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ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**THE ROLE OF KEY PERFORMANCE INDICATORS FOR
PERFORMANCE MANAGEMENT, THE CASE OF DHL
WORLDWIDE EXPRESS ETHIOPIA PLC.**

BY

DAGMAWI HAILIYE (SGS/0043/2009B)

JULY 2019

ADDIS ABABA, ETHIOPIA

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FOR PERFORMANCE MANAGEMENT, THE
CASE OF DHL WORLDWIDE EXPRESS
ETHIOPIA PLC**

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(ID: SGS/0043/2009/B)

**A THESIS SBMITTED TO ST.MARY'S UNIVERSITY COLLEGE,
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LIST OF ABBREVIATIONS

DHL- DHL Worldwide Express Ethiopia plc.
PM - Performance management
KPI - Key Performance Indicators
IBOB - Inbound Outbound
IBOB SC - Inbound Outbound Service Completion
GOS - Grade of Service
BOS - Bond Outstanding Shipments
SHPT - Shipment
OPS - Operation
CS – Customer service
AM – America
EPAC – Asia Pasfic
MENA – Middle East & North Africa
SSA – Sup Saharan Africa
EU - Europe

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ABSTRACT

Most successful organizations nowadays implement a performance measurement system within their companies. This is done to give them true attentions to results, responsibilities and targets. In order for the organization to have control and improve processes, the organization needs to measure and identify the performance indicators. The aim of this study was to examine the Use of Key Performance Indicators In DHL Worldwide Express Ethiopia Plc and analyze how the company measures its performances. Given there is deficiency of information available regarding how companies use KPIs, the researcher believed that collaboration with DHL Worldwide Express Ethiopia leads to useful information within the subject. The research design for this study was a descriptive research design that sets out to describe the use of Key Performance Indicator in DHL Worldwide Express Ethiopia Plc. Primary data which was directly gathered from respondents was used for the study. The data was collected by using self - administered questionnaire, interview targeting all managerial and non-managerial employees working in DHL Worldwide Express Ethiopia plc Operation and Customer Service department. The questionnaire was distributed to the employees on the basis of a non-probability method of samplings (based on purposive or judgmental) sampling method and the data collected were analyzed using SPSS software and using descriptive statistical methods. Narrative data analysis method used to analyze interview data. The finding revealed that the company manages its performance effectively using KPI. All employees use KPI in their respective departments. The KPIs are set in line with the company's strategies and goals. KPI helps the company improve service quality/performance by tracking progress, focus on service standards, indicating developmental area and service breakdowns and ensuring efficiency and consistency. However, their study revealed that the use of KPI encounters ethical problems of employees, employees focusing on meeting targets only and not caring for service quality, poor internet connection and failure related to indicator equipment as well as wrong data entry or system usage. Finally the researcher has recommended the Company to shape a clear direction for the employees about the importance of the set targets. Reflecting actual performance and the impact should be clearly communicated to the employees.

Key words: - Key Performance Indicators, Performance Management, Organizational objective & goal (Effectiveness), Employees productivity (Efficiency), Service quality.

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of TIRUNEH LEGESSE (Ass Prof). 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 institutions for the purpose of earning any degree.

Dagmawi Hailiye
St. Mary's University College, Addis Ababa

Signature
June 2019

CHAPTER ONE

INTRODUCTION

This chapter is an introductory part for the study which introduces the overall study subject matter. It consists of background of the study matter and the organization, statement of the problem, purpose, significance of the study, delimitations and structure of the study.

1.1. Background of the study

In today's competitive environment, companies need to keep track of the actual performance updated result in order to steer the organization in doing the right things. Most successful organizations nowadays implement a performance measurement system within their companies. This is done to give them true attentions to results, responsibilities and targets. In order for the organization to have control and improve processes, the organization needs to measure and identify the performance indicators. One of the manager's responsibilities is to realize what the critical metrics are in their organizations and how those metrics should be identified, measured, reported, and managed so that the organization can be viewed as a successful one by its stakeholders.

Throughout the last twenty years various models have been developed to measure the performance of organizations, such as the BSC, the BEM, the KPI, the Capability Maturity Model (CMM), and the Six Sigma. All models have achieved considerable success with regard to the improvement of different sectors organizations' performance (Meng & Minoque, 2011), but the KPI model is more popular with financial management practitioners and organizations. In addition to the selection of effective performance models, the proper selection of performance indicators is also important to the measurement and improvement performance (Meng & Minoque, 2011). Models, like the European Foundation for Quality Management (e.g. EFQM excellence model), have divided performance indicators on leading, lagging and perceptive measures (Plomaritou et al., 2006). Leading measures are indicative performance measures that assess unfinished processes. Lagging measures are those measures that report accomplished performance and final outcomes and as such they are not able to change the future outcome. Perceptive measures are those measures that report stakeholders' perception in projects and can be lagging or leading (Vukomanovic et al., 2010).

Performance indicators are compilations of information that are used to measure and assess performance (Edwards and Thomas, 2005). Moreover they indicate the final mark of a company's efficiency and effectiveness. KPIs represent the basis for measuring business and project success. Their purpose is to enable the measurement of performance within companies and the industry, and to initiate benchmarking. Besides direct advantages, KPIs are used as means of communication within stakeholders to inform them about constant improvement endeavors (Vukomanovic et al., 2010).

Key Performance Indicators (KPIs) are specific metrics which show early warning signs if there is an unfavorable situation in the system. KPIs give everyone a clear picture of what is important for the organization. KPIs also give us information to make informed decisions and reduce uncertainty by managing risks. Key Performance Indicators (KPIs) represent a set of measures focusing on those aspects of organizational performance that are the most critical for the current and future success of the organization (Parmenter, 2015). KPIs are the vital navigation instruments used by managers to understand whether their business is on a successful voyage or whether it is veering off the prosperous path. The right set of indicators will shine light on performance and highlight areas that need attention. 'What gets measured gets done' and 'if you can't measure it, you can't manage it' are just two of the popular sayings used to highlight the critical importance of metrics. Without the right KPIs managers are sailing blind (Bernard Marr & Co, 2012. Intelligent Business Performance).

Having a set of clear goals within an organization is a success factor in today's society. All organization runs their business towards some sort of goal. In order to reach the goals the organization needs a strategy. Companies today develop KPIs that are in line with the strategy in order to control their organization. To partly control the organization with some sort of KPIs is today used in most businesses (Ax, Johansson, & Kullvén, 2009).

In Ethiopia, Key Performance Indicators (KPIs) are commonly utilized in some organizations such as Airlines including Ethiopian airline, different government hospitals and logistics companies, including the case company DHL Worldwide Express Ethiopia plc due to their wide area of potential use. On DHL Worldwide Express 2017 corporate annual report, both Financial and non-financial indicators indicates that company is doing well on achieving the strategic objective <https://annualreport2017.dpdhl.com>.

Even though the KPIs are common operating tools there is little information of how they are used in organizations and perceived by employees. The researcher decided to investigate further of how DHL WORLD WIDE EXPRESS ETHIOPIA PLC operates with KPIs and their role for performance management.

1.1.1 Background of the Organization

DHL Express is a division of the German logistics company, Deutsche Post DHL providing international courier, parcel, and express mail services. Deutsche Post DHL is the world's largest logistics company operating around the world, particularly in sea and air mail.

DHL Express delivers worldwide; freight forwarding with planes, trucks, ships and trains; warehousing services that go beyond just storage, but include everything from packaging to repairs; international mail deliveries; customized and specialized shipping if it is about logistics, it is about DHL. The company's vision is to be The Logistics Company for the World. And Mission is "Excellence Simply Delivered", <https://www.dhl.com>.

In the express business, customers consider on-time delivery as an important indicator of quality. That is why DHL has a system to standardize and monitor the processes throughout its entire organization. They determine on-time delivery, analyze delays in individual processes and establish ways to deliver to customers even more quickly. Consistently high quality of service is crucial for a global network operator. DHL has developed an operations performance monitoring system that it uses to measure and improve the quality of its services. The logistics view is directed horizontally at the flow of goods and contracts, and they require key indicators that include the factor of time. As a result, DHL uses a time-based system of efficiency measurement that complements the measurement approach based on input-output ratios.

The aim of this research is to identify and examine the Role Of Key Performance Indicators In DHL Worldwide Express Ethiopia Plc and analyze how the company measures its performances.

1.2 Statement of the Problem

There's constant pressure to achieve performance targets, to reach higher performance levels, and to ensure that people's work supports and furthers the organization's goals. This is where

Key Performance Indicators come into play, and they apply both at the organizational and individual levels. Key Performance Indicators (KPIs) help organizations understand how well they are performing against their strategic goals. Companies today develop KPIs that are in line with the strategy in order to control their organization. Organizational performance comprises of goals and objectives, the achievement of an obligation, and the performance and functions adherence to the professional standards with the main objective of increasing the professional level in the face of threats in the environment.

Franceschini, (2007); Kucukaltan et al. (2016); Rajesh et al. (2012); Anand & Grover (2015) studies have shown that performance indicators and performance measurement are getting more attention in different research programs and in the companies. Several kinds of indicators are seen increasingly important in logistic companies. Generally companies want to be forerunners in the markets and get the competitive advantage by operating their processes effectively likewise the case company.

There are different studies and theories on what KPIs are and how they are useful in an organization's strategy. However, little research has been conducted regarding on how companies uses KPIs and their role, particularly in Ethiopia. Local companies currently would not have a referable document that gives hands-on information on the role of KPI for performance management. In Ethiopia, as best of the researcher's knowledge and literature search, the role and application of KPIs with regard to performance management does not seem studied enough in logistic companies of Ethiopia, including the case company.

Thus, gaps exist with respect to understanding what KPIs are used in logistic companies, how they are applied in the company and finally their overall contribution for the company goal and objective achievement, efficiency and service quality. Therefore, the intent of this study is to examine the role of KPIs in relation with the organizational effectiveness, efficiency and service quality in DHL Worldwide Express Ethiopia plc.

1.3 Research questions

As this study emphasizes on the importance of measuring the performance of the courier service and how DHL Worldwide Express Ethiopia PLC uses KPIs, the research questions are:

- What are the KPIs used in DHL Worldwide Express Ethiopia?
- How is KPI used or applied in DHL for performance management?
- To what extent does indicators convey the information that they want to present?
- To what extent does KPIs contributes for organizational effectiveness, efficiency and service quality?

1.4 Objective of the study

1.4.1 General Objective

The objective of this study is to examine the role of Key Performance Indicators in DHL Worldwide Express Ethiopia plc and analyze how KPI helps the organization to manage performance.

1.4.2 Specific Objective

Under the general objective, this research specifically aims:

- To identify the major KPIs that DHL Ethiopia uses to manage performance.
- To Study how DHL Ethiopia measures organizational performance using KPI
- To investigate the role and contribution of KPI for organizational performance management with relation to effectiveness, efficiency & service quality.
- To Examine and analyze challenges and problems related to use of KPI

1.5 Significance of the Study

The study tried to examine the Role of Key Performance Indicators for performance management in DHL Worldwide express Ethiopia plc. It is expected that the findings provides the researcher an opportunity to gain deep knowledge in the concept of Key performance Indicators and it's role in performance management. Furthermore the findings of this study may also serve as a spillover for further research in the area.

1.6 Delimitations/ Scope of the study

This study focuses on one company even though there are few more courier and other international organizations which use Key Performance Indicators in order to manage their performance, quality and efficiency. The findings of the study would be more fruitful if it is conducted by including other courier companies, it is somehow impossible to cover all due to

time constraint. Also, the study is delimited to assess the role of Key performance indicators on Operation and Customer service functions in DHL Worldwide Express Ethiopia plc as the researcher were unable to include other functions (Finance & Sales) on the study due to company restriction. Another delimitation for the thesis was that due to fact that the investigated organization would not like to expose their internal information, we were agreed that the interviews and the internal documents used in the thesis would not be attached as appendix.

1.7 Structure of the Study

The first chapter in this study deals with general introduction of the study. It consist 6 subtitles; background of the study, Background of the organization, statement of the problem and basic research questions, objective of the study, significance of the study and delimitation. The second chapter presents review of related literature, which discusses some concepts from literatures as references for this study. It provides the theoretical foundations upon which the research is based on and it stated the basic ideas and concepts in relation to the specific issue under study. In Chapter Three, the study covers the research design & methodology; which answers the question “how?” the research is done. Therefore, this chapter contains design of the research, source of data, tools and procedures of data collection and methods of data analysis. Fourth chapter will present results and discussion of the findings of the research. The final chapter, Chapter Five contains a summary of the study findings, conclusions drawn from the findings and recommendations for improving the use of KPI on DHL Ethiopia.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical review

According to Anand & Grover (2015, p 140) performance measurement was seen used in early accounting systems already in the late 13th century when various traders used it to settle transactions. Till late 20th century, after the industrial revolution, financial performance measures came along. Traditional financial measures were used to measure local departmental performance and they were focusing more on internal measurements than on overall health or performance of the business. In the past, management had various financial performance indicators that gave relevant managerial information. Nowadays management also need additional performance indicators to support the decision making (Gunasekaran & Kobu 2007; Sticker et al. 2017; Papakiriakopoulos 2006, p.213).

In the beginning of the 21st century, the market and operations environments have radically changed to more global. Companies realized that the importance of having both financial and quality based non-financial performance measures is vital to understand. In recent years, practitioners and researchers have emphasized that performance measurement is relying on financial and non-financial indicators due to its structure that is preferred to be multidimensional (Stricker et al., 2017,). (Anand & Grover 2015, p.140; Gunasekaran & Kobu, 2007, p.2820)

2.2. Performance Measurement

Performance measurement have been used in the organizations to make sure that measured operations are going to the right direction. The set targets will be achieved in terms of organizational goals and objectives. Bhatti et al., (2014, p.3129-3133) Performance measurement is a good way to visualize and monitor a particular status and the performance of particular activity. It also visualizes the state of organizational behaviors and helps the company to reach its strategic goals. Performance measurement is widely believed to show the behavior of managers and their employees, which helps them to improve the business processes, archive democratization, and transparency and use limited resources effectively (Kachitvichy-naukul et al., 2015, p. 40; Pavlov et al. 2017, p.432)

With performance measurement organizations are able to benchmark their current levels of practice between the best performers. For example, to achieve supply chain with better performance, such as complete order fill, accurate and timely information or short and reliable order cycle time everyone in the supply chain is suggested to have close relationships with their supply chain partners. Performance measures in a supply chain must streamline the flow of material, information and cash, but also simplify decision-making operations and eliminate activities that are not adding any value. Anand & Grover, (2015, p.136); Gunasekaran & Kobu , (2007) have introduced six purposes why measuring organizational performance is so important:

- It helps to identify success
- It shows if the customer needs are met
- Organization can understand its processes and see if they are understood right or is there something they don't know about
- It is easier to recognize where the bottlenecks, problems or waste is and where the necessary improvements need to be done
- It makes sure that decisions are based on facts, not on intuition or supposition
- It shows that planned improvement is actually happening

With these purposes organizations can understand the customers and identify the elements that are needed to gain value to the company. In this thesis, these performance measuring principles are utilized to recognize the value of customers, organization's processes problems and the big picture of case company's performance measurement system in reality. Therefore, a performance measurement system requires identification of performance indicators that are used to identify necessary improvements, problems and customer need (Ka-chitvichynaukul et al., 2015, p.40).

2.1.2. Performance Management Strategy

Performance metrics are a critical ingredient of performance management, a discipline that aligns performance with strategy. Performance management harnesses information technology to monitor the execution of business strategy and help organizations achieve their goals. As Figure 1 shows, performance management is a four-step virtuous cycle that involves creating strategy and plans, monitoring the execution of those plans, and adjusting activity

and objectives to achieve strategic goals. This four-step wheel revolves around integrated data and metrics, which provide a measurement framework to gauge the effectiveness of strategic and management processes.

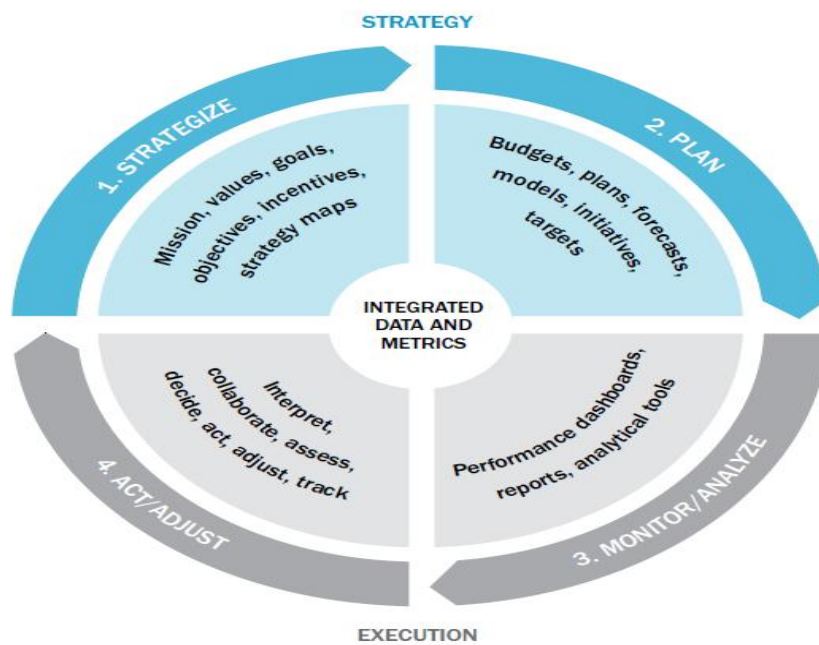


Figure 1: performance management cycle

Source; Wayne Eckerson, performance management strategies

2.3. Measuring Organizational Performance as a Dependent Variable

There are three organizational performance aspects that has to be considered and they are **effectiveness, efficiency** and **economy**. In addition, performance in the public sector indicates the accomplishment of a specific task of the firms measured against established accuracy standards, completeness, cost and work speed and it is considered to be the achievement of an obligation (Richards et al., 2008). According to past findings, organizational performance comprises of goals and objectives, the achievement of an obligation, and the performance and functions adherence to the professional standards with the main objective of increasing the professional level in the face of threats in the environment.

<https://www.researchgate.net/publication/228136632>

2.4. Theories about KPI & Performance Management

The main theory informing individual performance management is Locke & Latham's (2002) goal-setting theory, one of the most effective motivational theories. It was formulated inductively based on empirical research conducted over nearly four decades. Its roots are based on the premise that conscious goals affect action (where goals are considered the object or aim or an action) (Locke & Latham, 2002). While goal setting theory is generally analyzed at individual level, its principles are considered relevant at organizational level too. Locke (2004) further argues that goal-setting is effective for any task where people have control over their performance. Research in this field currently explores goal setting theory at both individual and organizational level. In organizational context, personal empirical observations highlight that the goals of individuals, teams and the entity as a whole can be in conflict. Goal conflict can motivate incompatible actions and this has the potential to impact performance. Thus, alignment between individual goals and group goals is important for maximizing performance. This links goals setting theory to principal agent theory, also called agency theory.

Agency theory (Eisenhardt, 1985) explains how to best organize relationships in which one party (the principal) determines the work, which another party (the agent) undertakes. The agency problem is to determine the optimal contract for the agent's service. The principal agent relationships should reflect efficient organization of information and risk-bearing costs. The human assumptions to be considered are self-interest, bounded rationality and risk aversion, while at organizational level the assumptions to be analyzed are the goal conflict among participants and the information asymmetry. This links the agency theory to organizational theory, studying whole organizations, how they adapt, and the strategies and structures that guide them. Eisenhardt (1985) further considers both agency and organizational theory to be rational, information based, efficiency oriented, concerned with determinants of control strategy and distinguish between two types of performance evaluation control: behavior based and outcome based.

Overall, various versions of organizational theory emphasize the importance of task characteristics, especially task programmability, to the choice of control strategy. The existence of "people" or social control is as an alternative to control through performance

evaluation. In contrast to the classical scholars, most theorists today believe that there is no one best way to organize. What is important is that there be a fit between the organization's structure, its size, its technology, and the requirements of its environment. This perspective is known as contingency theory (Fiedler, 1964) that contends that the optimal organization / leadership style is contingent upon various internal and external constraints. A subset of organizational theory is considered to be systems theory, which includes a series of variations such as von Bertalanffy (1956)'s General Systems Theory, Mulej's Dialectical Systems Theory, Flood and Jackson (1995)'s Critical Systems Thinking, or Beer (1984, 1985)'s Viable Systems Theory.

Systems theory opposes reductionism and promotes holism. Rather than reducing an entity (e.g. the human body) to the properties of its parts or elements (e.g. organs or cells), systems theory focuses on the arrangement of and relations between the parts which connect them into a whole. It emphasizes interdependences, interconnectedness and openness as opposed to independence, isolation and closeness. This enables the discovery of emergence, as new attributes of interacting entities that are generated by their analysis as a whole that would not become evident if the parts would be analyzed independently. Systems theory acknowledges complexity as an attribute of reality and focuses on synergy and the combination analysis and synthesis. Systems theory considers organizations as systems with relative boundaries which make exchanges with the environment and must adapt to environmental changes in order to survive. They are open systems which interact directly with the environment through inputs and outputs.

2.5.1. Performance Indicator

Fitz-Gibbon (1990) defines a performance indicator in her book as an item of information that is collected at common intervals from many complex systems in order to identify the performance of a system. In other words, performance indicator is a combination of metrics that are used to quantify the efficiency or effectiveness of an action (Gunasekaran & Kobu 2007). Performance indicators can also be defined as the physical values that are used to measure, compare and manage the whole organization's performance. The performance indicators may consist of quality, cost, financial, flexibility, delivery reliability, employee's satisfaction, customer satisfaction, safety, environment/community and both learning and

growth. These can be seen as the indicators that are given in the literature and various organizations utilize them for measuring and to manage performance (Bhatti et al. 2014,p 3128) Additionally, Performance-based management special interest group (2001, *appendix a-3*) defines performance indicator as a:

1. Characteristic or a particular value that is used to measure output or outcome,
2. Useful parameter to help determine if the organization has achieved set goals,
3. Quantifiable expression to examine and keep track of the status of a process,
4. Operational information which is indicative of the performance or facility condition, facility group or site.

Performance indicators are used as fundamental managerial tools in order to help decision making in organizations (Gunasekaran & Kobu, 2007). Various performance indicators are utilized in many levels of company organizations, from manufacturing to sales and even measuring customer satisfaction performances. The main reason for companies to do different measurements for processes is to maintain competitiveness in the markets. In addition companies want to make sure that the continuous improvement will be planned with company's future development. (Franceschini et al, 2007) Generally, the definition of indicator has some common requirements that it needs to include:

- Reliable
- Representative
- Easy and simple to draw a conclusion
- Capable to indicate time-trends
- Capable to mold if changes occur inside or outside the organization
- Able processing and collecting the data easily
- Able to update data easily and quickly

Franceschini et al (2007, p.11) also states that there can be identified three benefits that indicators give to companies: control, communication and improvement. Using indicators gives companies more control. It enables managers and workers to see what is happening in the processes and lets them control the performance of the resources which they must take

care of. Indicators also communicate with the external stakeholders about the performance and the purpose of control, not only with the internal employees and managers. In addition, with indicators companies can recognize the gaps that occurs between expectation and the performance. With that, the points where the intervention or improvement needs to be done can be seen. This is how the direction and the size of the gap gives a company the information and feedback that helps it to identify processes that are productive or other exploitative factors (Franceschini et al. 2007, p. 10-11).

2.5.2. What is a Key Performance Indicator

KPIs are defined as quantifiable and strategic measurements that reflect an organization's critical success factors" (ISO, 2014). Parmenter (2010) in his book describes the KPIs as a set of measures that mostly concentrate on the most critical aspects of organizational performance for the existing and upcoming success of the organization and KPIs are not often new to the organizations.

A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs at multiple levels to evaluate their success at reaching targets. High-level KPIs may focus on the overall performance of the business, while low-level KPIs may focus on processes in departments such as sales, marketing, HR, support and others

(<https://www.klipfolio.com/resources/articles>).

KPI: is quantifiable measure used to evaluate the success of an organization, employee, etc. in meeting objectives for performance (Oxford's dictionary)

- A set of quantifiable measures that a company uses to gauge its performance over time (Investopedia's)
- A way of measuring the effectiveness of an organization and its progress towards achieving its goals (Macmillan's dictionary)

Key is defined as a main contributor to the success or failure; Performance is illustrated as a metric that can be measured, quantified, adjusted and controlled; and, Indicator is explained as a rational and realistic depiction of present and future performance (Kerzner, 2013).

A KPI is a measurement which evaluates how a company executes its strategic vision. The term strategic vision refers to how an interactive strategy is integrated into a company's strategy as a whole. It is important that everyone involved in the company strategy agrees on what the strategy represents and how its variations are interpreted.

A KPI, or group of KPIs to be more exact (since a KPI rarely exists alone), form a type of language which can be used, not only to measure the effectiveness of Web projects, but also to state their chances of success. A KPI is a fundamental characteristic, and without any agreement on their meaning, would become a source of chaos rather than a source of focused action (Jacques Warren, 2015, *Integrating KPIs into your company's strategy*).

Key Performance Indicators (KPIs) are among the most commonly used tools that companies employ to help manage more effectively and guide their progress. In brief, KPIs are the top level data companies use to measure performance and plan for the future. Managers need KPIs for a number of reasons:

1. To determine where you have been and what performance looks like from the past
2. To track the progress of change
3. To plan and prepare where you are going, what success looks like in the future and identify how to achieve success" (Pacific Crest Group, 2012).

KPIs are a numerically values concluded to describe correlations in a company. The correlations could either be already attained activities and results or it could be future desirable goals that are supposed to clarify work and motivate employees of the organization (Catasus et al., 2008).

Managers with the help of KPIs can realize how their organizations are acting in relation to their strategic goals and objectives. KPIs offer indicators to senior managers as how the organization is performing. By setting and using those proper KPIs, managers recognize whether the performance is on track or not (Pacific Crest Group, 2012).

Using just KPIs are not adequate to manage and execute the operations of an organization. Specific thresholds and warning limits for each indicator should be defined. As the indicators exceed or fall below them, appropriate and timely actions should be initiated (ISO22400-2:2014, 2014).

It is important to recognize that starting to design and building a working measurement system is not an easy or fast process. According to Franceschini et al.(2007, p.7-10), the most critical phase of designing a measurement system is not identifying all the indicators but identifying just the indicators which represents value-adding areas of an organization. In addition, by identifying indicators that affects to the key processes that will create value to the company but also to the customers, is vital. These indicators which are often most vital when measuring the facts of processes or statistics are called Key Performance Indicators, shortly KPIs (Franceschini et al. 2007, p.7-10; Bai &Sarkis, 2014, p.276; Bose, 2006, p. 44; Gunasekaran et al., 2007).

Common insight is often that more is valued better than less, but in supply chain performance measurement it can be seen opposite, where less is better. Therefore companies should start assessment with smaller number of different KPIs (Anand & Grover, 2015, p.141). In general, the main difference between performance indicator and key performance indicator is that the key performance indicators are the main few indicators that organizations are trying to analyze and identify. Thus the KPIs should be customized for every organization's individual needs. When selecting the right KPIs for a particular logistics and supply chain organizations, managers should take into account the organizational goals and objectives, nature of the market, type of business and also technological competence (Gunasekaran et al., 2007; Bauer, 2004, p. 63-64).

There can be seen some common characteristics in KPIs that will help to identify and understand the meaning of them (Franceschini et al., 2007; Gunasekaran et al.,2007; Anand & Grover, 2015; Marr, 2015; Bauer, 2004).

1. Quantitative and qualitative (measured by numbers vs. measured by examining)
2. Most of the KPIs are financial measures (Revenue, net margin et cetera)
3. Non-financial measures (not examined in financial way, euros, pounds et cetera)
4. Measuring happens frequently (hourly, daily, monthly)
5. Tied with the strategy (helps to reach the set goals and objectives)
6. KPIs must be understood and used right in all levels of organization
7. KPIs are built by the individual need of a company

Besides these characteristics, there are three key elements in the identification of KPIs: firstly, defining the indicator, secondly all the indicators must be accepted and understood by the managers and employees of the company and thirdly, indicators are verifiability and traceability. However, indicators are often operated badly and the guidelines for using them are also commonly hard to understand or execute in reality. (Franceschini et al. 2007, 8-9) One main reason for this is the amount of data that organizations collect, especially when volume of inputs is increasing and data management becomes more difficult. Therefore, the actions and decisions have had more influence from the indicators nature, use and time horizon at short or long-term (Franceschini, 2012, p. 10).

In spite of the high amount of data, there is not a specific ruled number of key performance indicators that are needed in the organizations. Typically companies prefer to use indicators between 3 and 15 at each level of the organization (Franceschini 2012, p.127; Bauer, 2004, p. 63-64). This way, the amount of data and KPIs that are measured is not going too high and the data analyzer does not have enormous amount of information to examine. In addition, the decision maker can make faster decisions when just all the relevant measures are under control. Sticker et al. adds in their article (2017, 5540) that the amount of the information content is directly proportional to the simplicity of the KPIs which is visualized in the figure

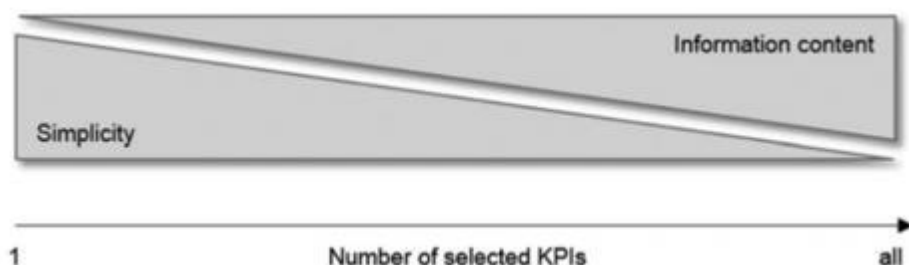


Figure 2 the relation between information content and simplicity. (Stricker et al., 2017)

Bose states at his article (2006, p.50) that defining right KPIs can be seen as important as defining the company strategy. Generally, KPIs are quantifiable measurements and are defined beforehand which affects critically to the success factors of the company and its organization (Bose, 2006, p.50; Bauer, 2004, p. 63-64). Franceschini continues in his book (2012, p.127) that it is important to get the right balance with different kinds of performance

indicators between internal and external requirements as well as different financial and non-financial measures. Anand & Grover (2013, p.140) add that it has been seen that financial performance measurements are important for strategic decisions and external reporting. For example, different daily basis manufacturing control or distribution operations is handled better by non-financial measures (Anand & Grover, 2015, p.140).

Key performance indicators are financial and non-financial indicators that organizations use in order to estimate and fortify how successful they are, aiming previously established long lasting goals. Appropriate selection of indicators that will be used for measuring is of a greatest importance. Process organization of business is necessary to be constituted in order to realize such effective and efficient system or performance measuring via KPI.

Those measurements need not be rigidly quantitative; nor need they be exact. But they have to be clear, simple, and rational. They have to be relevant and direct attention and efforts where they should go. They have to be reliable - at least to the point where their margin of error is acknowledged and understood. And they have to be, so to speak, self-announcing, understandable without complicated interpretation or philosophical discussion Velimirovic, Velimirovic, & Stankovic, (2011). Role and importance of key performance management, *Serbian Journal of Management* 6 (1), 63 – 72.

2.5.3. Categories of KPIs

KPIs can be categorized various ways depending on the perspective of the examination. One common way of categorization is the feature related: financial (cost per unit) or non-financial indicators (quality based). However having both financial and non-financial indicators can lead to a major issue when organizations have too many indicators in their performance measurement (Papakiriakopoulos, 2006, p.215; Kucukaltan et al., 2016, p.346; Rajesh et al., 2012, p.269). Therefore, it is important to identify indicators that can be set into two layers where primary and secondary indicators are. Primary indicators (for example on time delivery) represent company's most valuable indicators that illustrate to the top management what is occurring, both in the key areas processes and in the business. On the contrary, secondary indicators are potential to express why primary indicators are high or low and offer more detailed information of the processes (Chae 2009, p.423-424; Papakiriakopoulos, 2006, p. 215).

Anand & Grover (2015, p.141-142) have also found different types of categorizations from various sources where KPIs can be categorized for example hierarchically or layered ways. KPIs can be examined as top tier, mid-level and ground level. These three levels show the overall categorization of a company's operations, without considering, are the measures quality and quantity or cost and non-cost based (Anand & Grover 2015, p.141). Intangible measures such as financial measures can be used for the higher decision-making level (strategic). Mixed both tangibles and intangibles or financial and non-financial measures can be used in a middle decision-making level (tactic) and alternatively tangibles such as non-financial in a lower decision-making level (operational) (Gunasekaran et al., 2007, 2832-2836).

From the mentioned ways and the figure 4 can be seen that KPIs can be categorized in various ways depending on the examiner and the target of an examination. KPIs are mostly categorized by their nature, how or to whom they give the information and where it is going to from the mentioned ways and the figure 4 can be seen that KPIs can be categorized in various ways depending on the examiner and the target of an examination. KPIs are mostly categorized by their nature, how or to whom they give the information and where it is going to be used. As said before, the KPIs differs in companies and in the industries but the main financial indicators are almost the same in everywhere. Anand & Grover (2015, p.143) have made a research where can be seen different ways to categorize KPIs by various authors which is shown in the figure below.

Author (year)	Categorization of KPIs
Hoffman (2004) Neely <i>et al.</i> (1995)	As top tier, mid-level, and ground level At three levels: the individual metrics; the set of measures, or performance measurement system as an entity; and, the relationship between the measurement system and the internal and external environment in which it operates In three levels – strategic, tactical and operational
Huang <i>et al.</i> (2005), Gunasekaran <i>et al.</i> (2001) Shepherd and Gunter (2006), Gunasekarana <i>et al.</i> (2004)	As quality and quantity, cost and non-cost, strategic/operational/tactical focus, and supply chain processes
Chae (2009) Augenbroe and Park (2005)	As primary and secondary indicators Grouped into energy, lighting, thermal comfort and maintenance
Hinks and McNay (1999)	Classified KPIs into business benefits, equipment, space, environment, change, maintenance/services, consultancy and general
Amaratunga and Baldry (2003)	Classified KPIs into customer relations, FM internal processes, learning and growth, and financial implications
Lavy <i>et al.</i> (2010), Gumbus (2005), Augenbroe and Park (2005), Amaratunga and Baldry (2003), Ho <i>et al.</i> (2000), Hinks and McNay (1999), Douglas (1996)	As cost-related and non-cost-related KPIs
Angerhofer and Angelides (2006), Shepherd and Gunter (2006), Gunasekarana <i>et al.</i> (2004), Bolstorff (2003), Beamon (1999)	Grouped KPIs into quality time, cost and flexibility
Chen <i>et al.</i> (2004), Gunasekaran <i>et al.</i> (2001), De Toni and Tonchia (2001) Shepherd and Gunter (2006), Chan and Qi (2003) Lee (2004), Morgan (2004) Hieber (2002)	As cost and non-cost measures (time, quality, flexibility and innovativeness) Categorized KPIs as cost, quality, resource utilization, flexibility, visibility, trust and innovativeness As flexibility and innovativeness measures Grouped into collaboration efficiency; coordination efficiency and configuration.
Van der Vorst (2000)	At three main levels: the supply chain level; the organization level; and the process level
Li and O'Brien (1999)	At four levels: profit; lead-time performance; delivery promptness; and waste elimination
Lai <i>et al.</i> (2002)	At three levels: service effectiveness for shippers; operational efficiency; and service effectiveness for consignees
De Toni and Tonchia (2001) Gunasekaran <i>et al.</i> (2001) Chopra <i>et al.</i> (2007)	As financial and non-financial As quantitative and non-quantitative
Chan and Qi (2003)	Grouped as facilities, transportation, information, inventory, sourcing, and pricing
Chan and Qi (2003)	Grouped into input measures, output measures, and composite measures
Closs and Mollenkopf (2004)	Grouped into customer service, cost management, quality, productivity, and asset management
Agarwal <i>et al.</i> (2006)	Grouped into market sensitiveness, information driven, and process integration

Figure 3: Categorizations of KPIs by various authors. (Anand & Grover 2015, p.143)

2.6. Role and Importance of Measuring Organizational Performances via KPI

Previously described process organization is a necessary base for KPI defining. Such system of standardized activities allows adequate measuring of performances. Importance of a measuring is significant. Continual measuring is a base for continual improvements of organization performances that is one of the most important management principle (Besic & Djordjevic, 2007). One proverb may be find in literature: “If you want to improve something, you have to measure it“(Radovic & Karapandzic, 2005). An effective organization knows that if they don’t have enough information about process, product or service, they can’t control that part. There are large numbers of values measured during work of some organization. Lord Kelvin, British physician, jet (1891) spoke: “When you can measure something that you are talking about, you know something about it“. To stay competitive, organization should manage with employees, processes, planned activities, reductions times, relations with suppliers, and other parts of the business. System for effective measuring of performances is used to understand, adjust and improve business in all department of the organization (Summers, 2005). Measuring performances of the organization means qualitative, and quantitative expression of some results by chosen indicators. Performance measurement enable to effective organizations to express their success by numbers. Selection of appropriate indicators that will be used for measurement and appraisal of the performances is a very important activity. Among all information that can be get it is necessary to choose some critical quantity that on the best way represent the whole business.

Beside control function indicators of performances also have two next functions: Developing and guiding function – because they present a base for formulating and implementation of the strategy of the organization, Motivation function – induce management to fulfill goals and motivate all stakeholders to realize those goals and on even higher level (Pesalj, 2006; Stamatović & Zakić, 2010). In all organizations, an employee knows that there are activities that are very important for the management team. In sense of defining a control package of indicators that represent success of some business conception of Key performance indicators were appeared. Key performance indicators (KPI) are financial and non-financial indicators that organization uses to testify how successful they were in achievement of long lasting goals. KPI are static and stable indicators that carry more meaning when comparing

information. They help to remove the emotion away from object of the business, and get one focused on the thing that job is really about, and that is making profit the most. Quite often they struggle to retain business with positive GP. Market slowdown could influence sales even with negative GP. Velimirovic, (2011) *Serbian Journal of Management* 6 (1) 63 – 72) has defined and standardized all processes within the organization. Continual measuring is a base for continual improvements of organization performances that is one of the most important management principle (Besic & Djordjevic, 2007). One proverb may be find in literature: „If you want to improve something, you have to measure it“(Radovic & Karapandzic, 2005).

According to Kucukaltan et al. (2016, P.346-347), logistic companies' performance measurement have been based on several performance indicators. Also the knowledge of deciding the right key performance indicators and recognizing the interrelationships between various performance indicators have been imperfect. Companies in the logistic field have had major problems for efficiently adapt performance indicators. Also examining and identifying what are the most important indicators for company's competitiveness have been challenging. Organizations need to find answers to several questions concerning about key performance indicators: what are the needed indicators, how to prioritize the indicators, when the indicators should be used and how to build a hierarchical relationship to help recognizing the influences among indicators (Kucukaltan et al. 2016, 346-347).

As mentioned before, identifying the right amount of KPIs can be very struggling and time-consuming for companies. According to Barr (2017, p.3-9) effort of collecting right data without getting too much or little information in wrong format can be challenging. Therefore, logistic companies need to understand that it can take time for example to get the data from the system to the software that is used. In addition, the time used to the reporting and detailed analyses play also key role when using several KPIs. The measures must be easily to available and analyze that the managers are able to report them to the higher levels. Often reports lack actionable insight and the layout of measures is too hard to navigate and digest. This can have an effect that managers have too much difficulties to analyze measures because they are too hard to read (Barr 2017, 3-9).

There need be recognized the factors that affects to the measuring. At the same time, only the most important processes must be identified in order to set the right set of KPIs for the

organization. Therefore, almost every company all around the world have common problems with their performance measurement. That is why the importance of identifying the problems beforehand lowers the risk of both implementation resistance and identification of KPIs (Lakri & Jemai, 2015, p.923-924). In logistics, many company do not know very well or have understanding how they identify their KPIs for the supply chain. Developing a set of KPIs can be complicated and challenging process for ordinary business. Often it can be the result for the lack of incentives and top management support (Anand & Grover 2015, p.138).

When building a set of KPIs and using them effectively, everyone who is involved must think: how the indicator affects to them, to what question it gives an answer and what kind of changes can be done to the operations with the received information. (Marr 2015, 106) The development of the KPIs must be in-line with the strategy and the objectives that the company is aiming to achieve. The strategy and indicators are tightly linked to each other and they are useless if not used together (Franceschini et al., 2007, p. 8-9). KPI's should always be designed by the information needs and circumstances of the user company. (Marr, 2012, 1-6) In order to gain the best results and performance from the indicator, logistic companies must think the target of the measurement more closely with the following questions (Bauer, 2004, p. 63):

- What should be measured?
- How many indicators should be?
- How often measuring is done?
- Who is accountable for the indicator?
- How complex should the indicator be?
- What should be used as a benchmark?
- How can be ensured that metrics reflect to strategic drivers?

It is fundamental to explain the purpose why every measure is used. When measures are comparing for example last month to the same month last year, it must have explained somehow why it is done. Every variation needs to be explained in order to avoid the feeling that measures are not telling the right information. Everything that is measured aims to the point where performance is improved. That is also why the resources for improving performance

and reaching the goals must be adequate. It is observed that no single performance indicator can give a full picture regarding performance. Each indicator presents a partial view from a specific viewpoint and is therefore not enough to serve as a basis for management decisions (Rajesh et al. 2012, p.269). Barr continues that underperformance can be a result of lack of resources but also customer's unrealistic demands that will affect to the KPIs of the unit or organization. This can be a reason that good result can be hard to achieve but however the customer's impact must be taken into account (Barr, 2017, 3-5).

According to Lakri & Jemal, for each indicator that are used to measure performance there should be a record sheet which defines the indicator and its' objective. This will help the company to keep track on their performance measurement system, what kind of indicators exists and what their purpose is. In addition, every indicator must have their per-son in charge to be sure of the reliability of collected data and formulas. This way the indicators have clear definition to decrease misunderstandings between people. On other words, each indicator should be specified on each level of organization and the location of measure as proposed by supplier, production, delivery and customer (Lakri & Jemai 2015, p. 925-926).

2.6.1. Using KPI as Goals and Target

Key Performance Indicator (KPI) and Goal are usually used interchangeably to describe what needs to be measured and to determine whether a company has reached a desired outcome or not. However, KPIs are not the same as Goals.

The goal is the result one hopes to achieve; the KPI on the other hand is a metric to let one know how well one is doing working towards that goal. Using the two together in a coordinated effort will help set, track, modify and evaluate business strategies and improve performance. When aligned properly with goals and objectives, a KPI can illustrate how well a company is performing. But KPIs are more than just a barometer for project success. They offer real time insight into the business' performance as it relates to the business' strategy, and a chance to course correct if the business isn't seeing the results it wants.

A key performance indicator may be a number or a ratio. It should also meet the SMART principals (as defined by Doran, G. T. (1981). "There's an SMART Way to Write Management's Goals and Objectives", Management Review, Vol. 70, Issue 11, pp. 35–36.):

2.6.2. Using KPIs as Part of Performance Management

The most common elements between most **performance management frameworks** are setting objectives, measuring performance, and managing all related activities.

According to classic old adage, Goodhart's Law (1975) "any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes".

Charles Goodhart was an economist in 1975 whose research was used in helping criticize government decision making processes, specifically with regards to monetary policy. This concept was then made mainstream by Marilyn Strathern, "when a measure becomes a target, it ceases to be a good measure."

2.6.3. The characteristic of Effective KPIs

Before we discover how to develop good and effective KPIs, we need to know what the characteristics of effective KPIs are. Therefore, we introduced the "12 characteristics of Effective KPIs" defined by Wayne W.Eckerson in his book "Performance Dashboards".

The reason that the characteristics defined by Wayne W.Eckerson was chosen, was that his criteria for effective KPIs have been cited in both academic literatures Eckerson (Oct 14, 2005) and practical business reports , which makes it a very good model to apply in the case study in the later section.

1. Aligned.

As a business performance measure tool, KPIs should be always aligned with corporation's goal and strategy.

2. Owned.

Each KPI is designed and owned by an individual or group in a business to measure its outcome.

3. Predictive.

KPIs measure drivers of business value, thus they are the "leading" indicators of business performance desired by the organization. An example of such a leading indicator for market share is customer satisfaction with the organization's products and service.

4. Actionable.

KPIs are time-based and actionable data so users can monitor the business performance and improve it before it is too late. It is also the most important attribute that KPIs have. If a metric trends downwards, users should know what the correct actions to take to improve performance. Otherwise it doesn't make sense in measuring the activities if users cannot change the outcome.

There are some important characteristics to make KPIs actionable. First of all, "Accountability" which means that an individual or group that owns the KPI is held accountable for its results and knows what to do when performance declines. Secondly, "Empowered" which requires the companies to give users more leeway to act on the information in a performance dashboard and to make the right decisions. Last but not the least, "Timely" indicates that KPIs must be updated frequently enough so that the responsible individual or group can monitor and improve performance in time.

5. Few in number.

KPIs should focus on the crucial parts related to business performance to help the users make effective decision.

6. Easy to understand.

KPIs should be straightforward and easy to understand to everybody involved. Users should know what is being measured, how it is being calculated and more importantly what they should do to affect the KPI positively.

7. Balanced and linked.

KPIs should balance and reinforce each other. Each of the KPIs will have logical connection with the others instead of existing alone.

8. Trigger changes.

The act of measuring a KPI triggers a chain reaction of positive changes in an organization.

For instance, Load King, chairman of British Airways, who used a single KPI to turn around the ailing airline in the 1980s which was: the timely arrival and departure of airplanes. Since late planes affect many core metrics and processes at airlines such as costs increase due to arrange the accommodations for the passengers who miss

connecting flights, customer satisfaction declines due to the inconvenience, affect supplier relationships and servicing schedules due to poor service quality and so on. When they focused on a single, powerful KPI, it created a ripple effect throughout the organization and produced extraordinary gains in performance.

9. Standardized.

KPIs should be based on a standard definition, rules and calculations, so that all the people within one organization can communicate in one language.

10. Context driven.

KPIs put performance in context by applying targets and thresholds to performance so users can measure their progress over time.

11. Reinforced with incentives.

Organization can magnify the impact of KPIs through introducing compensation or incentives to some of the stable KPIs.

12. Relevant.

KPIs gradually lose their impact over time, so they must be periodically reviewed, refreshed, revised, or discarded. Therefore it is imperative that organizations continually track KPIs usage and deal with the underused KPIs.

The 12 characters of Effective KPIs will be used in the development of KPI diagnosis framework, and it will be used as one of the important criteria to evaluate the empirical data from the investigated organization in later session

2.6.4. Criterion to Consider When Designing Key Performance Measure

Consider this list of criteria when building out your key business performance measurement systems:

1. Be based on quantities that can be influenced, or controlled, by the user alone or in cooperation with others
2. Be objective and not based on opinion
3. Be derived from strategy and focus on improvement
4. Be clearly defined and simple to understand
5. Be relevant with an explicit purpose
6. Be consistent (in that they maintain their significance as time goes by)

7. Be specific and relate to specific goals/targets
8. Be precise – be exact about what is being measured
9. Provide timely and accurate feedback
10. Reflect the “business process” – i.e. both the supplier and customer should be involved in the definition of the measure (<https://www.klipfolio.com/resources/articles/what-is-a-key-performance-indicator>).

2.7. KPI can help build a better team for productivity

There is a temptation in the business world to assume that key performance indicators (KPIs) are the sole purview of “organizational leaders”: CEOs, presidents, board members and other C-suite executives who make important strategic decisions.

The reality couldn’t be further from the truth.

KPIs, the principle metrics that define strategic success and act as a yardstick for areas that might need improvement, are an essential tool for developing your team and achieving high-quality organization-wide results.

They might even offer an innovative solution to the intractable problem of employee engagement.

2.7.1. The problem with employee engagement

Employee engagement is something with which many organizations are struggling. Just 33 per cent of workers in the United States (and a measly 15 per cent worldwide) define themselves as being “involved in, enthusiastic about and committed to their job and workplace” at work, according to Gallup.

This is profoundly impacting many businesses’ bottom lines. To cite just one statistic: Organizations with a highly-engaged workforce see an average 20 per cent increase in sales, Gallup says.

Ask any employee why they don’t feel engaged at work and you’ll probably get some variation on the same theme.

- They feel disconnected from the organization’s larger purpose.

- They fail to see any impact their daily efforts – the activities which occupy most of their time – have on larger organizational goals.
- They don't understand the strategic direction of the organization.

These are in some ways distinct problems. But in other ways they all stem from the same issue: Poor communication, about strategy, between management and lower-level employees.

2.7.2. How KPIs help solve Employee engagement problem

KPIs are, by their very nature, strategic. Because they differ from metrics, they help companies to really focus in on what's important. Not everything can be a KPI. KPIs force you to focus in on those metrics that really underscore the end goals of your organization.

KPIs force an organization not just to measure how their strategy is performing, but to decide what their strategy is in the first place. They show employees a lot about what actually matters to management in the first place.

For example: Profit for a charity would be unlikely to qualify as a KPI. Why? Because a charity is a charity – it exists to achieve some sort of larger impact beyond simply turning a quick buck. An organization like that would be far more concerned with the amount they're investing in scientific research, maybe, or perhaps the number of laws they were able to change.

Wouldn't it be nice if your employees could see the end goals towards which they are working? (<https://www.klipfolio.com/resources/articles>)

2.7.3. The role of KPIs in employee engagement

Here are the three main ways that adopting some KPIs can help your organization build a better team.

❖ They get everyone pulling in the same direction

One problem with which team-builders perpetually struggle is bringing together the disparate elements of an organization to focus on key goals. Sales is worried about the minutiae of drawing in new clients and converting them into customers. Your product development team is focused in on the latest technology and trying to get it to market. Your human resources team is concerned with filling any openings and keeping your workplace engaged.

Adopting some KPIs can help bring it all together.

By focusing in on the key metrics that really underscore business success, you'll be able to show your employees the role their work plays beyond just what they do on behalf of their particular departments.

❖ **They help connect employees' work to organization-wide goals**

KPIs are a great way to communicate strategy to your employees. They help wade through the at-times messy, cryptic and ambiguous world of tactics and connect them to the end goals of your organization.

Many of us have experienced this. We get so caught up in our own little work bubbles, trying as hard as possible to ensure we stay on top of our own specific set of tasks that we frequently fail to see why we're doing it in the first place.

Is it any wonder that frustration and, eventually, disengagement sets in?

KPIs help cut through this muddle. They take a step back from the chaotic world of tactics to identify the end goals towards which everyone is working.

❖ **More effectively reach key goals**

Micromanagement creates a lot of problems for employee morale. But one of the worst is the brake it puts on employees' creativity.

Say you're a manager who's in charge of the launch of a major new product. That you want to make the product launch a success should be self-evident. But there's a big difference between telling your team about the sales numbers you'd like to achieve and diving right into the nitty gritty of what you want the website to look like, which marketing channels you'd like to use and even when to send out social media posts.

Some managers might think they are just doing their job or even being helpful with employees by offering their "suggestions". In reality what they're doing is choking off their workforce's creativity and likely frustrating them to no end.

No one expects managers to stay completely hands off with what their employees are doing. But the line between setting an end goal and telling your employees how to get there is a fine one.

The advantage with setting KPIs is that they allow you to set an expectation for what you want accomplished, while leaving the specifics up to the creativity and ingenuity of your team (<https://www.klipfolio.com/resources/articles>).

2.8. Empirical findings

2.8.1. The purpose of using KPIs in DHL Express

According to corporate controlling manual [7], Key Performance Indicators (KPIs) were quantifiable measurements that reflect the critical success factors of an organization. These measurements help an organization define and measure progress toward the organization's goals. KPIs were frequently used to "value" activities such as effectiveness of personnel, service, cost management and efficiency. KPIs were tied to the Express division long-term financial strategy, one of the elements of which is to aggressively manage the costs of all functions. With the exception of key investments to drive organic growth of the division, all functions were expected to reduce their costs year-on-year in line with business plan targets. Whilst these functional KPIs targets were set each year as part of the planning process, the definition of what these KPIs were and how they were measured did not change often.

For example, to value effectiveness of cost management, the relevant KPI could be "Operational cost per move" which indicates how much it costs by delivering 1 shipment within the organization. The KPI will help the management board keeping track with the effectiveness of business operation in terms of cost.

2.8.2. The principles of developing the KPIs

The basis for these key performance indicators, according to the corporate controlling manual, was as follows:

1. Reflect the organizational Goals
2. Be quantifiable
3. Be key to the organizational success
4. Be clear and not prone to manipulation
5. Be the focus of management and enforced at all levels

6. Derived from Common Reporting Systems

7. Be limited in quantity (in order to keep everyone's attention focused on achieving the same KPIs)

2.8.3. KPIs structure in the organization

According to Corporation controlling manual, Functional KPIs were developed under the assumption of a three-tier approach (ranking the KPIs in order of importance). They were including Master (Major) KPIs, scorecard KPIs and detailed analysis KPIs.

Master KPIs were the ones reported in business performance cockpit to support top management decision making, for example “Transit time ” was one of the master KPIs, while second-level KPIs were the ones reported in scorecard to support functional management decision making, and detailed analysis KPIs give even more details, they were the ones used for operational decision making.

2.8.4. The covered functions of KPIs in the organization

Operations

Operation function mainly includes activities as following: Pickup and Delivery, Terminal Handling, Customs, Domestic Linehaul, International Linehaul, Customer Special Services, Gateways, Hubs and all the Operations Support Functions. In order to help the organization define and measure progress toward the organizations’ goals, KPIs were defined by two dimensions:

- Productivity:** Productivity measurements were developed to manage the labor force
- Cost:** Operational costs were the largest percentage of the whole business unit’s costs and thus operational KPIs were essential to the organization’s success.

Operation KPI set from the two dimensions mentioned above will be listed as below with name and definition of each KPI. Productivity KPIs, the KPIs were used for monitoring business operating efficiency in operation function by the organization.

	KPI	Definition
P R O D U C T I V I T Y	Master KPI: Moves/FTE/Day	Moves / full time employee/ Weighted Working Days
	Scorecard KPI: Kg/FTE/Day	Weight / full time employee / Weighted Working Days
	Detailed KPIs: Moves/PuD FTE/Day	Moves / full time employee for Pickup & Delivery Functions / Weighted Working Days
	Detailed KPIs: Shipments/Term Hand FTE/ Day	Shipments full time employee for Terminal Handling Function / Weighted Working Days
	Detailed KPIs: Kilos/H&Gateway FTE/ Day	Weight / full time employee for Hubs & Gateway Functions / Weighted Working Days

Figure 4: DHL Express Operation productivity KPIs.

Cost KPIs, the KPIs were used for monitoring cost effectiveness in operation function by the organization

C O S T	KPI	Definition
	Master KPI: OCPM	Operations costs (both direct and indirect functions)/ Moves
	Scorecard PKI: FCPM	Facility Controllable costs / Moves
	Scorecard PKI: OCPK	Operations costs (both direct and indirect functions)/ Weight (kg)
	Scorecard PKI: FCPK	Facility Controllable costs / Weight(kg)
	Scorecard PKI: Ops Cost as Percentage of Revenue	Operations costs (direct and indirect functions) / Revenue
	Scorecard PKI: Facility Cost as Percentage of Revenue	Facility Controllable costs / Revenue
	Detailed KPI: PuD cost/Move	Total costs for Pickup & Delivery Functions / Moves
	Detailed KPI: Term Hand cost/ Shipment	Total costs for Terminal Handling Function / Shipments
	Detailed KPI: H&G Gateway cost / Shipment	Total costs for Hubs & Gateway Functions / Shipments
Detailed KPI: Dom LH cost / Shipment	Total costs for Domestic Linehaul Functions / Shipments	
Detailed KPI: Customs Costs /	Total costs for Customs function / dutiable TD shipment	

Figure 5: DHL Express Operation cost KPIs

Customer service

CS function provides supports (all kinds) with professional manner such as, call center, claim & compliant resolution.

The Global Customer service Performance Steering Group is the technical and business committee responsible for define, optimize and applicability of CS KPIs and Reporting Attributes. The group members are the representatives from AM, APEC, CN, EU, MENA, SSA and Global CS performance teams.

Regional Customer Service Scorecard – KPI Measures Included

Regional CS Scorecard consolidates a selected number of key CS performance indicators.

The overview key performance indicators in the Regional CS Scorecard are listed below:

- Grade of Service
- Abandoned Call Rate
- Trace Resolution Rate
- Claims Resolution Rate
- Complaints Resolution Rate
- Up-selling %
- Contact Centre Quality
- Customer Care / KAD Quality
- Remote Booking Quality
- On-Time Customer Call back
- On-Time Network Response

Grade of Service

Definition

Grade of Service (GOS) is defined specifically as X percent of call contacts answered in Y seconds.

Key Metrics of Measurement

- Number of total calls offered
- Number of calls answered
- Number of calls answered in 10 seconds

Abandoned Call Rate

Definitions

Abandoned Call Rate is defined as X percent of calls abandoned after Y seconds.

Key Metrics of Measurement:

- Number of total calls offered
- Number of total calls abandoned
- Number of calls abandoned after 10 seconds

Trace Resolution Rate

Definition

Trace Resolution Rate is defined as X percent of all traces resolved within Y days.

Key Metrics of Measurement

- Number of total traces opened
- Number of total trace closed within 3 days

Claims Resolution Rate

Definition

Claims Resolution Rate is defined as X percent of claims resolved within Y days.

Key Metrics of Measurement

- Number of total claims opened
- Number of total claims resolved within 10 days
- CS Completed/Closed in time (Y/N)

Complaints Resolution Rate

Definition

Complaints Resolution Rate is defined as X percent of complaints resolved within Y days.

Key Metrics of Measurement:

- Number of total complaints opened
- Number of total complaints resolved within 5 days
- CS Completed/Closed in time (Y/N)

Up-selling %

Definition

CS Up-selling measures the percentage of bookings with TD Express products or optional services sold by CS advisors.

Key Metrics of Measurement:

- Number of bookings with TD Express product code
- Number of bookings with Shipment Insurance
- Number of bookings with Extended Liability
- Number of bookings with other vas code
- Number of total CS manual bookings excludes IMPEX Accts.

Contact Centre Quality

Definition

Contact Centre Quality measures the customer interaction quality provided through the phone call channel by all contact center CS advisors. It is based on the assessment of pre-defined quality monitoring approach.

Key Metrics of Measurement:

- Number of scores achieved in QM contact centre assessment
- Number of total QM contact centre assessment possible scores
- Number of contact centre CSA headcounts in QM assessment

Customer Care / KAD Quality

Definition

Customer Care / KAD Quality measures the customer interaction quality provided through multiple channels by backline CSAs, CCE and KA Executives. It is based on the assessment of pre-defined quality monitoring approach.

Key Metrics of Measurement:

- Number of scores achieved in QM customer care and KAD assessment
- Number of total QM customer care and KAD assessment possible scores
- Number of customer care and KAD CSA headcounts in QM assessment

Remote Booking Quality

Definition

Remote Booking Quality measures the customer interaction quality provided during the interaction for remote booking request. All the criteria are in line with the assessment of pre-defined quality monitoring approach.

Key Metrics of Measurement:

- Number of scores achieved in QM remote booking assessment
- Number of total QM remote booking assessment possible scores
- Number of CSA headcounts in QM assessment for remote booking

On-Time Customer Callback

Definition

On-Time Customer Callback is defined as percent of customer's callbacks is made within agreed timeframe.

Key Metrics of Measurement:

- Number of total due callback activity
- Number of callback activity meets due time

On-Time Network Response

Definition

On-Time Network Response is defined as X percent of Network Activities responded within Y hours.

Key Metrics of Measurement

- Number of network activities responded on time
- Number of total network activities received

2.9. Conceptual Frame Work

Based on the scientific theories described in chapter 2, I identified several critical factors regarding roles of KPIs and organizational performance management, which were including:

1. Organizational effectiveness(goal achievement) i.e. could the KPI's role be evaluated by using the "12 characteristics of Effective KPIs" defined by (Eckerson, First quarter 2009), and

these characteristics enable the organizations to monitor performance easily and finally help to achieve it's strategic objective ; 2.**The alignment to business strategies and objective**, i.e. can the evaluation be conducted while combining the definition of strategic KPIs and the perspectives of KPIs defined by Robert Kaplan and David Norton (1993), the alignment of KPIs was important because it would support organizations in aligning their business activities and finally enable to track performance accordingly; 3.**the service quality/customer perspective**, i.e. if the the KPI's would conform to the customer perspectives, they would help organizations to monitor their business performance in one of the important area, that is quality and has impacts on their business success; 4. **Employees' engagement & Productivity**, i.e. which has

Therefore a framework was developed while combining all the relevant academic theories. Regarding to assess the role of KPIs, the "12 characteristics of Effective KPIs" defined by Wayne W.Eckerson was chosen, because I believe that the 12 characteristics of KPIs he stated in the academic literature covered all the good characteristics that KPIs should have to be able to monitor business performance effectively; , the alignment to business vision and strategies, here the definition of strategic KPIs was used to identify if KPIs are aligned in line with the organization vision and objective. Additionally to be able to identify the specific improvement areas, one of the perspectives (customer perspective) of KPIs defined by Robert Kaplan and David Norton was used. By putting all the critical variables into one framework, I believe it would be an effective tool to evaluate the role of KPIs in terms of managing organizational performance.

Conceptual Frame wok of the study

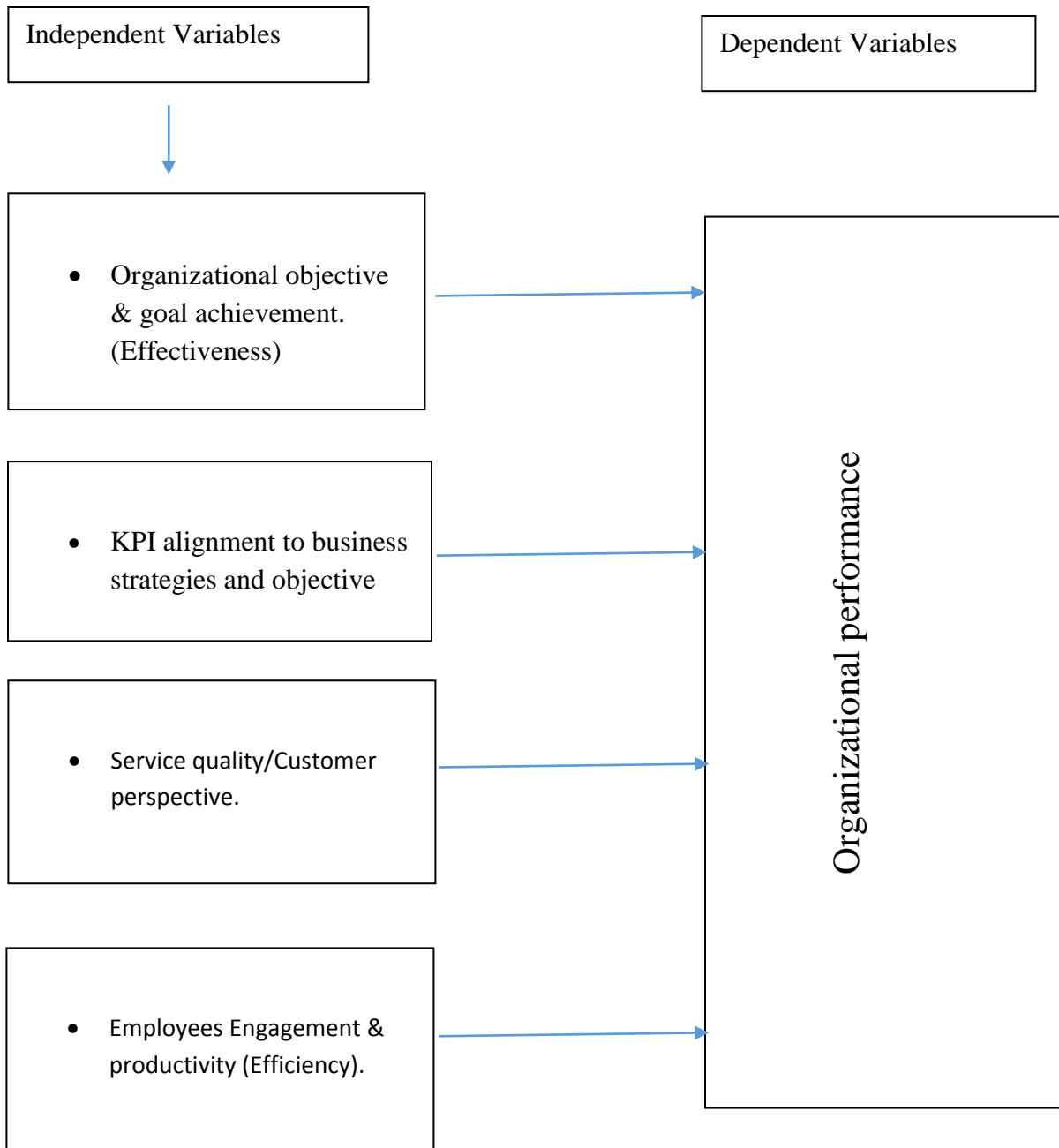


Figure 6. Conceptual Frame Work of the role of KPI and Organizational performance

Source; own survey, 2019.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This section of the research presents the elements of research design and methodology that was applied in the study. It covers research design, source of data, sampling frame, sample size determination and data analysis; it ends with ethical issues. Descriptive research method used in the design, the sample size, and types of data collected as well as how to analyze the data gathered. Hence in the chapter all these sub-topics are discussed one by one.

3.1 Research Design and Approach

As known, research design constitutes the blue print for the collection, measurement and analysis of data, (Kothari, 2005). The research design for the study followed was descriptive research that sets out to describe the role of Key Performance Indicator in DHL Worldwide Express Ethiopia Plc.

There are three types of research approaches, qualitative, quantitative and mixed approach. Quantitative method is a means of testing objectives theories by examining the relationship among variables. Data collected is number is number and statistics. The data is based on precise measurement and the final report will be statistical report with correlations, comparisons of means and statistical significance of the findings. On the other hand, qualitative method is a means for exploring and understanding the meaning individual or group ascribe to a social or human problem. Qualitative approach is exploratory and flexible in nature to identify problems that are affected by human behavior.

The approach followed for this research is a mixed research approach where both qualitative and quantitative methods used to minimize limitations attached to each of the approaches. Creswell et al, (2006) describe that the logic for using both quantitative and qualitative methods is that neither quantitative nor qualitative approaches are appropriate to capture the details and trends of the research situation. Qualitative and quantitative methods used in a mixture complement each other for a more thorough analysis by using and implying the strengths of each of the two methods.

The mixed method focuses on collecting, analyzing and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approach in combination provides a better understanding of research problems than either approach alone it involves philosophical assumptions, the use of qualitative, quantitative approaches, and the mixing of both approaches in a study. A strong mixed methods study should start with a mixed method research question to shape the methods and the overall design of a study, because a mixed method study relies on neither quantitative nor qualitative method alone (Kothari, 2004).

Qualitative approach is employed for data collection through interview with Operation manager, Head of customer service, Service center supervisors and Customs clearance supervisor. Quantitative data is collected using questionnaires for the DHL Ethiopia country office operation and customer service department staffs. The data typically collected in the participants setting and the researcher making interpretations of the meaning of the data.

The study organization, DHL Worldwide Express Ethiopia plc, is selected due to its convenience to the researcher, and most importantly it is one of the most international company that use performance management tools for measuring employee's as well as organizational performance. Its convenience is related to data availability and familiarity of the organization for the researcher.

3.2 Population and sampling techniques

3.2.1 Target Population of the Study

Since the study is concerned with DHL Worldwide Express Ethiopia, the participants and target population of the study are all managerial and non-managerial employees working in DHL Worldwide Express Ethiopia plc Operation and Customer service department. According to the data acquired from the Human Resource Department of the company, there are seventy two (72) employees in these two departments as of April, 2019.

3.2.2 Sampling Technique

The study used non-probability sampling method. The non-probability method of sampling is based on purposive (judgmental) sampling method for a reason to gather accurate and enough data that is helpful in the aim of the study from purposively predetermined and selected

samples. The researcher chose 60 (sixty) respondents using purposive (Deliberate) sampling method, and mainly supervisors, team leaders, customer service advisors, data analysts and other operational staffs were the target respondents as they have enough data and experience on the study topic. The remaining 12 staffs are couriers and not included on the study as they were not familiar with the study topic. Couriers, packing agents, Janitor and security guards not included on the research.

3.3 Instruments of Data collection

The study is undertaken based on the data that is collected from both primary and secondary sources of data that enable the researcher to meet the objectives of the study outlined at the beginning. Semi-structured interview was conducted with the company Operation manager, Head of customer service, Operation and clearance supervisors who are in charge to oversee the operation and customer service functions. In an attempt to obtain additional first-hand information, self-administered questionnaires used. Sixty Questionnaires were prepared and administered to gather primary data from the sample of the study. This instrument was preferred because it enables to secure information at a time. The questionnaires were prepared in English because the target area population uses English as a working language and can easily understand the subject matter. The rest of the data for this research obtained from a body of secondary sources.

3.4 Data Collection Procedure

Data collection is the process of gathering and measuring information on variables of interest in an established systematic fashion that enables to answer stated research questions and evaluate outcomes. In this study the information collected is done in a way and for a purpose that is consistent with the code and complies freedom of information and privacy protection legislation. To protect the credibility and reliability of data, information is gathered using accepted data collection techniques. Primary data which was directly gathered from respondents was used for the study. The data was collected by using self - administered questionnaire and interview. In addition, the researcher used secondary data that was obtained from secondary sources like Reports, published company newsletters and company website etc.

3.5 Methods of Data Analysis

Data analysis means the categorizing, ordering and summarizing of data to get answers to research questions (Delpont, CSL, 2005). As stated by Cramer and Howitt (2004), descriptive data analysis emphasizes on maximizing the gain from the data by making clearer the process of describing and analyzing the data gathered. After proper editing, the data was coded and entered to the software then it was made ready analysis. For the purpose of achieving the objectives of the study, the collected data was processed and analyzed with descriptive statistics using Statistical Package for Social Studies (SPSS). This technique was selected because it helps to summarize the sample, provides and allows describing the characteristics of the data collected and it helps to thoroughly analyze and interpret the questions one by one in order to reach meaningful results.

Throughout the analyzing process, percentages and mean are used. In doing so tables were used to present and made easily understandable the findings in order to arrive at meaningful results. The descriptive statistics analysis of this section is conducted with mean and percentage values of the data collected. Frequency distributions of all respondents provided in the questionnaires were counted and computed. Narrative data analysis method used to analyze the interview data. Data collected from interview discussion was organized and included in the data discussion and interpretation part of the study. Finally, conclusions and recommendations were drawn based on the data analysis and interpretation.

3.6 Validity and Reliability of the Study

3.6.1 Validity

Items in the questionnaire were prepared using a five point-Likert scale multiple questions and interview questions. In order to ensure validity of the items incorporated the company Operation and Customer service heads examined the instrument before it was distributed.

3.6.2 Reliability

Internal consistency of items incorporated in the instrument was checked by using Cronbach Alpha. Mean of each variable was computed and then the reliability was checked based on the Means. The following Table shows the SPSS result on the Cronbach Alpha.

Table-1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.848	.869	22

As indicated in the table 1 above, the Cronbach Alpha Test implies that the instrument's internal consistency is 84.8%

3.7 Ethical Consideration

The researcher has received permission from DHL Worldwide Express Ethiopia plc to undertake this research, thus the interview was conducted and questionnaires were distributed with full knowledge of the management. Ethical issues in this research concerned with maintaining confidentiality about the information that the researcher gathered from respondents, using secured data for academic purpose only and ensuring that the respondents personality would not exploited.

CHAPTER FOUR

RESULTS & DISCUSSION

Introduction

This chapter deals with the analysis and interpretation of the data collected from the employees of DHL Worldwide Express Ethiopia plc through the distribution of questionnaires and interviews sessions arranged with the concerned officials of the company. “Questionnaire” was used as a primary data collection method to collect the required information. In addition, interviews are made with five functional Managers and secondary data were used. Based on the information gathered, the role of Key performance indicators (KPI) for performance management in DHL worldwide express Ethiopia plc were examined. All the questionnaires distributed to Supervisors and professional employees of the target study areas were completed properly and returned on time. All completed questionnaires are considered for the analysis and interpreted using Statistical Package for Social Studies (SPSS) of 20th version.

4.1 Respondents’ Demographic Analysis

This section discusses about respondents’ general profiles. It includes age category, gender, educational qualification and years of service, job role.

4.1.1 Gender, Age & Academic Qualification

Table-2 Summary of Respondents’ Gender, Age and Academic Qualification

Profile	Choice	Frequency	Percent
(a) Gender	Male	26	43.3
	Female	34	56.7
	Total	60	100.0
(b) Age	Under 25 years of age	18	30.0
	25-34 years of age	38	63.3
	35 - 44 years of age	4	6.7
	Total	60	100.0
(C) Academic Qualification	Diploma	2	3.3
	Bachelor's Degree	55	91.7
	Master's Degree	3	5.0
	Total	60	100.0

As depicted in Table 2 item (a), 56.7% of the respondents are Female and the rest 43.3% are male. With regard to the age category of the respondents depicted in item (b), 63.3% of the respondents' age were found to be within the range of 25 – 34 age groups, which is believed to be highly committed and found to be young age group, 30% of the respondents age was below 25, while the rest of the participants 6.7% are found to be within the range of 35 - 44 years. And the table above revealed that the majority of the respondents' educational status (91.7%) have first degree level of educational background whereas only 5% and 3.3% of the respondents had second degree and diploma levels respectively. This shows that the employees' educational qualification match with company requirement stated on the job description. This also have positive impact on the respondents' participation and they can also understand and gave reasonable responses to the questionnaire distributed to them.

4.1.2 Service Years of the Respondents

Table-3 Summary of Respondents by Years of Services

Profile	Choice	Frequency	Percent	Valid Percent
Years of Service in DHL	Under 1 year	6	10.0	10.0
	2 - 5 years	45	75.0	75.0
	6-10 years	6	10.0	10.0
	11 - 15 years	2	3.3	3.3
	Above 15 years	1	1.7	1.7
	Total	60	100.0	100.0

From Table 3, one can deduce that majority (75%) of the respondents have 2 - 5 service years, the rest 6 (10%) and another 6 (10%) have below 1 year and 6 – 10 service years respectively. 2 (3.3%) of the respondents have 11 – 15 service years. The remaining 1 (1.7%) greater than 15 years of service.

Since the large portion of the respondents have 2-5 years of experience, the researcher believe that the responses are based on a credible information that the respondents gained from their years of experiences.

4.1.3 Respondents Job positions/Roles

In this part of the response of the questionnaire, we were able to find out information about the respondents' job positions in their respective department.

Table-4 Summary of Employees position in the organization

Choice	Frequency	Percent
Front Line Advisor	6	10.0
Operation Agent	47	78.3
Customer Care Executive	1	1.7
Operation Supervisor	3	5.0
Operation Assistant	3	5.0
Total	60	100.0

Table 4 illustrates that most of the employees are in Operation making 84.3% percent of the total respondents. There is one Customer Service Customer Care Executive and 6 Customer Service Frontline Advisors together that making up 11.7%. The focus of this study on KPIs is specific to these two departments, Customer service & Operation. The operation agents, supervisor and assistant functions are directly related to the quality of the service and their performance is what delineates weather the company's organizational goals are being met. The Frontline advisor and the Customer Care Executive are the support team who do monitor customer shpts on behalf of the customer. In the meantime they closely follow up Operation team whether they are delivering as per the standard or not. The information from these two functions was very helpful for the study to understand the organizational performance from two perspective, i.e productivity/efficiency and service quality/customer.

4.2 Respondents' Response on Independent and Dependent variables

4.2.1 List of KPIs Used in DHL Ethiopia

Respondents of the questionnaire have mentioned the major KPIs used in their respective departments as illustrated in table 5.

Table-5 List of Major Key Performance Indicators in DHL Ethiopia

KPIs	Frequency	Percent	Valid Percent
Grade Of Service (At Customer Service Call Center)	7	11.7	11.7
Complain Resolution (Customer Service)	1	1.7	1.7
Bond Outstanding Shipments (BOS Operation)	3	5.0	5.0
Destination Inbound & Origin Outbound Delay	16	26.7	26.7
Transit Time (IBOB SC)	33	55.0	55.0
Total	60	100.0	100.0

Source; own survey, 2019.

As illustrated on Table 5, There are five major KPIs that DHL Express Ethiopia is using in Customer Service and Operation departments named Grade of Service, Complaint Resolution, IBOB SC, IBOB delay, BOS and Destination Inbound & Origin Outbound Delay. Respondents elaborate these KPIs as follows.

Grade of Service is a KPI used to measure the number of calls answered in a certain period of time in the Customer Service Department. The target for this KPI is 90% of the calls must be answered within 10 Seconds (www.dhl.com). This is monitored in a daily basis with a wall board showing real time performance. Complaint Resolution is a KPI used to monitor the number of days it takes to resolve one customer complaint. The target for this KPI is that all complaints must be resolved and closed within 5 days.

Bond Outstanding Shipments is one of the KPIs in Operations department which measures the number of days shipments are held in warehouse due to pending regulatory and customs formalities. The target is to complete pending formalities and have shipments released within five days.

Another KPI that is used in Operation is Destination Inbound & Origin Outbound Delay. This measures shipments that are delayed at destination or origin due to different reasons. Only 0.5% of shipment processed for outbound or arrived shipments are allowed to have delays.

Transit Time (Inbound Outbound Service Completion) is another KPI that the respondents have listed as what they use. This KPI measures the time from the date of shipment pickup to the time the receiver of the shipment is contacted or delivery is arranged.

As per the respondents' response, these are the major KPIs that DHL Worldwide express Ethiopia is using to manage organizational performance. Their role and importance assessed on the following tables.

4.2.2 Respondents response on the use of KPI for organizational goal and objective achievement

Table-6 Respondents response on the Role of KPI for organizational goal and objective achievement.

Items	Frequency & Percentage (%)					Total	Mean
	5	4	3	2	1		
Company has set clear KPI targets.	41 (68.3%)	17 (28.3%)	1 (1.7%)	1 (1.7%)	0 (0%)	60 (100%)	4.6333
Company follows on the progress of meeting the targets	36 (60%)	21 (35%)	1 (1.7%)	1 (1.7%)	1 (1.7%)	60 (100%)	4.5000
Company employees are well aware about KPI	28 (46.7%)	23 (38.3%)	8 (13.3%)	1 (1.7%)	0 (0%)	60 (100%)	4.3000
Company goals and strategies are clearly communicated via KPI	21 (35%)	23 (38.3%)	15 (25%)	1 (1.7%)	0 (0%)	60 (100%)	4.0667
KPIs contribute to meet the company's goals and objectives	34 (56.7%)	19 (31.7%)	6 (10%)	1 (1.7%)	0 (0%)	60 (100%)	4.4333
KPIs are important for the success of the company	39 (65%)	18 (30%)	2 (3.3%)	1 (1.7%)	0 (0%)	60 (100%)	4.5833
KPIs in your functions clearly express performance results	38 (63.3%)	19 (31.7%)	2 (3.3%)	1 (1.7%)	0 (0%)	60 (100%)	4.5667
Company set KPI targets in line with strategic objective	38 (63.3%)	20 (33.3%)	0 (0%)	1 (1.7%)	1 (1.7%)	60 (100%)	4.5500
KPI help to do manpower planning and adapt trainings	25 (41.7%)	24 (40%)	11 (18.3%)	0 (0%)	0 (0%)	60 (100%)	4.2333
Company manages its performance effectively using KPI	31 (51.7%)	21 (35%)	5 (8.3%)	3 (5%)	0 (0%)	60 (100%)	4.3333

Source; own survey, 2019

Majority of respondents strongly agree that DHL Express Ethiopia has set clear KPI targets making up to 96.6%. Almost all the respondents have showed their agreements with the importance of the KPIs for their company's success, expressing clear performance result, and setting KPI targets in line with the strategic objective. 51 (85%) of respondents believe that employees are aware about KPI and the rest implied that they are uncertain about it. From the responses, we were able to find out that only 21 (35%) respondents strongly agree that the company's goals and strategies are clearly communicated via KPI. 23 respondents making up to 38.3% agree and 15 respondents that are 25% of the total respondent are uncertain.

For all the questions asked to respondents about use of KPI for organizational goal and objective achievement, we can see that the weighted mean result is above 4.0 for which we can deduce that employees agree that DHL Express has set clear KPI targets, follows on the progress of meeting the targets, employees are well aware about KPI, goals and strategies are clearly communicated via KPI, they contribute to meet the company's goals and objectives and are important for the success of the company. It means that KPIs in their functions clearly express performance results, helps do manpower planning. Finally we can deduce that the company uses KPI to achieve organizational goals and objectives.

4.2.3 Respondents response on the Use of KPI for Service Quality/Customer perspective.

Table-7 Respondents response on the use of KPI for service quality

ITEMS	Frequency & Percentage (%)					Total	Mean
	5	4	3	2	1		
KPIs improve service quality by tracking performance/progress	37 (61.7%)	17 (28.3%)	4 (6.7%)	2 (3.3%)	0 (0%)	60 (100%)	4.4833
KPIs enable to focus on service standards	21 (35%)	16 (26.7%)	13 (21.7%)	10 (16.7%)	0 (0%)	60 (100%)	3.8000
KPIs clearly indicates areas which needs improvement	40 (66.7%)	18 (30%)	1 (1.7%)	1 (1.7%)	0 (0%)	60 (100%)	4.6167
KPIs enables to identify service breakdown for urgent recovery action	37 (61.7%)	21 (35%)	0 (0%)	2 (3.3%)	0 (0%)	60 (100%)	4.5500
KPIs ensures efficiency and consistency in performance	43 (71.7%)	15 (25%)	2 (3.3%)	0 (0%)	0 (0%)	60 (100%)	4.6833

Source; own survey, 2019

In the questionnaire that aimed to assess the respondents view about the use of KPIs for service quality/performance, from the responses we got, we have seen that the majority of respondents agreed that KPI clearly indicates areas which need improvement, enable to identify service breakdown for urgent recovery action and ensures efficiency and consistency in performance. 13 respondents (21.7%) showed that they are uncertain if KPIs enable to focus on service standard or not. 10 respondents (16.7%) on the other hand disagree.

The weighted mean value of the responses of the employees view about use of KPI for service quality/performance, improving service quality by tracking performance/progress, enabling to

focus on service standards, clearly indicating areas which needs improvement, identifying service breakdown for urgent recovery action and ensuring efficiency and consistency in performance are 4.4833, 3.8000, 4.6167, 4.5500 and 4.6833 respectively. This clearly shows that the respondents have agreed to all mentioned aspects of the use of KPI.

4.2.4 Respondents response on the Use of KPI for employee productivity & efficiency

Table-8 Respondents response on the use of KPI for employee engagement and productivity.

ITEMS	Frequency & Percentage (%)					Total	Mean
	5	4	3	2	1		
KPI Creates Employee engagement	21 (35%)	25 (41.7%)	7 (11.7%)	6 (10%)	1 (1.7%)	60 (100%)	3.9833
KPI gives direction to deliver proper feedback	29 (48.3%)	14 (23.3%)	14 (23.3%)	3 (5%)	0 (0%)	60 (100%)	4.1500
KPI Enhance employees self-confidence	20 (33.3%)	26 (43.3%)	8 (13.3%)	5 (8.3%)	1 (1.7%)	60 (100%)	3.9833
KPI enables employees clearly understand expectations	36 (60%)	22 (36.7%)	1 (1.7%)	1 (1.7%)	0 (0%)	60 (100%)	4.5500
KPI establish a clear linkage between performance & compensation	37 (61.7%)	21 (35%)	1 (1.7%)	1 (1.7%)	0 (0%)	60 (100%)	4.5667
KPI helps to recognize and reward good performance	31 (51.7%)	18 (30%)	9 (15%)	2 (3.3%)	0 (0%)	60 (100%)	4.3000
KPI increase team and individual productivity/performance	33 (55%)	25 (41.7%)	1 (1.7%)	1 (1.7%)	0 (0%)	60 (100%)	4.5833

Source; own survey, 2019

In this section of the questionnaire the majority of the respondents showed that they agree that KPI enables employees to clearly understand expectations, KPI establishes a clear linkage between performance & compensation and KPI increase team and individual productivity/performance. In terms of KPI creating motivation, 7 respondents (11.7%) have uncertainty, 6 respondents (10%) do not agree that KPI creates motivation. Disagreement is also shown from 6 (10%) respondents about KPI enhancing employees' self-confidence. However, the greater portion showed agreement.

The weighted mean value of the responses shows that KPI creates employee engagement, gives direction for proper feedback, enables employee to understand expectations and enhance self-confidence which all together improves employee engagement and productivity.

4.2.5 Respondents response on challenges and problems related to KPI usage

Table-9 Summary of Respondents response on challenges and problems related to KPI usage

ITEMS	Frequency & Percentage (%)					Total	Mean
	5	4	3	2	1		
There are ethical problems/cheatings to meet the KPI target	2 (3.3%)	23 (38.3%)	20 (33.3%)	13 (21.7%)	2 (3.3%)	60 (100%)	3.1667
I focus on meeting target rather than service quality/customer satisfaction	4 (6.7%)	16 (26.7%)	12 (20%)	25 (41.7%)	3 (5%)	60 (100%)	2.8833
Poor internet connection & failure related to indicator equipment/tool affects the result.	25 (41.7%)	25 (41.7%)	7 (11.7%)	3 (5%)	0 (0%)	60 (100%)	4.2000
Wrong data entry or system usage has impact on accuracy of the outcome	26 (43.3%)	33 (55%)	0 (0%)	1 (1.7%)	0 (0%)	60 (100%)	4.4000

Source; own survey, 2019

The respondents' data on Table 9 shows a mix of state of mind in this section of the questionnaire. For the question of ethical problems/cheatings to meet the KPI target, only 2 respondents said that they strongly agree making 3.3%, 23 respondents agreed making 38.3% and 20 respondents that make up to 33.3% said they are uncertain. 13 (21.7%) respondents did not agree and 2 (3.3%) showed strong disagreement.

In terms of employees' focus on meeting target rather than service quality/customer satisfaction, 4 (6.7%) of the respondents' reaction was in strong agreement, 16(26.7%) is in agreement. 12 (20%) of the respondents are uncertain. However, the larger number of respondents, 25 (41.7%) are in disagreement whereas 3(5%) respondents have showed strong disagreement. 25 respondents making 41.7% have strongly agreed that poor internet connection and failure related to indicator equipment/tool affects the result shown in KPIs, again 25 (41.7%) have shown that they agree. 7 uncertain respondents are 11.7% of all and only 3 respondents that are 5% disagree to it. All most all respondents (98.3%) have agreed that wrong data entry or system usage has impact on accuracy of the outcome.

4.2.6 How KPIs are applied in DHL for Performance Management

Source; own survey, 2019

Two senior management Operation manager and Customer service manager, and three supervisors were interviewed for this data. They were able to give information on how their company uses KPIs for performance management. They have highlighted that the important factor is that goals that are set are aligned with the department's strategy, which in turn is aligned with the overall strategy of the company and so the first thing to do in using KPI for performance management is to set the KPIs in accordance to the company's goals and strategies. A Key Performance Indicator (KPI) is a quantifiable metric that reflects how well an organization is achieving its stated goals and objectives. The managers would then define the metrics and clearly communicate that to the team so the team know what's expected of them. Close follow-up of the achievement of the set target on a regular basis would then be the next step and areas of improvements are communicated to the team.

Interviewees implied that the use of KPI in the company is high and that their day to day activity is ensuring the KPI targets are met as that means the tasks and activities of the company are dealt with in the expected standard and quality.

4.2.7 Which Business Functions/Departments are Using KPI

Source; own survey, 2019

The management team as well as the supervisors who were interviewed has informed that each of the departments' in the company have KPIs that are aligned to the department's strategies and goals. It is in fact the duty and responsibility of the managers to monitor the performance, adjust the KPI targets if needed and communicating the team members.

4.2.8 Shortcomings of Use of KPI

Source; own survey, 2019

Interviewees reflected on the shortcoming of using KPI as it can be a pointless to one company if it do not follow up on the progress. One must assess if an indicator is met by the employees, company-wide and in comparison to competitors. Also, the interviewee mentioned that since the company is an international one and all countries share a global and regional KPIs, exceptions are not easily taken into consideration in the results.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

Introduction

The study has explored the Use of Key Performance Indicators for performance management at DHL Worldwide Express Ethiopia plc in order to describe and investigate how KPIs helps the organization to improve performance and to identify possible challenges related to use of KPI. This chapter is concerned with the highlights of the study conclusion that are derived from the data analysis and interpretation. Finally recommendations forwarded at the end based on the findings and conclusions drawn from the study.

5.1 Conclusions

Performance measurement is a good way to visualize and monitor a particular status and the performance of particular activity. It also visualizes the state of organizational behaviors and helps the company to reach its strategic goals (Bhatti et al., 2014). Performance management helps organizations become more successful and stay ahead of the competition. It essentially involves measuring, reporting and managing progress in order to improve performance, both at an individual level, and at a corporate level (Bernard and Co. discuss on Forbes). The purpose of this research was to assess the use of the most popular performance management tool Key Performance Indicators (KPI) at DHL Worldwide Express Ethiopia plc, and on the basis of the findings the following conclusions are presented.

The finding confirmed that the KPIs used in the organization are: Transit time (IBOB SC) In bound Outbound Service Completion which measure the time from the date of shipment pickup to the time the receiver of the shipment is contacted or delivery is arranged, Destination Inbound & Origin Outbound (IBOB delay) that measures percentage of shipments that are delayed at destination or origin due to different reason both controllable and uncontrollable, Grade of Service (GOS) which measures the number of calls answered in a certain period of time in the customer service department, Bond outstanding Shipments (BOS) which measures the number of days shipments are held in warehouse due to pending regulatory and custom formalities & Complain Resolutions which used to monitor the number of days it takes to resolve one customer complaint respectively. This indicates Transit time

(IBOB SC) and Grade of service (GOS) are the major/primary KPIs used in Operation and customer service departments.

The important factor in using KPI for performance management is that goals that are set are aligned with the overall strategy, which in turn is aligned with the department's goal and so the first thing to do in using KPI for performance management is to set the KPIs in accordance to the company's goals and strategies. A Key Performance Indicator (KPI) is a quantifiable metric that reflects how well an organization is achieving its stated goals and objectives. The managers then define the metrics and clearly communicate that to the team so the team know what's expected of them. Close follow-up of the achievement of the set target on a regular basis is then the next step and areas of improvements are communicated to the team.

DHL Ethiopia has set clear KPI targets and follows the progress of performance against the targets and all most all employees are well aware of what information and objective each KPI intended to present and measure. This indicates that the indicators convey the information that they want to present.

The company has develop and set KPIs in line with the company's strategic objective. Along with the management close follow up and regular feedback, KPIs are contribute to meet the company's goals and objective by enabling the company management to track performance and identify developmental areas for improvement and corrective action. KPI also helps to do manpower planning and adapt trainings. In general KPIs are playing significant role in relation to performance management and ensuring efficiency and consistency for the success of the organization.

Unlikely, KPIs are not being used to enable employees to focus on service standards. Employees are focusing on meeting KPI target and not the bigger picture behind which is service quality and customer satisfaction.

The use of KPI in terms of employee engagement and productivity is effective for establishing a clear linkage between performance and compensation and in increasing team and individual productivity/performance. It also enables the management to deliver proper feedback as they can easily understand the areas which needs improvement. Even though KPI

is used to create employee engagement and helps enhance self-confidence, there is still a gap to be filled with a few employees.

Use of KPI have encounters ethical problems of employees, employees focusing on meeting targets only and not caring for service quality, poor internet connection and failure related to indicator equipment as well as wrong data entry or system usage.

5.2 Recommendation

On the basis of the findings and conclusions reached the researcher would like to make the following recommendations in view of what has been concluded by the data collected and analyzed.

- ❖ In order to minimize the uncertainty of employees about linkage of KPIs with the company strategy and goals, It is recommended that the company aims to create awareness about the relationship of the KPI with the company goals and strategies. It is especially recommended that all new staff joining the company have this included in their training pack. Some of respondents were uncertain about if the KPIs are in line with the goals and strategies of the company.
- ❖ Since some of the respondents were uncertain if a KPI enables them to focus on service standards, the company should aim to have KPIs that enables the employee focus on service standard. The researcher would like to recommend to the company management to develop or adjust KPI in a way that employees can emotionally engaged or feel it, than simply focusing on numbers/targets. They can also enhance the employee mindset towards the KPIs and service standard by explaining the consequential damage of poor service standards during feedback session and trainings.
- ❖ To improve employee engagement, adopting some KPIs from different function can help bring it all together. It is recommended that by focusing on the key metrics that really underscore business success with help of effective communication, company can be able to show employees the role their work plays beyond just what they do on behalf of the particular department. Few of the respondents showed that managing performance using KPI does not create employee engagement. This will in turn have a

positive impact on developing self-confidence within the team to fill the gap in building self-confidence.

- ❖ It is seen widely that the employees of the companies cheat into achieving the targets. The company needs to shape a clear direction for the employees about the importance of the set targets. Reflecting actual performance and the impact has to be clearly communicated to the team.
- ❖ The company is recommended to have additional internet sources such as e-vdo Dongles as a backup plan as the company suffers from internet connection leading to inaccurate reporting.
- ❖ In order to prevent the wrong data entry and wrong system usage which plays a major role in making KPI a difficult thing to do for the company. The company need to focus on its employees' knowledge of system usage by conducting serious of trainings. It is also advisable create a check and balance system in order to ensure the correctness of the data entered on the system. It will be helpful to have a data validation system supervisors and managers can validate the data entry.

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Appendices

Appendix I

St. Mary's University

This is a questionnaire prepared for a research purpose conducted by Dagmawi Hailye, Master of Business Administration In General Management student at St. Mary's University. This study is designed to gather information about the Role of Key Performance Indicators for Performance Management in DHL Worldwide Express Ethiopia Plc. and analyze how the company measures its performances. This research is being done under the supervision of my advisor Tiruneh Legesse (ASS Prof).

1. Your participation in this project is voluntary; you will not be paid for your participation. You may withdraw from the study at any time without penalty or harm of any type. If you decline to participate in or choose to not complete the questionnaire, the researcher will not inform anyone of your decision, and no foreseeable negative consequences will result.
2. Completing the questionnaire will require approximately 15-20 minutes. There are no known risks associated with completing the questionnaire. If, however, you feel uncomfortable in any way during this process, you may decline to answer any question, or not complete the questionnaire.
3. The researcher will not identify you by name in any report using information obtained from your questionnaire; your confidentiality as a participant in this study will remain secure. Subsequent uses of data generated by this questionnaire will protect the anonymity of all individuals.
4. This research effort and this questionnaire have been reviewed and approved by the advisor of the paper.

For further information please contact me on Dagmawi.hailiye@gmail.com, phone +251912215524

NOTE: By completing and submitting this questionnaire, you are indicating that you understand the statements above, and consent to participate in this study. Do not put your

name on the questionnaire; your signature acknowledging that you understand the information presented above is not required. I greatly appreciate your help!

Part I

1. What is your gender	<input type="checkbox"/> 1. Male
	<input type="checkbox"/> 2. Female

2. How old are you?	<input type="checkbox"/> 1. Under 25 years of age
	<input type="checkbox"/> 2. 25–34 years of age
	<input type="checkbox"/> 3. 35–44 years of age
	<input type="checkbox"/> 4. 45–54 years of age
	<input type="checkbox"/> 5. Other: _____ [explain]

3. What is your highest educational qualification-accomplishment?	<input type="checkbox"/> 1. Diploma
	<input type="checkbox"/> 2. Bachelor’s degree
	<input type="checkbox"/> 3. Master’s degree
	<input type="checkbox"/> 4. Doctorate degree
	<input type="checkbox"/> 5. Other: _____ [explain]

4. In which department are you working in the company?	<input type="checkbox"/> 1. Customer Service
	<input type="checkbox"/> 2. Operations

5. What is your current working position?	Please state -----
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6. How long have you been on your current working position?	<input type="checkbox"/> 1. Under 1 year
	<input type="checkbox"/> 2. 2 to 5 years
	<input type="checkbox"/> 3. 6 to 10 years
	<input type="checkbox"/> 4. 11 to 15 years
	<input type="checkbox"/> 5. Other: _____ [explain]

<p>7. What are your company's goals and objectives</p>	<p>Please state -----</p>
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<p>8. Which of the listed performance management tools does your company mainly use?</p>	<p><input type="checkbox"/> 1. KPI</p> <p><input type="checkbox"/> 2. Performance Appraisals</p> <p><input type="checkbox"/> 3. 360 Degree Feedback</p> <p><input type="checkbox"/> 4. Management by Objective</p> <p><input type="checkbox"/> 5. Performance Management Frameworks (Balanced Scorecard)</p> <p><input type="checkbox"/> 6. Reward and Recognition Programme</p> <p><input type="checkbox"/> 7. Personal Development plan</p> <p><input type="checkbox"/> Other: -----</p>
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<p>9. What are the Major KPIs used in your department? Please indicate at least 3?</p>	<p><input type="checkbox"/> 1. Transit time (IBOB SC)</p> <p><input type="checkbox"/> 2. Clear on Arrival (COA)</p> <p><input type="checkbox"/> 3. Trace closure</p> <p><input type="checkbox"/> 4. Compline resolution</p> <p><input type="checkbox"/> 5. Grade of service (GOS)</p> <p><input type="checkbox"/> 6. In bound & Outbound delay (IBOB delay)</p> <p><input type="checkbox"/> 7. Arrival 9:00 del by 12:00</p> <p><input type="checkbox"/> 8. Bond outstanding shpts (BOS)</p> <p><input type="checkbox"/> 9. Remote Booking Quality</p> <p><input type="checkbox"/> 10. On-Time Customer Call back</p> <p><input type="checkbox"/> 11. On-Time Network Response</p> <p><input type="checkbox"/> 12. On-Time claim resolution</p>
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Part II

Instructions: Please carefully read each of the following statements and respond by ticking the response box that best reflects your opinion. Please be completely open and honest in your responses. Please state your level of agreement regarding the following statements by marking one of the boxes. 5 = Strongly Agree, 4 = Agree, 3 = Uncertainty/Neutral, 2 = Disagree, 1 = Strongly Disagree.

10. Employees evaluation on the Role of KPI for organizational goal & objective achievement (effectiveness)

	1	2	3	4	5
Company has set clear KPI targets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company follows on the progress of meeting the targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company employees are well aware about KPI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company goals and strategies are clearly communicated via KPI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPIs contribute to meet the company's goals and objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPIs are important for the success of the company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPIs in your functions clearly express performance results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company set KPI targets in line with strategic objective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI help to do manpower planning and adapt trainings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company manages it's performance effectively using KPI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Rate the table to evaluate role of KPI for service quality

	1	2	3	4	5
KPI improves service quality by tracking performance/progress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPIs enables to focus on service standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI clearly indicates areas which needs improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI enables to identify service breakdown for urgent recovery action	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI ensures efficiency and consistency in performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Rate the table to evaluate role of KPI for Employees engagement & productivity(Efficiency)

	1	2	3	4	5
KPI Creates employee engagement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI gives direction to deliver proper feedback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI Enhance employees self-confidence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI enables employees clearly understand expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI establish a clear linkage between performance & compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI helps to recognize and reward good performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KPI increase team and individual productivity/performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Summary of Evaluating the challenges or problems related to KPI usage

	1	2	3	4	5
There are ethical problems/cheatings to meet the KPI target	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I focus on meeting target rather than service quality/customer satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor internet connection & failure related to indicator equipment/tool affects the result.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wrong data entry or system usage has impact on accuracy of the outcome.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Finally, please give suggestions on how to improve the use of KPI for performance management.

“Thank you for your time and participation”

Appendix II

St. Mary's University School of Graduate Studies Faculty of Business Interview Questions

This interview will conduct to gather data for MBA Thesis entitled ‘**The role of Key Performance Indicators for performance managements: at DHL Worldwide Express Ethiopia plc**’. I assure you that your responses will be used only for academic purpose.

1. How to explain the role of KPI for performance management in DHL Ethiopia? Is it effective?
2. How is KPI used or applied in DHL for performance management?
3. What is the ultimate goal/Objective of using KPI
4. Which business functions/Departments are using KPI?
5. Disadvantage related to use of KPI?
6. Have you faced a situation where the measure cannot be defined as a result of external reason? What have been the reason?