

# Effectiveness of the Performance Management Systems in Promoting Employee Performance: Lessons for Zimbabwean SMEs – A Narrative Literature Review

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## Abstract

The study aimed to determine whether Performance Management Systems (PMS) are effective in improving employees' performance or not. The paper also addresses policies and procedures used when implementing PMS and whether recommendations should be made to improve what isn't working well and maintain what is in to provide the best system execution in Zimbabwe's Small to Medium Enterprise (SME) sector. The objectives of the study were to determine how well PMS works to enhance the performance of the employees and to determine the protocols and guidelines utilised in the implementation of PMS. Theoretical literature review looked at the Theory of Expectancy, the Goal setting theory, the Theories of staff productivity and performance management systems, the effect of performance reviews on workers' output and how employee productivity is affected by performance training and development. Reviews of the theoretical and empirical literature were conducted to answer research questions. The study employed systematic review of literature. It was discovered that the Small to Medium Enterprises sector is using PMS and that the yearly performance reports were being prepared on time. The themes that were found from the study were improved and increased teamwork and communication, increased fairness, transparency and better hiring decisions, provision of detailed, qualitative feedback and increased motivation and protection of employees from potential bias. It can be inferred that the SME sector should continue to employ the assessment system. The study recommended that additional research be conducted to empirically assess the effect of performance management system on employee performance in specific context.

**Key words:** Employee Performance, Performance Management Systems, SMEs

## Introduction

To keep a competitive edge in the business world, Small to Medium Scale Enterprises have been forced to rethink their strategies and approaches due to increased competition in the global working environment. SMEs across a range of industries have been dealing with several difficulties, such as intense market competition brought on by the entry of new competitors and the dynamic business climate (Jacobsen and Andersen, 2019). The market structure in many business sectors has been characterised by uncertainty, ambiguity, complexity and volatility, as stated by Watkins and Leigh (2022). Following this, companies adopted performance management systems to increase worker productivity through a range of rewards. Performance

management systems (PMS) have been considered among all other criteria as a stimulant for raising workers' output in businesses (Jagoda et al., 2018). However, research indicates that PMS is unjust, with rewards and advancements contingent on the personal connections between workers and their immediate managers (Khauoe et al 2019).

According to the authors: Khauoe et al (2019), PMS is an old system that functioned well when it was originally introduced. Robert Owen initially noted PMS in the 1800s in New Lanark, Scotland, according to Matunge (2019). Owen developed the technique only to evaluate his staff members' daily performance. Owen was pleased with the system's performance following a successful deployment. Employees were enthusiastic as well, and they were getting better every day. Owen made the decision to extend the system's use other when he made the decision to assess and raise employee pay in accordance with each worker's performance. Global recognition of the system was achieved in the 1950s. In the 1950s, the US began strategically connecting the system to the goals and vision of organisations. Additionally, the approach was used to inspire and train staff members. According to Matunge (2019), this procedure helped increase workers' enthusiasm for their jobs, particularly when an incentive was included to encourage good workers to put in more effort and underperforming workers to try harder. Strong competition has caused many organisations' productivity to decline, which is a contributing factor to high employee turnover intentions. As per a review by Wachira (2021) an estimated 45% of ICT workers quit their professions in search of greener pastures. The process of continuously hiring staff has also grown costly for most SMEs in the private sector businesses. Pressure to operate with limited personnel and financial resources has mounted on the organisations. Companies now find it essential to track and analyse the responsibilities and tasks assigned to employees as well as to regularly assess their performance. The performance management system has emerged as a crucial instrument for many private sector organisations looking to improve and enhance their skillset.

The objectives of the study were:

- a. To determine how well PMS works to enhance the usual performance of employees.
- b. To determine the protocols and guidelines utilised in the implementation of PMS.

The study was guided by the following questions

- a. What determined whether PMS is beneficial for enhancing the performance of the workers?
- b. Which policies and processes were applied when putting PMS into practice?

## **Review of Relevant Literature**

### **Theoretical Framework**

#### **Theory of Expectancy**

The process through which outcomes become desirable is explained by the expectancy theory of motivation. The Expectancy Theory is not simply a single theory but a family of theories. Rooted in the work of Tolman (1932, 1959) and Lewin (1938, 1951), the first formal expectancy theory was produced by Vroom in 1964. Employee efforts would lead to performance and performance would lead to incentives, according to Vroom's (1964) expectancy theory. Employees are more likely to be strongly motivated to succeed at work if they receive positive rewards, which can be either positive or negative (Deutsch-Salamon et al, 2021). On the other hand, employees are less likely to be motivated if the reward is

unfavourable. Accordingly, the expectancy theory also asserts that beliefs that a particular action would have a particular effect are what drive employees to take it. According to Hafiza et al. (2021), workers are typically inspired to put in greater effort because of the anticipated benefits, to get better outcomes, conversely, the expectation motivation (Vroom, 1964). As a result, it is a person's opinion and preference of their likelihood of achieving a particular result. Stated differently, expectation theory predicts whether a specific action will yield the intended results and incentives (Selden and Sowa, 2011). As a result, workers will be more productive if they think their efforts will be rewarded in a good way.

According to Kabak et al. (2014), the Expectancy Theory also assumes that people typically enter organisations with a lot of preconceived notions about their wants and prior experiences. Consequently, these influence people's responses to the organisation due to their deliberate decision. Systems for performance management are required in many organisations to improve employee performance. Employee productivity may vary depending on the variables in the performance management system, claim Hunter and Nielsen (2013). For example, a compensation system may not always lead to better performance from employees because some may think it is unjust (Kiechel, 2020). Therefore, the role of management is to assess its processes for managing performance and create policies that will increase worker productivity. Moreover, the expectancy theory's second premise is that individuals would have distinct expectations of the organisation.

People require various things, including a good wage, professional advancement, job stability, promotion and other career obstacles as claimed by Tripathi and Agrawal (2014). Because it supports the idea of performance management systems, which contend that employee performance is impacted by expectations about the future, the study embraced the expectancy hypothesis. Expectancy theory is relevant to this study since it emphasises individual variations and assumes that each person will be inspired to do better by their own opportunities.

### **Goal Setting Theory**

The theory has become one of the most popular theories in organisational physiology. The approach places a strong emphasis on the connection between performance and goals. The goal setting theory proposes that setting clear, challenging and specific goals can significantly enhance motivation, effort and ultimately, performance. The notion states that it is crucial to set performance goals for staff members to inspire them to strive toward reaching these objectives (Schultz, 2006). Additionally, the theory asserts that setting high goals would boost performance and that an employee's performance would increase with the goals' level. In this sense, given goals will affect workers' perceptions of their capacity to complete the tasks at hand and may provide them with the motivation to exert more effort. According to Latham et al. (2018), the performance management system will be achieved if performance improves. Setting goals primarily increases an employee's motivation to work, which improves performance and they put in extra effort when there is a prize at the conclusion of the performance. As a result, it should be mentioned that the main tenet of goal-setting theory is that challenging objectives would motivate workers to "do their best" (Kabak et al., 2019).

According to the idea, goals must be connected by four elements to produce performance outcomes: difficulty, specificity, closeness and feedback. According to Cook and Crossman (2019), staff should be given clear goals to work toward, which will help them focus on the most important aspects of reaching those goals. If the objectives are not met, it is necessary to either increase employee performance or change the objectives to make them more achievable.

The goal setting theory, which emphasises the ongoing process of employee growth, was chosen for the study due to its solid empirical foundation. The idea might be a helpful tool for analysing staff productivity and performance management in organisations. Furthermore, several research have integrated the goal-setting theory into performance management and employee task performance systems (Kabak et al., 2019; Tripathi et al., 2019).

### **Theories of staff productivity and Performance Management Systems**

An effective performance management system is crucial for organisations seeking to enhance staff productivity and engagement. The systems leverage various theories to align employee activities with organisational goals, foster a positive work environment and drive overall performance improvement. According to Dechev (2020), workers in a variety of organisations must carry out meaningful duties and take part in goal-setting and ongoing career development projects. Training staff members to be productive is crucial to achieving these objectives (Madison, 2016). The crucial components of an effective performance management system, according to Singh, Kochar and Yüksel (2020), are a culture of performance improvement and recognition, leadership commitment and system alignment.

It is important to remember that every organisation's success depends on how well its employees carry out their corresponding obligations and responsibilities. Every organisation has an obligation to use performance appraisals to keep an eye on each employee's performance (Selden and Sowa, 2018; Zungura, 2022). In this sense, determining strategies for managing employee work performance is the aim of performance reviews. According to Bahrija et al. (2022), organisations can also utilise performance appraisals as a tool for staff development planning. Organisations can establish employee performance goals and standards by using performance appraisals. Furthermore, the performance management system is crucial for organisations to determine the potential strengths and limitations of workers in every area (Jagoda et al., 2023). Additionally, using a standardised performance management system would enable organisations to identify their human capital's opportunities, threats, weaknesses and strengths (Lambert, 2019).

### **The effect of performance reviews on workers' output**

Performance reviews can significantly impact worker output, both positively and negatively, depending on how they are conducted and perceived by employees. When well-implemented, reviews can motivate employees, provide constructive feedback for improvement and enhance productivity. However, poorly structured reviews can lead to demotivation, increased stress and decreased output. Performance appraisals, according to Ubeda and Santos (2018), are actions that entail evaluating people or other performance levels to achieve organisational objectives. Another definition of performance evaluation given by Shaukat et al. (2018) that it is the process that aims to attain high organisational standards and aid in the efficient management of individuals within an organisation. Performance appraisal is a broad concept that encompasses several actions related to employee evaluation and the enhancement of their competencies through training and appropriate compensation, as noted by Mohammad et al. (2022). Note that performance reviews are a crucial component of employee incentives. It's crucial to remember that performance reviews are a crucial part of employee career growth, and they ought to be ongoing processes that evaluate and quantify each worker's contributions to the company. Therefore, a well- designed system for performance reviews should be in line with the objectives of the company and give workers clear, performance-based feedback.

Increasing employee motivation and productivity should be the ultimate objective of performance evaluation systems.

Prior empirical research on how performance influences employee productivity and these evaluations have yielded inconsistent and contradictory findings. Researchers like Batool and Zulfiqar (2018) and Gichuhi et al. (2019) have demonstrated that performance reviews increase worker productivity. Muhammad's (2011) research, however, found that performance reviews had a detrimental effect on worker productivity. Although it is not feasible, Esu and Inyang (2019) contend that the best performance reviews are those that are completed daily. According to Lambert (2019), another critic, supervisors who lack proficiency in performance evaluation will give inaccurate comments regarding productivity. Thus, the entire process of performance reviews would be a rejection. Most public sector companies have failed miserably due to inefficient performance appraisal processes that demotivate workers, according to Esu and Inyang's (2019) hypothesis. These contradictory findings from the literature raise doubts about the necessity of more study on the topic of how performance reviews affect worker productivity.

### **How employee productivity is affected by performance training and development**

Employee training and development initiatives can significantly impact productivity, primarily by enhancing employee skills, knowledge and motivation, which in turn leads to more efficient and effective work performance. By equipping employees with the necessary tools and understanding, organisations can foster a more engaged and productive workforce, driving both individual and collective performance. All matters pertaining to staff development, induction, and coaching regarding the mission and goals of the organisation fall under the purview of training and development (Demerouti et al. 2020). More importantly, personnel strengths and shortcomings are shown through training and development (Selden & Sowa, 2021). The quality of an organisation's workforce determines its success, as noted by Agha and Onyeizugbe (2021), and having an efficient performance management system that can recognise staff training needs is crucial. Building a more favourable learning environment for staff members requires effective training initiatives. Effective training and development initiatives would, in fact, help staff members become familiar with any new technology developments in the organisation and developing the skills required to carry out tasks and obligations.

Training becomes targeted, precise and pertinent if it is connected to performance gaps that have been recognised inside an organisation. Based on the discussion above, it can be claimed that training and development can be seen as a means of refining and expanding workers' cognitive capacities so they can make better judgments at work and increase productivity. We can conclude that performance and productivity gaps would be positively improved if staff training inside an organisation was properly planned and designed. In this sense, one could argue that training and development offer a plethora of advantages to both employers and workers. Therefore, it is always crucial for organisations to align their training and development programs with the overall organisational strategy.

### **Empirical Review**

The study "Learning becomes doing: Applying augmented and virtual reality to improve performance in the United States of America" was conducted by Farrell (2018). She used a

stratified random sample strategy to gather data for her quantitative study utilising questionnaires. According to a sample of 155, PMS is prevalent in many organisations these days. He mentioned that numerous organisations used the technique to assess employee performance and pinpoint their areas of weakness to provide them with the skills they need. Supervisors oversee, providing accurate feedback and advising staff members on where and how to improve subpar work during the system's deployment. The approach encourages and informs staff members about the significance of achieving the specified goals in the provided timeframe, according to the study.

Using a survey of empirical research on journals conducted in Kosovo, Faseeh (2013) investigated the impact of performance appraisal systems on employee motivation and discovered that they help organisations communicate and reinforce their values, norms and goals. Frequent communication and reinforcement of the values enable staff members to perform consistently and achieve the agreed-upon outcomes.

In research titled "Appraisal of employees' performance in Nigeria's public sector," Ado (2020) found that performance appraisals were used to assess employee performance in the 20th century, but they were carried out in secret at the time. He employed purposive sampling and the qualitative technique. The system was not sufficiently transparent because the employees' performance reviews were held behind closed doors and they were not allowed to participate in the discussions. He went on to say that the system's procedures only underwent a shift in the middle of the 20th century when businesses began to abandon the closed-door approach and begin incorporating staff members into the procedures. Additionally, the system became more results-oriented after the novel concept of involving employees in talks was put into practice. Workers started to recognise the system.

A 2019 study by Mugure Muthuri that was titled "Performance appraisal and its influence on lecturers' motivation to promote students' learning outcomes in public technical training institutions in the Nairobi region of Kenya. Mixed results were found in the research. Techniques for purposive, stratified simple random and cluster sampling were applied. Observation guides, questionnaires and interviews were used with a sample of 200 respondents. The data gathered from performance reviews, he said, aids in determining if hiring and promoting staff members is necessary for the organisation. Managers can quickly determine whether current employees are still capable of performing their jobs well during performance reviews. The calibre of work produced by the staff can influence the choice to hire workers.

According to Matunge's (2013) study, "Employee perception on the effectiveness of performance appraisal system at the Teachers' Service Commission, Kenya," performance appraisals help with future planning. Out of 3000 employees, 49 responded to the survey. In a qualitative investigation, stratified and basic random selection methods were used. It was discovered that the approach enables managers to comprehend the goals and priorities of every worker in the company. The managers learn who the organisation should spend money on. Furthermore, according to Matunge, performance reviews serve as a tool to advise management on who should be promoted, when to hire them and when to fire them for poor performance. The method helps management in determining the number of workers that require training.

In their book Human Resources Management in South Africa, Grobler et al. (2011) found that PMS encourages high levels of productivity in businesses because, when properly implemented, the system motivates workers to put in more effort. The study also stated that PMS helps businesses generate large profits. To attain high output, the system helps

organisations shift to a results-oriented culture. With the incentives offered, the system motivates and satisfies workers and contented workers deliver high-quality services. Management has the chance to provide employees with feedback through performance appraisal methods. Feedback encourages workers to put forth more effort and helps correct subpar performance. The technology expands the methods in which management and staff can communicate to collaborate efficiently.

In a study by Paile (2012) titled “Staff perceptions of the implementation of a performance management and development systems”, which was conducted in South Africa using semi-structured interviews, the PMS was in fact designed to help employees carry out their assigned tasks more effectively and efficiently achieve the organisation's goals and needs. The performance appraisal serves as a tool for communicating the organisation's vision to all employees and it helps them understand the value of their contributions to the company, which motivates them to work harder. Additionally, the study found that ongoing correspondence between supervisors and employees enables both parties to exchange information about employee performance and challenges that they face at work, which aids management in understanding what workers are going through. To avoid subpar performance and any other needless issues that might arise in the future, the study also found that supervisors can better understand their employees' needs and assist them find solutions by communicating with them.

A study titled "The effectiveness of a performance management system at a South African public hospital in Cape Town" was conducted by Baxolele and Visvanathan in 2021. This study set out to investigate PMS's mechanisms to determine how successful it is. The study's findings were extremely important since they allowed for the formulation of suggestions that enhance PMS implementation. The purpose of the study is to investigate the efficacy of a PMS at a public hospital in South Africa. The hospital is in South Africa's Cape Town. The authors used an exploratory research design to carry out the investigation. A qualitative research approach was used. The hospital's PMS was found to be inefficient in improving employee performance and accomplishing organisational objectives. The approach seems to be an excellent instrument for assessing employees' effectiveness, it was determined. Nevertheless, its application seems to indicate that a careful examination of its effectiveness is required.

In a reading titled Effectiveness of performance appraisal system in employee development: A systematic review by Sadiyawati and Hasanati (2024) asserted that no organisation can succeed unless its employees perform well. While underperforming staff can result in the organisation's demise, dedicated staff members help the company reach its objectives. Companies need to know the main advantages of employee performance to create a trustworthy and unbiased method of assessing workers. A prominent technique used by businesses to gauge and assess employee performance is performance appraisal. By conducting a thorough literature analysis, this study sought to assess how well performance appraisal systems aid in employee growth. Relevant papers were found, evaluated and synthesised using the Systematic Literature Review (SLR) technique from a variety of scholarly and business journals. Inclusion criteria included research on performance appraisal methods and their effects that was published between 2021 and 2024 on employee training. The review's findings show that enhanced employee performance and professional growth are strongly correlated with an efficient performance appraisal system.

Finding different effects on productivity and offering suggestions for suitable performance management systems for the organisations were the goals of a study by Ziyaminyana (2018) titled “An investigation into the impact of performance management systems on employee

productivity: the case study of information and communication technologies (ICT) companies in Harare, Zimbabwe”. To gather primary data, the study used a descriptive research design. For the study, eight organisations used stratified sampling. Out of 1428 employees, 312 respondents were chosen as a sample. The study concluded that employee productivity was impacted by performance reviews. It was determined that the management and governing committees must explain the significance and worth of performance reviews in addition to the management's expectations of staff members. Because they will be integrated into the system, it would be natural for employees to embrace it since it helps them buy in from the beginning to the end. It is recommended that human resources departments cultivate stronger working ties with staff members to inform and educate them on needs; this will increase overall employee productivity.

In 2013, Zvavahera did a study which aimed to assess the impact of performance management systems on service delivery in the Zimbabwean public service, specifically focusing on the effectiveness of the Results Based Management system in enhancing service delivery. Between January and April of 2013, the survey was conducted in four ministries. Open-ended questions, in-person interviews and document analysis were the methods used. The investigation discovered that because of its intricacy and the employer's disregard for its principles, the performance management system was beset with difficulties. Documentary proof revealed that since 2007, performance-related awards had not been given out because of budgetary limitations and the failure to submit final ratings that workers submit to the Civil Service Commission to be paid. It was discovered that a small number of ministries who received performance related pay increases did so randomly. Performance has no bearing on promotions or advancements. Most respondents stated that to meet the performance standards set by the Civil Service Commission, performance reviews were completed in a hurry at the end of each year. Therefore, it was determined that because employees did not see any value in the current performance management system, it was not improving the delivery of high-quality services in the civil service. The system should be made simpler, and staff members should receive extensive training, according to the proposals. It was determined that for the performance management system to be effective, the employer must follow its principles.

The growing emphasis on human resource management (HRM) and performance appraisal, specifically in small-to-medium-sized enterprises (SMEs), is a relatively recent phenomenon, according to Nhamo Mashavira's (2020) study, *The Perceived Impact of Performance Appraisal on the Performance of Small-to-Medium-Sized Enterprises in Zimbabwe*. Regretfully, a lot of what is known about traditional HRM themes in large firms may not be applicable in smaller businesses. The goal of the study was to determine whether performance reviews affected the performance of SMEs in Zimbabwe's Harare Province as indicated by ROI and innovation. In terms of the socio- economic development of nations worldwide, small and medium-sized businesses are taking the lead in sectors like employment and gross domestic product. Given this, performance appraisals can be used to systematically gather data about employees in businesses, which is the cornerstone of all human resource (HR) practices. Regretfully, there hasn't been enough research done on performance evaluation in SMEs. The study took a strictly quantitative approach and used an ex post facto correlational strategy. The poll was completed by 106 owners or managers in total. Data was gathered using a standardised questionnaire that was self-created. Both descriptive and inferential statistics were performed using the Statistical Package for Social Sciences (SPSS) version 20. The 360-degree performance appraisal method was used by most owners or managers. According to the study, there were only extremely weak and statistically insignificant correlations between business performance as determined by ROI and innovation and performance appraisal. It is suggested



that more financial incentives, tax breaks for new businesses and more grants to promote investments in new technologies and more training for owners or managers be taken into consideration by the government through the appropriate ministries and agencies. This could greatly aid them in obtaining the information technology infrastructure necessary for the efficient execution of performance reviews, among other things.

## **Research Methodology**

The study used narrative literature review. As put by Sukhera (2022) narrative review is a type of knowledge synthesis grounded in a distinct research tradition. Narrative review allows researchers to describe what is known on a topic while conducting a subjective examination and critique of entire body of literature (Greenhalgh et al, 2018). The first thing that need to be done in this SLR is to collect previous research literatures as a source in getting research results.

Literature search was conducted using four database sources namely:

- a. Science Direct on link (<https://www.sciencedirect.com/>)
- b. Scopus on link (<https://www.scopus.com/>)
- c. Emerald Insight on link (<https://www.emeraldinsight.com/>)
- d. Google Scholar on link (<https://www.scholar.google.com/>)

From the four databases, the same keywords which are performance, measurement, systems, performance measurement, performance measurement systems, employee performance, small and medium- sized enterprises were used to search for the research. However, the extraction is different since each database has different search method. Scopus and Science Direct are more flexible in which users can freely type key words according to the coding rules determined by the Science Direct, Google Scholar and Scopus. In addition, Scopus and Science Direct searches can be performed based on one or more section like combining titles, abstracts and keywords. Nevertheless, it is different with Emerald Insight database where expert search can only be performed on one part such as keyword, abstract or title. Hosley (2019) claimed that Scopus covered more ground than other databases and that it has over 20,000 peer-reviewed papers from various publishers Greenhalgh (2018). Scopus was chosen for data collecting because of its greater coverage and availability of sophisticated search filters and data analysis grids to improve data management.

The stages in literature selection process were carried out as follows:

- Searching for literature in the database with relevance based on suitability of keywords with the title, in addition to the conditions set in the plan
- Performing literature elimination of those that do not meet the inclusion and exclusion criteria
- Reading abstracts from literature whose title meets the conditions. Elimination was performed according to abstract relevance.
- Evaluating the literature by reading it in its entirety and evaluating quality.
- Selecting literature that pass the evaluation stage.

The literature search stage was carried out by searching using keywords in certain sections according to titles, abstracts or keywords in the journals. Literature search was carried out using the following keywords:

- In Science Direct and Google Scholar databases, journal search process used expert search by wring keywords: “performance” OR “measurement” OR “Systems,” OR “Performance Measurement,” OR “PMS,” OR “Performance Measurement

Systems” OR “Employee,” OR “Employee Performance,” OR “SME” AND “Employee performance”

- In Emerald Insight and Scopus database, journals search process used Boolean search considering the context of keywords: “ABSTRACT employee performance” OR” ABSTRACT performance measurement” OR” ABSTRACT measurement systems,” OR” ABSTRACT Small and Medium- sized Enterprises” OR “ABSTRACT Small and Medium sized businesses” AND “ABSTRACT SME”. The number of journals produced at each search stage and the final journal selection results are shown in Table 1.

The next phase was to narrow down the review to more relevant literature due to the application of inclusion and exclusion criteria. Inclusion criteria are for journals and was used as material for review literature. The inclusion criteria used in this study are as follows:

- The literature reviewed was a journal paper
- The journal examined effectiveness of the performance management systems in promoting employee performance.
- The research literature was published between 2019 and 2024
- The literature was in English
- The paper journal was indexed

Table 1. The number of journals from search results

No	Criteria	Science Direct, Google scholar	Scopus, Emerald Insight (Abstract)
1	Corresponding with entered keywords	14060	3010
2	Journal/ article received	1662	1092
3	Published in 2019- 2024	3301	230
4	Keywords correspond with the title, keyword and abstract	531	189
5	Abstract is appropriate to answer problem formulation in this study	320	67

The exclusion criteria used in this study are as follows:

- The literature was not related to the topic of effects of data analytics and artificial intelligence on SMEs
- The journal was published before 2019
- The literature was in the languages that are not understood by researchers (not in English)

When literature was selected using the exclusion and inclusion criterion, the next step was to assess each literature. The quality of the literature can be assessed using the Boolean OR. The number of journals assessed that have suitable title, abstract and keywords is 619 journals. Of the 619 journals, re-selection would be carried out according to the values that were obtained. The final stage of journal selection is obtained by 320 journals. The journals were analysed to achieve deeper understanding, whether the journals correspond with the topic or formulation of the problem in the study. The last step in the methodology is synthesising and this is carried out to answer formulation of the problem found in the introduction.

The synthesis of Systematic Literature Review was carried out with various stages. The literature review was carried out on the journals that passed the assessment stage. Of the 619

journals that were assessed, 320 were accepted. Therefore, this systematic literature review is obtained from the 320 journals. The results of the literature review of 320 accepted journals were then listed and grouped basing on the types of performance management systems. The last step is to perform analytics on the effectiveness of the performance management systems in promoting employee performance and it is from these analytics the problem formulation in this systematic literature review can be answered.

## Results and Discussion

Centered on the synthesis results, there were 320 journals that were used as literature material in this study. The 320 journals used case studies in different countries. Furthermore, the types of employee performance measurement systems used in each study vary. The summary of results based on the type of SME, type of PMS and the case studies used in the 320 journals can be noted in Table 1. Performance measurement system has effect on the performance of employees, and this results in improved and increased better teamwork and communication, increase fairness, transparency and better hiring decisions, provision of detailed, qualitative feedback and increased motivation and protection of employees from potential bias. According to Develi (2023) it can be said that corroborative initiatives had positive effects on employee performance. Vuong (2022) strengthens that employee performance measurement demonstrates a favourable relationship between performance evaluation and employee inspiration. As put by Okwir et al (2018) complexity negatively impacts the process of continually improving performance management systems. It was shown that to boost performance, managers and supervisors should keep a positive work atmosphere.

Additionally, it was found that employees who leave their workstations must get incentives. Another conclusion was that to inspire employees, leave and time off must be granted when they are due. According to the review, managers need to be approachable in order that junior employees can ask them questions when they're having problems. According to the research, the method is effective because it provides checks and balances to ensure that work is not compromised. According to the study, employees at various levels were evaluated using the Annual Performance Reports. Additionally, the study found that annual performance reports were completed on time. According to the study, people who were being evaluated wanted the compilers to report objectively and that the assessors should be professional rather than personal. Additionally, it was discovered that the subordinate is evaluated and appraised by the immediate supervisor and that the appraised must cooperate and refrain from pressuring the evaluator to provide misleading impressions. Megginson (2017) contends that leaders utilise job performance appraisals as a tool to assess whether workers are doing their duties as planned. This is also buttressed by Kavitha (2022) who found that performance, employee retention and employee morale are positively correlated. Retaining employees encouraged them to be productive, which in turn affected the profitability of the company.

**Table 2.** Effects of PMS on SMEs employee performance

Themes	Number of appearances	Summary of key scholars
Improved and increased teamwork and communication	29	Smith (2025), Rizvi et al (2020), Han (2020), Luo Y (2019), Lyu et al (2023), Taneja et al (2023), Uzochukwu et al (2024)

Increase fairness, transparency and better hiring decisions	196	Tran et al (2020), Tran (2025), Akosile (2022), Ho et al (2020), De Lourdes et al (2016), Bipp et al (2019), Miao et al (2020), Nguyen et al (2021) Yan et al (2021), Harrer et al (2021), Malumba et al (2021) Riyanto et al (2021), Rodriguez et al (2023)
Provision of detailed, qualitative feedback and increased motivation	54	Seoleseng (2019), Mbabazi J & Ondego R (2025), Stephenson (2019), Prasad (2022), Musoni (2023), Kumar (2019), Kondrasuk (2022), Tadesse Y (2021), Widiani et al (2020), Kavitha (2022)
Protection of employees from potential bias	41	Mariti (2019), Ibrahim (2024) Helal (2024), Touma (2022), Obiekwe et al (2019), Muhamad (2025), Abdullah et al (2022), Alasi et al (2021), Ameen et al (2019), Iorfa et al (2021), Jacobs et al (2020), Zahida et al (2022)

## Conclusion and Recommendations

It was advised that during the studies managers and supervisors keep a positive work atmosphere to boost productivity. Giving rewards to staff members who leave their workstations was also suggested. Another idea is to encourage staff members by allowing them to take time off when they are due. The study also suggests that managers should be reachable so that junior employees can ask them questions when they're having problems. Because it provides checks and balances and ensures that work does not suffer, the research suggests that the process be continued.

According to the review, it is recommended that yearly performance reports be completed at least three months prior to each employee's date of attestation and that they be utilised to evaluate workers at various levels. It is advised that individuals who evaluate others report with objectivity, that the evaluators be professional rather than personal, that the immediate supervisor assesses and evaluates his subordinate and that the appraised be cooperative and refrain from pressuring the evaluator to provide misleading impressions.

It is also advised that researchers who wish to do similar studies should allow themselves more time to investigate the topic to try to identify all the aspects that may have been overlooked in this study. To generalise the role of performance management systems in advancing employee welfare, the studies ought to encompass various regions of the world using other types of literature reviews.

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