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# **Assessing the Impact of Performance Management Systems on Organizational Efficiency: A Case Study of Eastern Water and Sanitation Company Limited**

***December Musa Banda<sup>1</sup>, Dr. N. Sankara Nayagam<sup>2</sup>***

<sup>1</sup>*Master Of Business Administration – Human Resource, Dmi-St. Eugene University Chipata, Zambia*

<sup>2</sup>*M.Com MBA Head Of Department Dmi-St. Eugene University*

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## **ABSTRACT**

This study examines the effectiveness of the Performance Management System (PMS) at Eastern Water and Sanitation Company Limited (EWSC) in enhancing organizational efficiency and employee performance. Despite its adoption, anticipated productivity gains remain unrealized, prompting an evaluation of its impact, challenges, and areas for improvement. Grounded in Goal-Setting and Expectancy Theories, the research employs a mixed-methods approach, integrating quantitative surveys and qualitative interviews with employees and supervisors. Findings indicate that while PMS promotes accountability and performance tracking, inconsistencies in implementation, limited supervisor training, and infrequent feedback hinder its effectiveness. Employees highlight concerns over subjective evaluations, lack of standardization, and resistance to structured appraisals. Additionally, the manual nature of PMS exacerbates inefficiencies, delaying performance reviews and tracking.

The study recommends enhanced supervisor training, real-time feedback mechanisms, and a standardized evaluation framework to strengthen PMS effectiveness. Integrating PMS with HR systems, fostering a culture of continuous improvement, and leveraging semi-digital solutions can streamline performance tracking while ensuring fairness and transparency. These interventions will help EWSC optimize employee satisfaction, align performance evaluations with corporate goals, and enhance service delivery efficiency. This research contributes to the understanding of PMS in public utilities, providing practical insights for organizational leaders, HR policymakers, and performance management scholars.

**KEYWORDS:** *Performance Management System, Goal-Setting Theory, Expectancy Theory, Employee Performance, Organizational Efficiency, Public Utilities, Workforce Development, Performance Appraisals.*

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## **INTRODUCTION**

Performance Management System is a critical determinate for an organisation success to bring in productive and efficiencies sustain operation. The chapter discusses the background of the study, the problem statement, purpose of the study, the general and specific objectives, and general and specific research questions, significance of the study, operational definitions and a conclusion follows thereafter.

Eastern Water and Sanitation Company Limited (EWSC) is a key provider of water supply and sanitation services in Zambia's Eastern Province. PMS has not achieved the anticipated improvements in productivity and employee satisfaction. Challenges such as inconsistent application, inadequate training for supervisors, and limited employee engagement have hindered its effectiveness. These issues have led to a growing gap between the system's intended outcomes and the organization's actual performance.

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## **LITERATURE REVIEW**

The chapter has provided an in-depth analysis of Performance Management Systems (PMS), outlining their conceptual framework, key components, effectiveness, challenges, and sector-specific applications. Performance management is recognized as a continuous and strategic process aimed at aligning employee contributions with organizational goals through structured planning, monitoring, evaluation, and rewards (Aguinis, 2009).

The effectiveness of PMS depends on several critical factors, including goal clarity, supervisor support, fairness, feedback mechanisms, employee involvement, and capacity building. Organizations that implement transparent and well-structured PMS experience higher employee motivation, engagement, and productivity, which in turn enhances organizational efficiency and service delivery (Fletcher & Williams, 1996; Haines & St-Onge, 2012). However, despite its benefits, PMS faces challenges such as bias in evaluations, communication gaps, resource constraints, resistance to change, and misalignment with strategic goals (Naidu, 2021; Woyessa, 2015).

The case study of Eastern Water and Sanitation Company (EWSC) illustrates real-world PMS implementation challenges in a resource-constrained public sector environment. While the organization has established a performance management framework, gaps in policy execution, appraisal consistency, and training alignment indicate the need for systemic improvements to enhance accountability and operational efficiency.

A comparative analysis between public and private sector PMS reveals significant differences in implementation, with private organizations focusing on performance-driven incentives and data-driven decision-making, while public entities often struggle with bureaucratic inefficiencies and political influences (Samwel, 2018; OECD, 2019). Furthermore, international perspectives highlight the influence of cultural values on PMS effectiveness, with Western organizations prioritizing individual accountability, while collectivist cultures emphasize team performance and harmony (Chiang & Birtch, 2010; Hofstede, 2001).

### 1. Goal-Setting Theory

Proposed by Edwin Locke, Goal-Setting Theory emphasizes the importance of setting specific, challenging, and attainable goals to drive employee motivation and performance. Locke and Latham (1990) argue that when employees are provided with clear objectives, regular feedback, and recognition, they are more likely to perform better and stay engaged. In the context of Eastern Water and Sanitation Company Limited (EWSC), the Performance Management System (PMS) aims to establish alignment between employee goals and organizational objectives. This theory underpins the design of PMS processes, including goal-setting, performance evaluation, and feedback.

### 2. Expectancy Theory

Developed by Victor Vroom (1964), Expectancy Theory explores how motivation influences behavior based on three core components:

- **Expectancy:** Employees' belief that their effort will lead to successful performance.
- **Instrumentality:** The perception that performance will result in specific rewards or outcomes.
- **Valence:** The value employees place on those rewards.

This theory is particularly relevant to the study, as it highlights how the design and implementation of PMS influence employee motivation and engagement.

Key independent variables for this theory include **perceived fairness of rewards**, **availability of resources**, and **supervisor support**, while the dependent variable remains **organizational efficiency**.

### 3. Goal Clarity

Clearly defined, specific, measurable, achievable, relevant, and time-bound (SMART) objectives ensure that employees understand their responsibilities and expectations. Clear goals:

- Provide direction and focus, enabling employees to prioritize tasks efficiently.
- Enhance performance tracking, ensuring alignment with corporate objectives.
- Reduce ambiguity in evaluations, minimizing confusion regarding performance expectations.

Kaplan & Norton (1996) argue that goal clarity contributes to organizational success by linking individual contributions to broader strategic priorities.

### 4. Feedback Mechanisms

Regular and constructive feedback loops, allow employees to understand their performance relative to expectations. Effective feedback:

- Enhances motivation and engagement by recognizing and addressing performance gaps.
- Ensures timely interventions, allowing employees to adjust their work strategies.
- Reduces misalignment between expected and actual performance.

Pulakos (2004) emphasizes that continuous feedback is more effective than annual reviews, as it enables real-time performance corrections.

### 5. Supervisor Support

Supervisors play a critical role in guiding, coaching, and enabling employees to meet performance targets. Effective supervisor support will:

- Encourages a positive work environment, fostering motivation and productivity.
- Provides employees with necessary tools, mentorship, and performance coaching.
- Increases employee confidence and job satisfaction, reducing turnover rates.

Fletcher & Williams (1996) found that employees with strong supervisory support report higher engagement and better performance outcomes.

### 6. Perceived Fairness of Rewards

Employee perception of equity and transparency in performance-based rewards impacts motivation and job satisfaction. Fair and transparent reward systems will:

- Reinforce positive workplace behaviours, encouraging higher performance.
- Reduce workplace dissatisfaction and grievances related to biased evaluations.
- Strengthen employee trust in management, leading to higher commitment levels.

Naidu (2021) notes that fair and transparent reward systems directly influence employee morale and long-term retention.

#### 7. Resource Availability

Access to necessary tools, technology, and infrastructure is essential for employees to meet performance expectations effectively. Adequate resource availability:

- Enables employees to perform efficiently without operational hindrances.
- Reduces workplace stress and frustration caused by inadequate support systems.
- Enhances service quality and organizational efficiency.

McDavid & Hawthorn (2005) emphasize that resource constraints can significantly hinder performance, reducing overall workforce effectiveness.

*There was also an in-depth analysis of the following subjects, organizational efficiency, employee performance, employee satisfaction, service delivery and effectiveness of employees.*

#### Comparative analysis of PMS across contexts (Public vs. Private Sector)

Performance management systems (PMS) vary significantly between public and private sector organizations due to differences in goals, operational flexibility, and accountability mechanisms.

##### Private Sector

In the private sector, PMS is primarily designed to enhance business outcomes by driving employee performance, motivation, retention, promotions, identify training needs, and implement retention strategies (Samwel, 2018). Additionally, performance-based incentives such as bonuses and profit-sharing schemes are common tools used to motivate employees (Aguinis, 2019).

The private sector's competitive environment encourages organizations to adopt more flexible, data-driven performance management approaches. Companies often integrate key performance indicators (KPIs) and real-time feedback mechanisms to enhance employee accountability and continuous improvement (DeNisi & Murphy, 2017).

##### Public Sector

In contrast, PMS in the public sector faces challenges due to bureaucratic inefficiencies, rigid administrative structures, and a focus on compliance over performance outcomes (Woyessa, 2015). Many government institutions emphasize standardized evaluations, often without offering significant rewards for high performers (OECD, 2019). The lack of direct financial incentives and limited career mobility in public sector jobs can result in lower employee motivation and engagement with PMS (Van Dooren, Bouckaert, & Halligan, 2015).

Moreover, political influences and trade unions often play a significant role in shaping public sector PMS. However, there has been a growing push for reform in public sector performance management, with some governments adopting competency-based evaluations, citizen feedback mechanisms, and digital performance-tracking tools (World Bank, 2020).

#### International Perspectives

The effectiveness of PMS varies globally due to cultural, economic, and organizational differences.

##### Western Organizations

In Western economies, PMS is largely performance-driven, emphasizing individual accountability, goal-setting, and productivity metrics. Employees are typically evaluated based on their contribution to business objectives, and performance-based compensation is a common practice (Chiang & Birtch, 2010).

##### Collectivist Cultures

In contrast, organizations in collectivist cultures, such as many Asian, African, and Latin American countries, prioritize teamwork, harmony, and long-term employment relationships over individual achievements. PMS in these contexts often focuses on team performance rather than individual appraisals, as hierarchical respect and group cohesion are highly valued (Hofstede, 2001). Studies indicate that employees in collectivist cultures may be less receptive to direct criticism or competitive performance rankings, which can lead organizations to implement softer, consensus-driven feedback methods (Chiang & Birtch, 2010).

## Global Trends

As businesses expand internationally, multinational corporations are adopting hybrid PMS models to balance individual performance assessments with cultural sensitivities. For instance, companies operating in collectivist societies often integrate team-based incentives while maintaining merit-based evaluations in individualistic cultures (Budhwar & Debrah, 2013). Additionally, organizations worldwide are shifting toward agile performance management models that emphasize frequent check-ins, personalized development plans, and adaptive goal-setting (Cappelli & Tavis, 2016).

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## RESEARCH METHODOLOGY

### Mixed-Methods Approach

A mixed-methods research approach is used to combine statistical data analysis with contextual insights, ensuring a robust and multidimensional understanding of PMS effectiveness. Bhattacharjee (2012) highlights that mixed methods enhance research validity by balancing numerical data with in-depth explanatory narratives, particularly when evaluating complex systems like PMS.

This study incorporates two complementary research designs:

- **Descriptive Research Design** – Used to analyze PMS implementation at EWSC, examining its structure, efficiency, and impact on employee performance. This design provides measurable trends and statistical insights regarding PMS outcomes.
- **Exploratory Research Design** – Used to identify sector-specific challenges, best practices, and employee perceptions related to PMS in public-sector water utilities. This approach uncovers underlying factors influencing PMS adoption and effectiveness.

The above mentioned research designs combine quantitative and qualitative methods to ensure a balanced, data-driven, and interpretative approach, strengthening the validity and applicability of the findings.

### Population

Population refers to the entire group of individuals or entities from which a sample is drawn and to which the study's findings are intended to be generalized (Cooper & Schindler, 2008). For this study, the population encompassed employees and management staff at Eastern Water and Sanitation Company (EWSC). The population of interest was as follows;

Management Staff that included Senior Management and Middle-Level Managers.

Operational and Technical Staff that included Technical Employees, Customer Service and Commercial Operations Staff and Human Resource and Administrative Staff

### Sampling Frame

The sampling frame included EWSC employees and management staff, ensuring representation across policy, operations, customer service, and HR functions. The sample will maintain confidentiality.

### Sample Size Determination and Sampling Techniques

To ensure objective representation of the study population, the percentage of each category within EWSC will be calculated, and a random selection was made based on their numerical strength. According to Delice (2010), sample size determination depends on research objectives, population size, and practical constraints. For this study, the total sample size will be 85 participants, distributed as follows:

- Senior and Middle-Level Managers: 30 participants
- Technical and Operational Staff: 25 participants
- Customer Service and Commercial Operations Staff: 20 participants
- Human Resource and Administrative Staff: 10 participants

### Sampling Technique

The researcher used stratified random sampling and purposive sampling to ensure fair and objective representation of the study population. Stratified random sampling first categorized EWSC employees into key groups (e.g., senior and middle management, technical staff, customer service, and HR personnel), after which random sampling was applied within each group to minimize bias. This combined approach ensures representative and equitable inclusion of all stakeholder groups while enhancing the reliability and generalizability of findings (Creswell, 2014).

### Data Collection and Research Tool Construction

A digital data collection tool using software called Mwater loaded on a mobile phone was used for data collection on to which a re-designed questionnaire was loaded. The following tools were used **Questionnaires** - Digital and physical formats, including closed-ended (Likert scale) and open-ended questions. **Interview Guides** - Semi-structured interview guides to explore in-depth insights from HR and Senior management officials. **Digital Tools** - The Mwater platform will be utilized to facilitate efficient data collection.



Figure 7 Mwater application

Data Collection Instruments:

1. **Primary Data:**
  - Digital and physical questionnaires.
  - Semi-structured interviews with EWSC Officials
2. **Secondary Data:**
  - EWSC annual reports, compliance records, and policy documents.

Data Collection Procedure:

1. **Digital Questionnaires:**
  - Distributed via email and mobile apps
2. **Physical Questionnaires:**
  - Administered in rural areas where digital access is limited.
3. **Interviews:**
  - Conducted face-to-face or via virtual platforms.

Data collection was conducted over a **three-week period**, with follow-ups to ensure completion.

#### Research Work Plan and Data Analysis

The research work plan was developed to ensure working within time lines and data analysis was involving both quantitative and qualitative techniques to ensure comprehensive evaluation and meaningful insights. Advanced tools were employed to process, analyze, and present data effectively.

## DATA PRESENTATION AND INTERPRETATION

The findings of the study and interpretation of the collected data to address the research objectives was done. The detailed analysis of the data using graphical, tabular, and narrative representations, focusing on the following key areas:

- ◆ General respondent demographics (gender, age group, job position, and years of service), Awareness and usage PMS in tracking employee performance, career growth, and training identification.
- ◆ Challenges in PMS adoption, including manual performance appraisals, template usability, and feedback mechanisms.
- ◆ The overall impact of PMS on employee engagement and organizational decision-making.

## FINDINGS

The findings are based on primary data collected through structured questionnaires, with a 100% response rate (85 out of 85 targeted respondents).

#### Response Rates

Response	Frequency	Percentage (%)
<b>Returned</b>	85	100%
<b>Unreturned</b>	0	0%
<b>Total</b>	85	100%

### Demographic Characteristics

This section presents respondent profiles, including gender, age, job position, and years of service.

#### Gender Distribution

The study found that **54.12%** of respondents were **female**, while **45.88%** were **male**. The gender distribution is illustrated in the chart below:

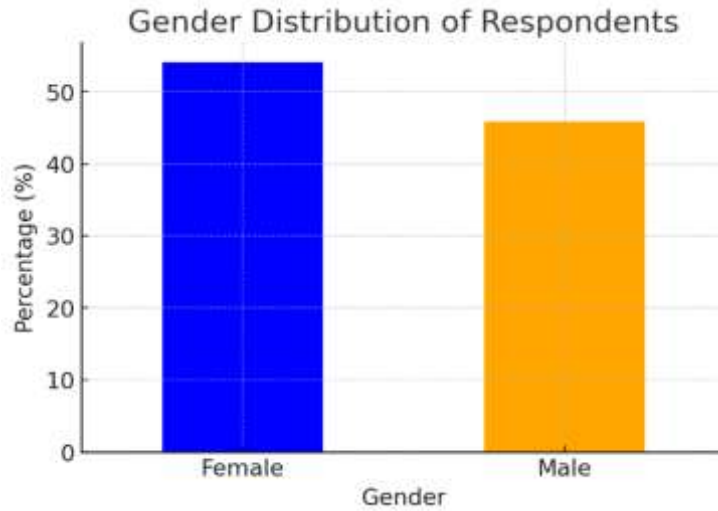


Figure 2 Gender Distribution

#### Age Group Distribution

The highest percentage of respondents were in the **36-45 and 18-25** age brackets (**20% each**). The **even distribution of age groups** indicates that **PMS perceptions and experiences** may vary across different generations of employees

Age Group	Percentage (%)
18-25	11.0%
26-35	23.4%
36-45	40.0%
46-55	20.0%
56+	5.6%

Table 2 Age Distribution

#### Job Position Distribution

Respondents occupied a variety of job positions within the organization. The majority (**35.29%**) were **General Employees**, while **Middle and Senior Management** roles collectively accounted for **37.65%**. Table

Job Position	Percentage (%)
<b>General Employee</b>	35.29%
<b>Middle Management</b>	20.00%
<b>Senior Management</b>	17.65%
<b>Other Roles</b>	27.06%

Table 3 Job Distribution

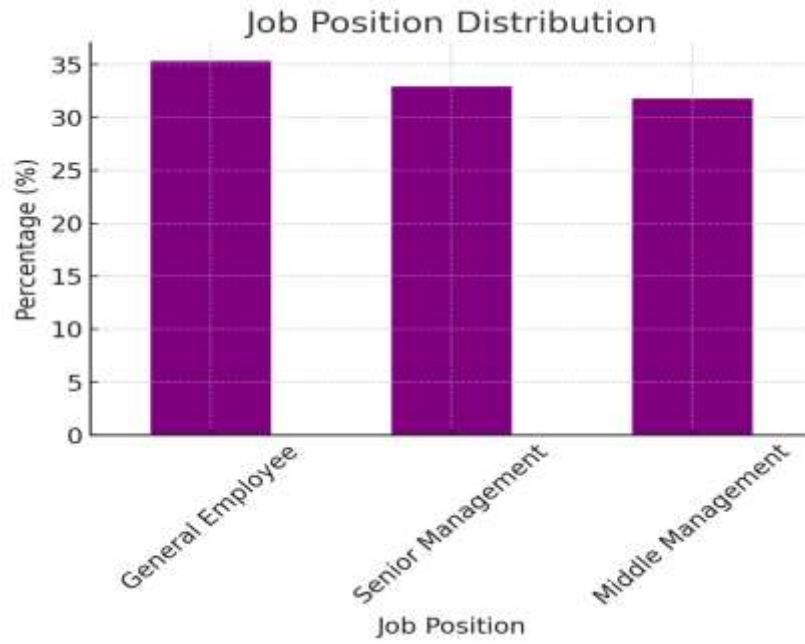


Figure 3 Job Distribution

**Years of Service**

The **years of service** distribution reveals employee experience levels within EWSC. The **highest representation was from employees with 7-10 years of service (23.53%)**, followed by those with **1-3 years (21.18%)**.

Table 4 Years of Service

Years of Service	Percentage (%)
1-3 years	21.18%
4-6 years	15.29%
7-10 years	23.53%
10+ years	20.00%

**Awareness and Effectiveness of PMS**

This section explores employees' **awareness of the Performance Management System (PMS)** at the Eastern Water and Sanitation Company (EWSC), as well as their perceptions of its **effectiveness in performance tracking, career development, and training identification**.

**Awareness of PMS**

The study found that **56.47%** of respondents were aware of the PMS framework within the organization, while **43.53%** were not. This indicates that while the majority of employees understand the system, a significant portion remains unaware of its existence or purpose. Awareness levels were notably higher among middle and senior management, suggesting that PMS is well recognized at the supervisory and decision-making levels. However, awareness was lower among junior employees, highlighting a gap in internal communication and training regarding PMS utilization

Table 4 Awareness Of PMS

Awareness of PMS	Percentage (%)
Aware	56.47%
Not Aware	43.53%

**Effectiveness of PMS**

In evaluating the effectiveness of PMS, employees provided feedback on how well the system supports performance tracking, career development, and training identification. The results indicate that **62.35%** of employees found PMS effective in tracking performance, reinforcing its role in ensuring

transparency in employee evaluations. Additionally, **59.76%** of employees reported that PMS helped identify skill gaps, allowing for more structured training programs tailored to employee needs. Furthermore, **59.29%** agreed that PMS contributed positively to their career growth, demonstrating that the system is perceived as a valuable tool for professional development.

Some employees felt that the feedback they received was neither timely nor meaningful, with only **45%** reporting satisfaction with the frequency and quality of performance evaluations. Additionally, there were concerns about the clarity of evaluation criteria, which some employees perceived as ambiguous or inconsistently applied. Employees in non-managerial positions expressed lower engagement in performance goal setting, suggesting that the system operates through a top-down approach rather than fostering a collaborative performance management strategy.

The results are summarized as follows:

Effectiveness Metric	Percentage (%)
Effective in Tracking Performance	62.35%
Contributed to Career Growth	59.29%
Helped Identify Training Needs	59.76%

Table 5 Effectiveness of PMS

**Employee Satisfaction with PMS**

The study revealed that **55.88%** of respondents expressed satisfaction with the implementation of PMS, indicating that a majority of employees acknowledge the system’s role in performance tracking and career development. Additionally, **57.65%** of employees believed that PMS aligns with their career goals, suggesting that the system provides a structured approach to professional growth. Furthermore, **60.00%** of respondents stated that they would recommend PMS as an effective performance evaluation tool, reinforcing the idea that employees see value in the system. Figure 4 below illustrates the findings

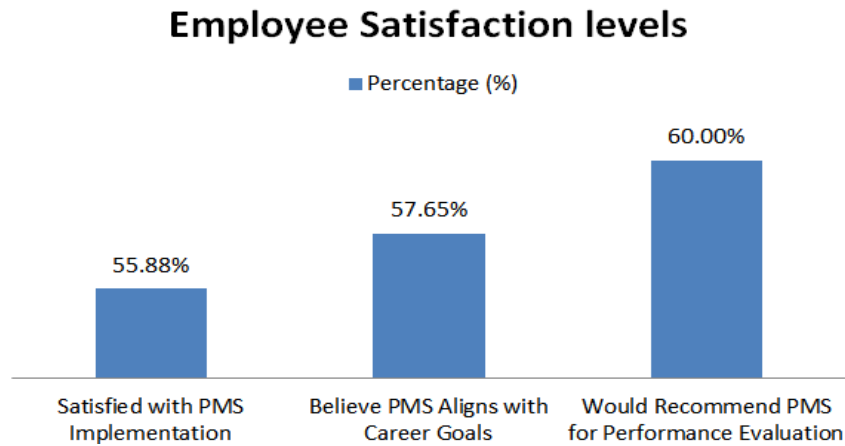


Table 8 Adoption Challenges

Engagement & Improvement Areas	Percentage (%)
Employees willing to engage with PMS	61.18%
Employees neutral or unwilling to fully engage	38.82%
Employees who recommend better PMS training	58.76%
Employees who request real-time feedback mechanisms	62.45%
Employees who find PMS interface difficult to navigate	36.47%
Employees requesting personalized career planning	54.24%
Employees highlighting inconsistencies in PMS use	48.82%



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## CONCLUSION AND RECOMMENDATIONS

Based on the study findings, strategic interventions are necessary to increase PMS adoption, engagement, and effectiveness at the Eastern Water and Sanitation Company (EWSC). The proposed recommendations focus on improving system usability, strengthening leadership involvement, integrating feedback mechanisms, and aligning performance management with career development opportunities.

Further PMS plays a critical role in performance tracking, career growth, and organizational efficiency, yet its full potential remains hindered by usability challenges, inconsistent leadership engagement, limited feedback mechanisms, and resistance to structured evaluations.

While PMS has helped improve transparency and accountability in employee performance, challenges such as manual appraisal complexities, lack of real-time feedback, and training gaps limit its effectiveness. Findings indicate that career development opportunities remain underutilized, as only 37.25% of employees feel that PMS directly contributes to career progression. Moreover, 41.65% of employees expressed concerns over biases in performance assessments, reinforcing the need for standardized evaluation criteria to enhance fairness.

Despite these challenges, the identified key opportunities for improvement, particularly through enhanced leadership engagement, structured training programs, integration with HR functions, and technology-driven solutions should be adopted. The adoption of real-time feedback mechanisms, 360-degree performance reviews, and leadership-driven change management strategies will ensure that PMS is not just a compliance tool but a dynamic system that fosters continuous learning, engagement, and professional development.

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