, 0.74, 0.79, 0.71 respectively.

All the dimensions mean value falls in the same category which is between 2.6-3.2; hence the respondents were in neutral status. Therefore, the concerning bodies shall take it into account and approach contingently to practice performance management.

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

Performance management system at DHL has been assessed under six major dimensions, namely “organizational Strategy”, “Performance Planning”, “Performance Execution”, ‘Performance Assessment’, ‘Performance Review’, ‘Performance Renewal & Re-contracting ” According to the tables, the overall dimensions of management practices which are dealt in this research paper listed as performance execution, performance planning, performance assessment, organizational strategy, performance review and performance renewal and re contracting total mean value of respondent were presented.

The highest mean value among the six dimensions was performance execution with mean value 3.02 and standard deviation 1.29. Following it Performance Renewal and re- contracting, performance planning, organizational strategies, performance Assessment and Performance Review with mean value 2.99, 2.95, 2.85, 2.80, 2.79 and standard deviation of 1.28, 0.58, 0.74, 0.79, 0.71 respectively. To describe briefly; Performance renewal and re-contracting with mean value of 2.99 and standard deviation of 1.28, Performance planning with mean value of 2.95 and standard deviation of 0.58, Organizational Strategy with mean value of 2.85 and standard deviation of 0.74, Performance Assessment with mean value of 2.80 and Standard deviation of 0.79, Performance review with mean value 2.79 and Standard deviation of 0.71.

All the dimensions mean value falls in the same category which is between 2.6-3.2; hence the respondents were in neutral status. Therefore, the concerning bodies shall take it into account and approach contingently to practice performance management.

5.2 Conclusion

The aim of this study was to assess the performance management of DHL. Based on the finding DHL should improve its performance management to align with its strategic goal and objectives. Some dimensions are highly rated and other dimensions are low rated based on the employees performance perception gained from the result of the findings. The level of perception on organizational mission, vision, strategic objectives and values by respondents of different sections has been assessed. Among the six dimensions, the respondents have a strong opinion on performance execution and performance renewal and re-contracting on the other hand the lowest perceived areas are performance assessment as well as Performance Review respectively.

As observed from the findings, performance management system at DHL Ethiopia would work to improve its performance management system. Therefore, the performance management system that DHL currently practicing must be revised to align with the company goal mission, vision as well employee's goal and objectives. All six dimensions of performance management system starting from Organizational Strategy to Renewal and Re-contracting would have to be carefully re-assessed in order to meet organizational and its employee's goal and objective. The gaps that performance management have clearly assessed based on the research question developed and the gaps were separately mentioned under chapter four.

In general, as understood from the results, the management performance system of DHL Ethiopia should work to improve its performance management system.

5.3 Recommendations

- Management should work hard in building the confidence of the staff members in the implementation of the performance management at DHL Ethiopia.
- Individual and team performance objectives would be directly related to each other and to those of the organization, and in support of overall group performance, particularly in terms of goals and objectives aligning in individual development and company growth.
- DHL Ethiopia should use the performance appraisal to strengthen the relationship between the superior and subordinate by implementing motivational scheme, creating transparency, avoiding bias, and improving employees attitude by developing employee's moral in order to achieve both organizational and individuals goal and objective.
- The organization should focus its attention on setting clear performance expectations (results, actions and behaviors), as this helps the employee know what needs to be done.
- Providing regular feedback by discussing with employees with developmental feedback and coaching methods. Good performance management was increasing efficiency and effectiveness of the organization so that DHL should work on its performance management to enhance its productivity.
- The incentive package associated should be revisited; especially both performance assessment and performance review should be re-assessed.
- The performance appraisal system should be revised to reflect the specific requirement of each position as much as possible.
- The rating system should be revised to make good distinction between good and bad performers.
- Management should not interfere and dictate the outcome of performance management process that doesn't align with its employee's personal goal.
- DHL Ethiopia should develop policy that incorporates the above recommendations as a result of this study, in order to be benefited from its employees.

References

Internet source:

Deutsche Post DHL official website, DHL employee:

http://www.dpdhl.com/en/responsibility/employees/engaging_in_dialog_with_our_employees.html, Access date: 2012, 04, 22.

Deutsche Post DHL official website, DHL health management:

http://www.dpdhl.com/en/responsibility/employees/health_management.html, Access date: 2012, 04, 28.

DHL official website:

<http://www.dhl.com/en.html>, Access date: 2012, 04, 25.

American National Standard Institute, Inc. Performance Management Standard retrieved <http://www.shrm.org/HRStandards/Documents/Performance%20Management%20ANS%20%282012%29.pdf> Armstrong, M. (1994). Hand book of performance Management. UK. Kogan Page LTD.

Armstrong, M. (1998). Performance Management. New Jersey: Pearson- Hall. Armstrong, M. (2000). Performance Management. New Jersey: Pearson Hall.

Armstrong, M. (2009). Performance Management. New Jersey: Pearson Hall.

Armstrong M. & Murlis, A. (2007). Reward Management. UK. Kogan Page LTD. Aguinis, H. (2009). Performance Management .New Jersey: Prentice Hall. Bacal. (2004). Manager's Guide to Performance Reviews. New Jersey. MC GrawHill. Babin, Z. & Griffin. (2009). Business Research Methods, Eighth edition. NY: McGrawHill. Beach, Dale (1985) Management of People at Work, New York, Macmillan. Brumback. G.B (2003). Blending "we/me" in Performance Management, Team Performance management: An International Journal, 9(7).

Dessler, (2005). Human Resource Managment. New Jersey: Prentice Hall.

Flippo, Edwin (2007). Management Concept and Practices, New York, Mc. Graw-Hill. George, J. & Jones, G. (2008). Understanding and Managing Organizational Behavior, New Jersey: Prentice Hall. Great Seal of the state Oklahoma, Performance Management Process Handbook; <http://www.ok.gov/opm/documents/handbook.pdf> Herman, A. (2007). Performance Management. New Jersey: Pearson Hall.

Israel, GD. (2009). Sampling the Evidence of Extension Program Impact. Program

Evaluation and Organizational Development, IFAS, University of Florida. PEOD-6

Kaplan, R.. & Norton, D. (2006). Alignment: using the balanced scorecard to create corporate synergies. Harvard Business School Publishing Corporation United States of America.

Kempton, J. (N.D.). Human Resource Development current Issues and Themes.

- Kenexa IBM Company Performance Management Best Practices retrieved http://www.kenexa.com/Portals/0/Downloads/Performance%20Management%20Best%20Practices_Part%201.pdf Krausert, A. (2009). Performance Management for different working groups. Newyork: Heidelberg.
- Mohrman, A. (1995). Performance management is 'running the business'. SA: Houston TX. Ontario, Income tax Act. One step, retrieved July 20, 2013 from <http://onestep.ca/resourcesperformancemanagmentguide.pdf>
- Paliagos, A. & Panyyayotopoulou, L ,(2011).Organizational justice and Employee satisfaction in Performance Mamagment, Journal of European Industrial training 35 (8)
- Phillips, J. (1999). Accountability in Human Resource Management. Houston: Gulf Publishing.
- Mawardi Ibrahim, (2013)
- Silva, D. (2010). Performance Management in Primary Health care services. Evidence from a field study, Qualitative Research in Accounting & Management 7(4)
- Sacher, M. (2004). Success through Team performance. Melbourne, Australia.
- Wilson, J. P. (2009). Human Resource Development. USA: Kogan Page Limited.

Appendices

St. Mary's University

School of Graduate Studies for Master of Business Administration

Dear Respondents,

Thank you very much for being a volunteer and for taking your time in filling up this questionnaire. The questionnaire is to be filled by DHL Ethiopian staff members and is distributed to you to get your highly valued inputs. Performance Management is a formal and explicit process whereby an organization involves its employees, both as individuals and members of a team, in improving overall effectiveness and the accomplishment of its strategic goals. The main purpose of this questionnaire is to assess the performance management practices at DHL Ethiopia and identify areas that needs improvement. Filling up the questionnaire will take only few minutes. The questions are designed in a five point likert scale. Please indicate your opinion by circling on the appropriate number. If you have strong opinion and agree strongly on the points raised, please circle on number five. If you strongly disagree with the points raised, please circle on number one. If your opinion is not very strong, please circle on the middle numbers between two and four that reflect your opinion.

1 Strongly disagree

2 disagree

3 Neutral

4 agree

5 strongly agree

Section A

Biographical Information

Gender

Male ()

Female ()

Please complete this section by marking the appropriate block with tick mark.

1 In which department are you working in?

1.1	Ground operation	
1.2	Gateway	
1.3	Sales and marketing	
1.4	Finance	
1.5	Human Resource	
1.6	Management	

2 How long have you been working in DHL Ethiopia

3.1	0-2 years	
3.2	3-5 years	
3.3	6-8 years	
3.4	9 and above years	

Please indicate the extent to which you agree with each statement by circling the appropriate choices.

Part 1 Organizational Strategy

NO	Description	Rating				
		5	4	3	2	1
1	I am fully aware of DHL's mission, vision, strategic objective and values.					
2	DHL mission is very clear that makes its business to be realistic					
3	Mission and strategic goals of DHL allow me to make great contributions to the company and for my personal development.					

		5	4	3	2	1
4	I believe that, a performance management in DHL is providing systematic process for improving both on organizational and employees performance.	5	4	3	2	1

PART 2. Performance Planning

NO	Description	Rating				
		5	4	3	2	1
1	My department has clear goal and Objective	5	4	3	2	1
2	The developmental plan will be measured on correct KPI and employees behavior	5	4	3	2	1
3	KPI (Key performance indicator) is developed based on the mutual agreement between supervisor and Employees.	5	4	3	2	1
4	Performance measurement tools in DHL Ethiopia are SMART.	5	4	3	2	1
5	I have clear understanding on the performance evaluation on my company.	5	4	3	2	1
6	I owned necessary skills and competencies to achieve my individual goals and objectives.	5	4	3	2	1

Part 3. Performance Execution

NO	Description	Rating				
		5	4	3	2	1
1	My supervisor monitors my performance and gives developmental feedbacks regularly.	5	4	3	2	1
2	My Supervisor encourages me in developing my performance.	5	4	3	2	1

3	I provide regular updates on progress toward goal achievement in terms of results I achieved.	5	4	3	2	1
4	I am responsible employee for performance execution (implementation) in DHL Ethiopia	5	4	3	2	1
5	My supervisor provides me the required resources and equipment to do my job effectively.	5	4	3	2	1

Part 4. Performance Assessment.

NO	Description	Rating				
1	My performance is clearly measured based on my assignment.	5	4	3	2	1
2	When the performance has below the target, my supervisor and I discuss on the reason for future improvement.	5	4	3	2	1
3	The performance evaluation criteria used at DHL is fair and true measurement.	5	4	3	2	1
4	DHL performance measurement is modified based on the nature and characteristics of my job.	5	4	3	2	1

Part 5. Performance review

NO	Description	Rating				
1	My Supervisor evaluates my performance without bias	5	4	3	2	1
2	The rating distribution at DHL makes distinction between good and bad performers.	5	4	3	2	1
3	My supervisor keeps regular records on my performance	5	4	3	2	1
4	Performance review process in DHL is fair and useful for company growth and objectives.	5	4	3	2	1
5	I believe that there is no involvement by senior management to					

	dictate the performance review at the end of the year.	5	4	3	2	1
6	I have a clear understanding on the performance evaluation on my company.	5	4	3	2	1

Part 6. Performance Renewal and re-contracting

NO	Description	Rating				
		5	4	3	2	1
1	The performance appraisal form at DHL Ethiopia has different relative measurement for different KPIs (Key Performance Indicators).	5	4	3	2	1
2	Senior management team (SMT) is committed for the successful implementation of the performance management at DHL Ethiopia.	5	4	3	2	1
3	I have sufficient capability to control over the activities that I am expected to perform in terms of my performance contract.	5	4	3	2	1

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor, Dr. Worku Mekonnen. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for earning any degree.

Name

Signature & Date

ENDORSEMENT

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

Advisor

Signature & Date