



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**

**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE JOB
SATISFACTION: IN THE CASE OF NIB INTERNATIONAL BANK**

**BY
YEABSIRA BIZUAYEHU**

**JUNE 2022
ADDIS ABABA**

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APPROVAL SHEET

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YEABSIRA BIZUAYEHU

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CERTIFICATION

This is to certify that Mrs. Yeabsira Bizuayehu has completed her thesis work entitled “**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE JOB SATISFACTION: IN THE CASE OF NIB INTERNATIONAL BANK**”. As I have evaluated, her research is original work and appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Master of Business Leadership.

Thesis Advisor

Signature

DECLARATION

I, Yeabsira Bizuayehu, hereby declare that the thesis entitled “**THE EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEE JOB SATISFACTION: IN THE CASE OF NIB INTERNATIONAL BANK**” is my original work and submitted by me for the award of the Degree of Master of Business Leadership of Addis Ababa University at Addis Ababa and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution and that all sources of material used for the study have been appropriately acknowledged.

Yeabsira Bizuayehu

Student

Signature

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ACRONYMS AND ABBREVIATION

NIB	Nib International Bank
KPI	Key Performance Indicators
BSC	Balanced Scored Card
FFM	Five-Factor Model
ANOVA	Analysis of Variance
SPSS	Statistical Package for Social Studies
Std.	Standard Deviation

ABSTRACT

This study aimed to investigate the effect of performance appraisal on employee job satisfaction with the mediating role of personality traits in the case of NIB international Bank in Addis Ababa. Quantitative research approach with explanatory research design was applied in this study. Explanatory research design was used to examine the relationship between performance appraisal, job satisfaction and employee job satisfaction. A total of 705 NIB bank's employees at 8 high capital and 4 special branches in Addis Ababa were considered as a study population, of which 255 sample respondents were selected. Stratified random sampling was applied to select the sample respondents from the sampling frame. Primary data were collected from study participants through self-administered questionnaire. Both descriptive and inferential statistics were adopted to analyze the data with the help of SPSS application software. The results of findings indicated that all the five dimensions of performance appraisal dimensions had positive and significant effect on both employee job satisfaction as well as personality traits. Specifically, relevance, integrity and credibility had relatively the strongest effect on job satisfaction. However, clarity and fairness of performance appraisal tools contributed less. Despite performance appraisal had positive effect on personality traits, personality traits didn't exhibit mediating role on the relationship between performance appraisal and job satisfaction. Performance appraisal and personality traits explain 47.8 % variance in employee job satisfaction of NIB International Bank. Finally, based on the finds of the study, recommendations were forwarded.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Performance appraisals, as a function of human resource management, have been used by organizations in order to evaluate employees' performance. It can be a powerful tool to motivate employees toward achieving organizational goals through its use in rewarding, promoting, developing, and improving workforce capabilities (Davis, 2013). But the challenge nowadays is not only in hiring competent staff to perform a good job but how effectively and fairly evaluate each individual's and team's performance objectively. Failure in implementing a well-designed pay-related performance appraisal system ends up being considered as not a vital process by employees. The issue becomes more complicated due to the complexity of understanding human behavior regarding variation in reacting differently against different stimuli (Nayana, 2011). Thus, it requires management's understanding of employees' level of satisfaction considerably varies due to variations in their personalities.

Baron (2018) defines performance appraisal as a strategic and integrated approach to delivering sustained successes to the company by improving individual and group performances and also developing the capabilities of teams and individuals. Warren (2012) argues that performance appraisal is a means of getting better results from the individuals, teams, and the organization by understanding and managing performance within an agreed framework of planned goals, standards, and competence requirements. That means performance appraisal is a systematic process for improving firm performance by developing the performance of individuals and teams.

In a strategic and coherent approach to human resource management, the employees individually and collectively contribute to the achievement of corporate and business objectives. According to Armstrong (2009) most organizations, irrespective of their size, modality, and degree of success, use performance appraisal with varying degrees of success as a tool to accomplish their human resource management objectives. In such a process, as stated by Dessler (2015), it is a broad term which basically intended to assist organizations to manage both results (performance) and behavior outcomes (employee satisfaction), the two vital aspects of performance appraisal.

Previous studies illustrate that there is a positive and significant relationship between performance appraisal and motivation approaches. Different authors have broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Levy and Williams, 2014; Pichler, 2012; Moers, 2015). One dimension focuses on the rater-ratee relationship including dimensions such as supervisor support, trust, rating accuracy, and reliability as a precondition for the acceptance and usefulness of formal appraisal systems. Kane (2013) also argues that rating distortion, a very prominent in the service industry, leads to less acceptance among employees and decreases the economic incentives to provide effort. These rating distortions may have very different reasons including strategic incentives of the raters such as favoritism or punishment (Poon, 2014) or interpersonal motives (Cleveland, 2015). This implies that rates of personality traits could adversely affect overall rating decisions (Buchanan, 2017).

In this regard, many business organizations suffer from difficulties emanated from inefficient management of employee performance. Ethiopian financial institutions particularly private commercial banks are not exceptional in this facet. As one of the profit-oriented companies and commercial banks, NIB International bank is well-known for varieties of labor-intensive service provisions in the country. The Bank, which has been working in the country for 20+ years has reported that it managed to earn 1.3 billion birrs gross profit for the 2020/2021 budget year (National Ban of Ethiopia, 2022). Such lucrative achievement is utterly the result of its dedicated and competent staff, which accounts for 5,900 in number (NIB Database, 2022). The bank focuses on and gives priorities more to staff motivational schemes. Rewards and punishments are both treated based on periodic evaluations of their performance. However, a preliminary study by the student researcher, shows that employees raise several complaints against the effectiveness of the appraisal system. Amongst them, the major complaint goes to employees' promotion based on their performance appraisal doesn't consider their personal interests or fit their personality.

As discussed above, performance appraisals are often linked to direct monetary consequences (Brown, 2008; Clark, 2010). Especially in the case of banks, in which a variable payment strategy is being implemented, employees face a higher income risk as the bonus may be cut in times of economic downturns. Besides, performance appraisal may induce higher levels of pay dispersion within a company, which potentially reduces employee satisfaction. In this regard, several studies have shown that relative pay comparisons among employees, especially the individual rank in income distributions, have a negative impact on job and pay satisfaction and negatively affect effort provision

(Brown, 2008; Clark, 2010; Card, 2012). Another drawback of a formal appraisal system in banks might be a crowding out of intrinsic motivation due to the pronounced focus on extrinsic incentives (Deci, 2009; Frey and Jegen, 2011).

The perception of employees toward a uniform way of performance appraisal system might bring a different level of satisfaction due to variations in individual personalities (Cleveland, 2015). These are the factors that need to be understood in order to explain workforce activities and their influence on the behavioral outcome. This means personal traits could influence the effectiveness of performance management to motivate and satisfy employees. The purpose of this study is, thus, to investigate the relationship between performance appraisal and employee job satisfaction in the Ethiopian banking industry by taking NIB International Bank as a case.

1.2. Statement of the Problem

Nowadays, the banking service has become more dependent on the performance of employees to provide the required service to the customers at the required standard (Ermias, 2014). To sustain itself in the highly competitive market, NIB bank adopted and adapted different performance management systems like Key Performance Indicators (KPI), Balanced Score Card (BSC), Kaizen, etc. Despite its importance in improving the service quality significantly, the system suffers from redundant complaints resulting in the incapability of addressing employees' interests. The HR manager of NIB bank (an informal interview dated March 2022 and NIB annual report of 2020/2021) indicates that employees were unhappy with their performance appraisal results as almost all staff expect higher scores, higher rewards, and better promotions. That means the employees have less trust in the effectiveness and fairness of the appraisal system. Setting performance appraisal standards has, thus, become a great challenge in the present banking industry due to escalating high-demanding workers.

Performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework (Armstrong, 2014). The framework is designed with the objective of improving both individual and organizational performance by identifying performance requirements, providing regular feedback, and assisting the employees in their career development (Lockett, 2016; Baron, 2017; Purcell, 2013). The appraisal aims at building a high-performance culture for both the individuals and the teams so that they jointly take the responsibility for improving the business processes on a continuous basis. At the same time, it raises their competence by upgrading their own

skills within a leadership framework. Its focus is on enabling goal clarity for making people do the right things at the right time. On the other hand, if the system development and implementation are misguided, then all efforts will remain futile exercises, which could lead to wastage of resources.

According to Naji (2015), the most common challenge of a performance appraisal system in the banking industry is determining the evaluation criteria. Cowandy (2014) posits the system should be quantifiable, scalable, relevant, competent, accurate, fair, and free from bias. If performance appraisal systems are well-designed and well-executed, they have a strong motivational impact on the staff. This indicates that effective appraisal systems have the power to motivate staff to perform better (Ismail, 2016). These days, as stated by Lloyd (2014), bank staff are informally trying to bias the raters, create poor communication, show a lack of trust in the supervisor, lack clear performance expectations, and hesitate to provide on-time feedback.

Previous research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Williams, 2014; Pichler, 2012). Jawahar (2016) and Lau (2018) also identified other contextual factors including employees' satisfaction with the performance appraisal process as a whole, the performance appraisal feedback, or employees' evaluations of the perceived quality, justice, and fairness of the performance appraisal regime. Furthermore, employee participation in the process is positively related to satisfaction with the appraisal system, perceived fairness, and acceptance of such a practice (Cawley, 2018).

Similarly, Brown (2010) analyzes the relationship between appraisal quality measured by clarity, communication, trust, fairness of the appraisal process, job satisfaction, and commitment. The results found that staff who report a low appraisal quality (lowest levels of trust in supervisor, poor communication, lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment. On the other hand, rating distortions, which are very prominent in organizations lead to less acceptance among staff and decrease the economic incentives to provide effort (Kane, 2015; Poon, 2014; Moers, 2017). These rating distortions may have very different reasons including strategic incentives of the raters such as favoritism or punishment or interpersonal motives (Poon, 2014). It implies that both rater's and ratees' personality traits influence overall rating decisions (Krzystofiak, 2018).

These issues have an implication that several studies are devoted to the analysis of single, contextual factors of the performance appraisal process or the rater-ratee relationship which are then related to

overall job satisfaction. On top of that, prior studies are examining differences within situations that all had appraisal systems in place. Hence, the overall question, “how does personality trait mediate the relationship between the performance appraisal process and job satisfaction?”, has not been studied yet.

The aim of this study is, thus, to investigate the effect of performance appraisal practices on employee job satisfaction mediated by personality traits using cross-sectional data. It fills the literature gap regarding the importance of considering individual staff personality traits to enhance employee job satisfaction through implementing an effective and well-designed performance appraisal system. It contributes to the literature by addressing two main research agendas: the effect of being formally evaluated by a supervisor on employees’ overall job satisfaction; and whether a positive or negative impact of formal performance assessments on job satisfaction is moderated by the Big Five personality traits. These research issues are highly relevant because performance appraisal systems are characterized by huge investments of firms such as the number of time supervisors, subordinates spend on the whole appraisal process (opportunity costs), and training/ coaching time and costs to minimize possible rater biases and distortions.

These can be achieved by addressing the following research questions:

1. To what extent does performance appraisal influence employee job satisfaction at NIB international bank?
2. How does performance appraisal relate to the personality traits of employees at NIB international bank?
3. What is the mediating role of personality traits on the relationship between performance appraisal and employee job satisfaction in NIB international bank’s context?

1.3. Objectives of the Study

1.3.1. General Objective

The general objective of this study is to investigate the effect of performance appraisal on employee job satisfaction mediated by personality traits: the case of NIB International Bank in Addis Ababa.

1.3.2. Specific Objectives

- i. To examine the effect of performance appraisal on employee job satisfaction at NIB International Bank in Addis Ababa.
- ii. To investigate the relationship between performance appraisal and personality traits of NIB International Bank staff
- iii. To analyze the mediating role of personality traits on the relationship between performance appraisal on employee job satisfaction at NIB International Bank in Addis Ababa.

1.4. Significance of the Study

The output of this study will have several importance in the field of human resource management and social-behavioral studies. Amongst them:

It contributes to the existing body of literature by addressing the influence of performance appraisal practices on employee job satisfaction along with the mediating role of staff personal traits.

Managers of private banks will have detailed information regarding the influences of personality traits and performance appraisal on the enhancement of employee job satisfaction to make informed decisions on HR investments.

Employees of private banks may have the opportunity to be beneficiary from the outcomes of their performance fairly. Besides they will have the opportunity to promote or develop careers in line with their personalities. This helps them to be happy and maintain their work-life balance sustainably.

It may also serve as a springboard for further research regarding the relationship between HR management functions, personality traits, and job satisfaction in different industries' contexts.

1.5. Scope of the Study

To make the study manageable, it is necessary to define the scope of the study. Thus, the study will be delimited geographically, conceptually, and methodologically to be manageable within the allotted time and budget.

Geographically, the scope of the study revolves around the head office and selected branches located in Addis Ababa. Branches in regional cities are intentionally excluded as Addis Ababa is the only biggest metropolitan city in the country where most (about 75%) of the bank branches are situated.

Conceptually, the concept of employee job satisfaction is only measured from HR factors (performance appraisal function) and behavioral (personality traits) perspectives. The performance appraisal quality factors that are considered independent variables are integrity, relevance, clarity, credibility, and fairness of the scale. While the personality traits are based on the Big-Five personality model that comprises Conscientiousness, Extraversion, Openness, Neuroticism, and Agreeableness. Other factors that could affect job satisfaction like salary, position, work environment, benefits package, etc. are intentionally excluded as they are out of the scope.

Methodologically the scope is limited to a quantitative research approach. Since the study seeks to investigate the relationship between performance appraisal, job satisfaction, and personality traits, multiple regression analysis models will be adopted. Such a mathematical (econometric) model requires quantitative data to test the proposed hypotheses. The qualitative research approach will not be included as the aim or intention of this study is not to describe the existing phenomenon.

1.6. Definition of Key Terms

Performance Management: is a continuous process of identifying, measuring, and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals (Aguinis H.,2009).

Performance Appraisal: is a periodic review and evaluation of an individual's job performance (Armstrong 2006)

Performance Appraisal Quality: is determined by the performance appraisal process that is explained by the formal appraisal procedures, the enactment of these formal appraisal procedures, and the interpersonal treatment of employees during the appraisal process (Tang, 2016).

Personality traits: Reflect people's characteristic patterns of thoughts, feelings, and behaviors. Personality traits imply consistency and stability. Thus, trait psychology rests on the idea that people differ from one another in terms of where they stand on a set of basic trait dimensions that persist over time and across situations. The most widely used system of traits is called the Five-Factor Model. This system includes five broad traits that can be remembered with the acronym OCEAN: Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. (Diener, 2019).

Job satisfaction: The term job satisfactions refer to the attitude and feelings people have about their work. Positive/ favorable attitudes indicate job satisfaction. While negative/ unfavorable attitudes towards the job indicate job dissatisfaction (Armstrong, 2015).

1.7. Organization of the Study

This thesis will be organized into five main chapters. The first chapter refers introduction of the study which includes the background, the problem statement, the research objectives, hypotheses, significance, and the scope of the study. The second chapter focuses on the literature review. It contains relevant theories, and conceptual and empirical discussions leading to the identification of research gaps and the conceptual framework. The third chapter presents the research design, target population, sampling methods, sample size, data collection instruments to be used as well as the method of data analysis and presentation. The fourth chapter presents demographic characteristics, descriptive and inferential statistical analysis, findings, and their interpretations. The last chapter consists summary of the major findings, conclusions, and recommendations of the research study.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

2.1. Theoretical and Conceptual Literature Review

Goal Theory, Control Theory, Social Cognitive Theory, Maslow's Hierarchy of Needs, Herzberg's Two-Factor Model Theory, and Five-Factors Model are the five underpinning theories for performance management, job satisfaction, and personality traits.

2.1.1. Theories

2.1.1.1. Goal Theory

This theory underpins the emphasis in performance management on setting and agreeing on objectives against which performance can be measured and managed. Moreover, he stated that this theory supports the agreement of objectives, feedback, and review aspects of performance management. According to Armstrong (2009), goals inform individuals to achieve particular levels of performance, in order for them to direct and evaluate their actions; while performance feedback allows the individual to track how well he or she has been doing in relation to the goal so that, if necessary, adjustments in the effort, direction or possibly task strategies can be made.

Moreover, according to Manuel (2009), the prime focus of goal setting theory is that specific, difficult goals lead to higher performance than when people strive to simply "do their best". As Heslin (2009) also supported the idea and stated that specific goals can boost motivation and performance by leading people to focus their attention on specific objectives and increase their effort toward the achievement of those objectives.

2.1.1.2. Control Theory

Control theory focuses attention on feedback as a means of shaping behavior. As people receive feedback on their behavior, they appreciate the discrepancy between what they are doing and what they are expected to do and take corrective action to overcome the discrepancy. Feedback is recognized as a crucial part of performance management processes. As it is discussed in one of the foundations of performance management theory (i.e., goal-setting theory), for challenging goals to be achieved, it should be accompanied by continuous feedback.

2.1.1.3. Social Cognitive Theory

The social cognitive theory was developed by Bandura (1986) as cited by Armstrong (2009). It is based on the central concept of self-efficacy (i.e., self-motivation will be directly linked to the self-belief of individuals that they will be able to accomplish certain tasks, achieve certain goals or learn certain things). This suggests that what people believe they can or cannot do powerfully impacts their performance. Developing and strengthening positive self-belief in employees is, therefore, an important performance management objective. According to James W. Smither and Manuel (2009) while discussing social cognitive theory, there are three important aspects and these include: - developing competencies, strengthening employees' beliefs in their capabilities, and enhancing self-motivation through a goal system.

2.1.1.4. Maslow's Hierarchy of Needs

The most famous classification of needs is the one formulated by Maslow (1954). He suggested that there are five major need categories that apply to people in general, starting from the fundamental physiological needs and leading through a hierarchy of safety, social and esteem need to the need for self-fulfillment, the highest need of all. Maslow's hierarchy is a systematic way of thinking about the different employees' needs may have at any given point and explains different reactions they may have to similar treatment. An employee who is trying to satisfy her esteem needs may feel gratified when her supervisor praises her. However, another employee who is trying to satisfy his social needs may resent being praised by upper management in front of peers if the praise sets him apart from the rest of the group (Armstrong, 2009).

2.1.1.5. Herzberg's Two-Factor Model Theory

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg concluded that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them. Herzberg labeled factors causing dissatisfaction of workers as "hygiene" factors because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to

Herzberg's research, motivators are the conditions that truly encourage employees to try harder, (Baumeister, 1995).

2.1.2. Performance Management

The overall aim of performance management is to establish a high-performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. Specifically, performance management is about aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed upon in terms of role responsibilities and accountabilities (expected to do), skills (expected to have), and behaviors (expected to be). The aim is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Importantly, performance management is concerned with ensuring that the support and guidance people need to develop and improve are readily available, (Armstrong, 2009).

Performance is about upholding the values of the organization – 'living the values' (an approach to which much importance is attached at Standard Chartered Bank). This is an aspect of behavior, but it focuses on what people do to realize core values such as concern for quality, concern for people, concern for equal opportunity, and operating ethically. It means converting espoused values into values in use: ensuring that the rhetoric becomes reality, (Armstrong, 2009).

The performance management process must convey to employees how well they have performed on established goals. It's also desirable to have these goals and performance measures mutually set between the employee and the supervisor. Without two-way feedback about an employee's effort and its effect on performance, we run the risk of decreasing his or her motivation. However, equally important to feedback is the issue of development. By development, we are referring to those areas in which an employee has a deficiency or weakness, or an area that simply could be better through the effort to enhance performance. Finally comes the issue of documentation. A performance evaluation system would be remiss if it did not concern itself with the legal aspects of employee performance, (David and Robbins, 2013).

2.1.3. Characteristics of Performance Management

Performance management is a planned process in which the primary elements are agreement, measurement, feedback, positive reinforcement, and dialogue. It is concerned with measuring outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it focuses on targets, standards, and performance measures or indicators. It is based on the agreement of role requirements, objectives and performance improvement, and personal development plans. It provides the setting for ongoing dialogues about performance and continuing review of achievements against objectives, requirements, and plans. But it is also concerned with inputs and values. The inputs are the knowledge, skills, and behaviors required to produce the expected results. Developmental needs are identified by defining these requirements and assessing the extent to which the expected levels of performance have been achieved through the effective use of knowledge and skills and through appropriate behavior that upholds core values.

Performance management is a continuous and flexible process, which involves managers and those whom they manage acting as partners within a framework that sets out how they can best work together to achieve the required results. It is based on the principle of management by contract and agreement rather than management by command. It relies on consensus and cooperation rather than control or coercion. Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal.

It functions as a continuous and evolutionary process, in which performance improves over time. It provides the basis for regular and frequent dialogues between managers and individuals about performance and development needs. It is mainly concerned with individual performance, but it can also be applied to teams. The emphasis is on development, although performance management is an important part of the reward system through the provision of feedback and recognition and the identification of opportunities for growth. It may be associated with performance or contribution-related pay, but its developmental aspects are much more important (Armstrong, 2009).

2.1.4. Job Satisfaction

Massive studies have been initiated in past to determine the determinants of employee job satisfaction. Literature Evidence depicts that these causes include Job characteristics (Fitzgerald, 1985), perceived organizational support (POS) employee supervisor relation and supervisor support, role ambiguity and role conflict, workload, and justice (Kim and Leung, 2007). As part of the organizational factor,

minimum work has been done on individual factors (personality, demography, married life, religious beliefs, etc.) which affect the job satisfaction of employees. Staw (1986) provided a base for future studies by discovering a link between personality and job satisfaction. For the past two to three decades psychologists, behavioral experts, and scientists are focusing on individual personality and its relationship with job satisfaction. Researchers are giving attention to Personality Big five and its relationship with job satisfaction (Kanfer, 1990).

2.1.5. Personality Traits

An individual's behavior towards others, attitude, characteristics, and the mindset make up one's personality. Personality development is defined as a process of enhancing one's personality. Personality development sessions guide an individual as to how he/she can develop his/her personality. Broadly there are five parameters that describe an individual's personality. These five dimensions are also called "Big Five" Factors, and the model is referred to as Five-Factor Model also abbreviated as FFM. The Five-Factor Model was initially proposed by Costa & McCrae (1992) and often describes the relationship between an individual's personality (Neuroticism, Extraversion, Agreeableness, Openness to Experience, and Conscientiousness) and various behaviors.

Neuroticism is an assessment of the concept of being comfortable with unfamiliar situations and remaining motionless under pressure. It also analyzes how individuals deal with others and with passions. Extraversion is the assessment of the love to do actions and level of willingness to do anything. Extraversion is the concept of excitement, seeking facets, and measuring the adventure. Agreeableness measures the concept of how to defend the people and how individuals are easily satisfied. It also means the trust in people, what they say, how much an individual is vigilant about others because individuals believe that the attentions of others are good for everyone. Openness to experience is that there is no absolute right or wrong, and it also measures how to avoid philosophical discussions. Conscientiousness analyzes how to get things done in a proper way, and it also measures the order and sequence to execute the targets. So, the role of the big five personality traits is shown to be very deep for the performance appraisal setup and then the effectiveness of this setup. These five big personality traits act as a catalyst that might increase or decrease the level of productivity and ultimately, the overall organizational performance

Each of the Big Five represents a broad set of related behavioral characteristics. For example, Extraversion represents individual differences in social engagement, assertiveness, and energy level.

Highly extraverted individuals enjoy socializing with others, are comfortable expressing themselves in group situations, and frequently experience positive emotions such as enthusiasm and excitement; in contrast, introverted individuals tend to be socially and emotionally reserved. Agreeableness captures differences in compassion, respectfulness, and acceptance of others. Agreeable individuals experience emotional concern for others' well-being, treat others with regard for their personal rights and preferences, and hold generally positive beliefs about others; disagreeable individuals tend to have less regard for others, and for social norms of politeness. Conscientiousness represents differences in organization, productiveness, and responsibility. Highly conscientious individuals prefer order and structure, work persistently to pursue their goals, and are committed to fulfilling their duties and obligations, whereas unconscientious individuals are comfortable with disorder and less motivated to complete tasks.

Neuroticism (sometimes referred to by its socially desirable pole, Emotional Stability) captures differences in the frequency and intensity of negative emotions. Highly neurotic individuals are prone to experiencing anxiety, sadness, and mood swings, whereas emotionally stable individuals tend to remain calm and resilient, even in difficult circumstances. Finally, Openness to Experience (sometimes referred to as Intellect) represents differences in intellectual curiosity, aesthetic sensitivity, and imagination. Highly open individuals enjoy thinking and learning, are sensitive to art and beauty, and generate original ideas, whereas close-minded individuals tend to have a narrow range of intellectual and creative interests.

Evidence for the Big Five comes from research examining both everyday language use and formal personality tests. Psychological studies which compare personality-descriptive language across cultures have found that many of the world's languages include words synonymous with each of the Big Five, and that the Big Five structure can be recovered from personality ratings made using representative sets of personality descriptive adjectives in these languages. Moreover, the traits measured by many formal personality tests including tests that predate the current scientific consensus around the Big Five structure can be organized in terms of the Big Five.

2.2. Empirical Literature Review

Performance Appraisals and Job Satisfaction

Different theories may help to understand the relationship between performance appraisals and job satisfaction. Research in cognitive psychology shows that measurable and challenging goals help to

align individuals' and companies' goals leading to higher levels of motivation and, hence, employees' work effort (see Locke and Latham (2002) for an overview). Furthermore, the goal-setting theory implies that the level of goal achievement is closely related to employee satisfaction. Frequently, organizations link goal achievement to remuneration systems such as performance-related pay.

Previous studies have shown that performance-related pay is associated with higher levels of overall (job) satisfaction (see, for instance, Heywood & Wei, 2006; Green & Heywood, 2008). In a recent paper, Bryson (2012) empirically investigate the relationship between piece-rate, team-incentive, or profit-sharing schemes and job satisfaction and show that workers under PRP schemes are more satisfied with their job, controlling for wage levels as well as individual, business unit, and country fixed effects. Previous research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Levy & Williams, 2004; Pichler, 2012).

One dimension focuses on the rater-ratee relationship comprising topics such as supervisor support, trust, rating accuracy, and reliability as a precondition for the acceptance and usefulness of formal appraisal systems. Rating distortions, which are very prominent in organizations (Kane, 1995; Moers, 2005), lead to less acceptance among employees and decrease the economic incentives to provide effort (Prendergast, 1996). These rating distortions may have various reasons including strategic incentives of the raters such as favoritism or punishment (Poon, 2004) or interpersonal motives. Furthermore, it has been shown that raters' personality traits influence overall rating decisions (Krzystofiak, 1988).

Other contextual factors include, for instance, employees' satisfaction with the PA process as a whole, the performance appraisal feedback, or employees' evaluations of the perceived quality, justice, and fairness of the performance appraisal regime (Kuvaas, 2006; Lau, 2008; Sommer & Kulkarni, 2012; Gupta & Kumar, 2013). Furthermore, employee participation in the PA process is positively related to the satisfaction with the PA system, perceived fairness, and acceptance of such a practice (Cawley, 1998). Brown (2010) analyze the relationship between PA quality measured by clarity, communication, trust, and fairness of the PA process and job satisfaction and commitment based on a sample of more than 2,300 Australian non-managerial employees of a large public sector organization. They find that employees who report a low PA quality (lowest levels of trust in supervisor, poor communication, lack of clarity about expectations, perception of a less fair PA process) also report lower levels of job satisfaction and commitment.

But there may also be drawbacks of formal performance appraisals systems. Due to the continuous monitoring of employees' efforts and behavior, some employees might feel restricted in the way they can organize and execute their work, which might induce a negative impact on job satisfaction. As laid out in the beginning, PA is often linked to direct monetary consequences. Especially in the case of variable payments, employees face a higher income risk as the bonus may be cut in times of economic downturns. Furthermore, PA may induce higher levels of pay dispersion within a company, which potentially reduces employee satisfaction when employees, for instance, dislike inequity. Several studies have shown that relative pay comparisons among employees, especially the individual rank in income distributions, have a negative impact on job and pay satisfaction and negatively affect effort provision (Brown, 2008; Clark, 2010; Card, 2012; Ockenfels (forthcoming)). Another drawback of formal PA might be a crowding out of intrinsic motivation due to the pronounced focus on extrinsic incentives (Deci, 1999; Frey, 2001).

Based on these considerations, the following hypothesis is formulated:

H1 – Performance appraisal has a positive and significant effect on employee job satisfaction

The Moderating Effects of Personality Traits

Big Five Model - As laid out above, personality traits, especially the rate, are important individual difference variables that have been ignored in the he previous literature on appraisal systems. In this section, we derive hypotheses on the moderating effects of personality traits on the relationship between PA and job satisfaction. We start with the Big Five personality traits (Costa & McCrae, 1995), a well-established taxonomy that has been validated in a series of psychological studies (see, for instance, Barrick & Mount, 1991). The five dimensions comprise conscientiousness, neuroticism, openness to experience, extraversion, and agreeableness.

Extraversion

Extraversion describes a person characterized by attributes such as communicative, talkative, assertive, active, outgoing, sociable as well as status-seeking behavior (Barrick & Mount, 1991). For employees scoring high on extraversion, the effect of receiving regular performance assessments on job satisfaction should be stronger as they typically show a higher level of self-confidence and are more inclined to be monitored, because appraisals may have a stronger effect on the status or relative performance within a work unit. Indeed, for managers and salespeople, extraversion has been shown

to be positively related to job performance (Barrick & Mount, 1991, Tett, 1991). Additionally, extroverted people like social interactions such as a bilateral relationship between a supervisor and her subordinate and are more likely to seek direct feedback from a supervisor (Krasman, 2006). A stronger competition between colleagues, which may partly be driven by performance appraisals, is also more likely to be positively evaluated because extroverted people tend to apply more aggressive (self-oriented) conflict-handling styles when it comes to conflict solutions (Antonioni, 1998).

Conscientiousness

People scoring high on conscientiousness do a thorough job, are careful, responsible, organized, and do things effectively and efficiently (Barrick & Mount, 1991). Conscientious employees are more successful in their jobs, show higher levels of performance motivation, and are detail-oriented with a high level of task and goal orientation (Barrick & Mount, 1991; Judge & Ilies, 2002). As appraisals also provide detailed feedback, a key driver of job performance, we expect conscientious employees to be more satisfied with their own job when being evaluated.

For more responsible and thorough employees, PA may be perceived as fair especially when higher efforts are translated into higher bonus payments or promotions. These employees may invest higher efforts into reaching pre-defined goals and performing tasks more properly. This might especially be true when performance appraisals are linked to monetary outcomes.

Agreeableness

Agreeableness is characterized by traits such as being cooperative, tolerant, trusting, having a forgiving nature, as well as being considerate, and kind to others (Barrick & Mount, 1991). People scoring high on this dimension are also described as being concerned about other people's well-being, especially of those who live or work closely with them. Formal appraisal systems reveal information on the relative performance of employees within a work unit and, therefore, may induce inequality between coworkers. For agreeable employees, who care about their co-workers and try to prevent relative performance evaluations, being regularly assessed in a formal process may decrease job satisfaction, especially when it is related to monetary consequences. PA may also be perceived as a barrier in cooperative work relationships, when cooperation is not incentivized, for instance, via target agreements.

Neuroticism

Common traits of the dimension neuroticism (emotional instability) are being anxious, emotional, insecure, getting nervous easily, and worrying a lot (Barrick & Mount, 1991). Being formally appraised may decrease the amount of job satisfaction because neurotic employees may fear negative consequences from performance feedback. Especially performance assessments that are related to monetary outcomes provide uncertainty about goal achievement and, hence, future payoffs. It has also been shown that these employees tend to be less successful in jobs (Barrick & Mount, 1991), prefer the avoiding style in conflicts (Antonioni, 1998), and are less goal-oriented (Judge & Ilies, 2002). Based on these arguments, we expect a negative moderating effect for more neurotic employees. On the other hand, feedback may reduce uncertainty as it helps to provide employees with clarifying information (Krasman, 2010). This implies that feedback may be valued as being helpful to clarify goals and, in turn, this should lead to a positive interaction 7 terms for more neurotic employees. Here, the net effect is unclear from the outset and remains an empirical question.

Openness

Openness to experience comprises being curious, intelligent, original, constructing new ideas, having an active imagination (Barrick & Mount, 1991), and being creative and unconventional (Judge & Ilies, 2002). Performance assessments, which may define a clear and narrow working environment, are likely to be perceived as a barrier to innovative behavior, as they also mostly rely on short-term oriented performance indicators. But as financial performance and customer acceptance of new products are more important in the long-term (Hultink & Robben, 1995), more creative and open-minded employees may feel restricted in their working environment when being formally appraised which then may lead to lower levels of job satisfaction.

On the other hand, Krasman (2010) has shown that people who are more open to experience are more likely to seek reflective feedback, somehow indirect feedback based on information about how one is treated by a supervisor, instead of receiving direct and explicit feedback. Furthermore, if performance appraisals have a developmental character, for instance, are linked to training investments, we would expect a positive effect on job satisfaction for more open employees (Barrick & Mount, 1991). Especially for appraisals linked to monetary outcomes, employees being curious, intelligent, or or creative may find it easier to reach their goals and earn additional money (for instance in product development). Based on this discussion, the following hypotheses are proposed:

H2: There is a positive and significant relationship between performance appraisal personality traits.

H3: Personal traits have a mediating role in the relationship between performance appraisal and employee job satisfaction.

Conceptual Framework

Performance appraisal practices and employee job satisfaction are widely used and accepted for investigating the relationship between the performance appraisal systems and their influences on employee job satisfaction. However, the mediating role of personality traits is given less consideration in the literature. To address this gap, this research model proposed depicts the relationship between performance appraisal and employee job satisfaction mediated by personality traits. The model is adopted from Patrick (2014), who conducts research on similar issues. Figure -1., presents the conceptual framework of the study which illustrates the direct relationship between performance appraisal, employee job satisfaction, and personality traits. The conceptual framework considers performance appraisal (relevance, clarity, credibility, integrity, and fairness) as independent variables. Employee job satisfaction is considered the dependent variable; while personal traits (conscientiousness, neuroticism, openness to experience, extraversion, and agreeableness) are moderating variables.

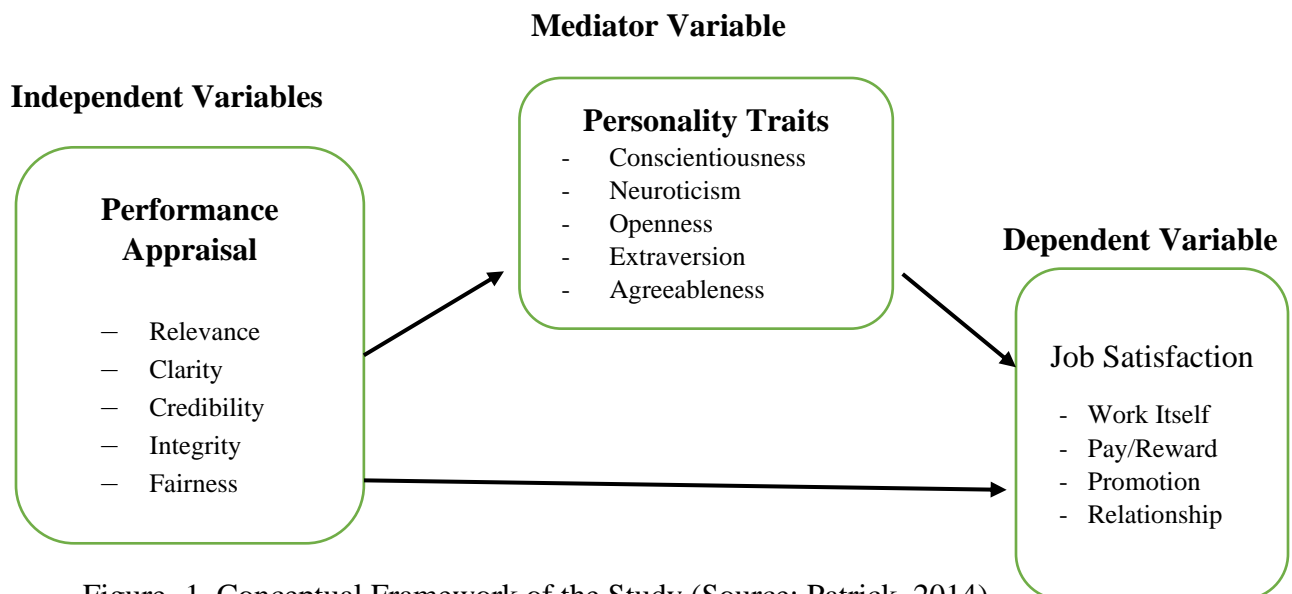


Figure -1. Conceptual Framework of the Study (Source: Patrick, 2014)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Approach

There are three research approaches namely qualitative, quantitative, and mixed (Hair, 2010). Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis while quantitative research engages in the systematic and scientific investigation of quantitative properties, phenomena, and other relationships. The objective of quantitative research is to develop and employ mathematical models, theories, and hypotheses that pertain the natural phenomena. In this study, quantitative research approach was adopted fact that it involves the generation of data in a quantitative form for the analysis. Thus, data were quantified and statistical methods were used for the analysis to seek evidence about characteristics or a relationship between the stated variables.

3.2. Research Design

There are three types of research design namely exploratory, descriptive, and explanatory research. The goal of exploratory research is to discover ideas and insights while descriptive research is usually concerned with describing a population concerning important variables. Explanatory research is used to establish cause-and-effect relationships between variables and causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004). This study adopted explanatory research designs as it analyzed the variables of interest (performance appraisal, employee job satisfaction, and personality traits) to determine the relationship between the constructs.

Considering the explanatory research, it undertook the descriptive and inferential analysis. The former is about to describe respondents' demographic profile, and their perceptions of the variables namely performance appraisal, job satisfaction, and personality traits. While the latter is used to analyze the relationship between the independent, dependent, and mediating variables.

3.3. Population, Sample Size, and Sampling Technique

3.3.1. Study Population

A target population is the entire group of people or entities that the researcher is interested in and for which the researcher wishes to conclude (Kothari, 2004). According to NIB international bank's database, as of January 2022, the bank clustered its branches in 9 different districts throughout the

country (Ref. Appendix - II). Of which 4 districts namely Central (56 branches), North-East (57 branches), South-East (56 branches), and North-West (54 branches) are located in Addis Ababa. Besides, including the head office, the bank belongs 4 premium branches. That means, there is a total of 227 branches in the aforementioned four districts however the targeted population is the staff at 3 highest capital branches in each district along with 4 premium branches in which a total of 705 employees are enrolled. For this study, the employees are stratified into clerical (450) and non clerical (255) staff. The highest capital and premium branches are believed to be representative branches as they are the busiest branches in which high transactions are taken place compared to other branches. On top of that, the homogeneity of the branches makes it representative of the total population. Thus, the performance appraisal system affects their job satisfaction unless it is measured in line with individual staff's personalities. Therefore, a total of 705 staff at 12 high capital and 4 premium branches are considered as a sampling frame in which a sample is taken.

However, all the employees could not be eligible for the reason that the performance appraisal in NIB banks is conducted annually. Thus, the respondents should be the ones who have served the company for more than a year. Besides, the newly opened branches within the fiscal year, new entrants, trainees, and those who are on sick leave, annual leave, outstation assignment, or suspended for some reasons are also excluded intentionally. Therefore, the sampling frame constitutes eligible respondents with more than a year of service experience in the NIB bank.

3.3.2. Sampling Size

Sampling is the process of selecting a number of study units from a defined study population (Saunders, 2010). Determining sample size is an important issue because samples that are too large are uneconomical while too small samples may lead to inaccurate results. There are several approaches to determine the sample size. These include using census for the small population, imitating a sampling size of a similar study, using published tables, and applying formulas (Hair, 2010). Here in this study, sampling is required as the targeted population is substantially large in number to conduct the census. Therefore, the proportionate sample size determination for the known population formula, suggested by Yemane (1967) are used. The sample determination formula is:

$$n = \frac{N}{1+Ne^2} = \frac{(705)}{1+(705*0.05^2)} = 255 \text{ employees}$$

Thus, the study took a sample of 255 respondents to conduct the survey accordingly.

Table -1. Sample Distribution

<i>Strata</i>	Population	Proportion	Sample Proportion
<i>Clerical Staff</i>	450	.638	163
<i>Non-clerical Staff</i>	255	.362	92
<i>Total</i>	705		

Source: NIB HR Database, 2022

3.3.3. Sampling Technique

There are three sampling strategies namely probability, non-probability, and mixed sampling techniques in use to select the targeted respondents from the sample frame (Creswell, 2009). Probability sampling applies to a random (equal chance) selection, while non-probability is subjective and relies on the researcher’s decision or reasoning when random sampling is impractical. Mixed sampling uses both probability and non-probability sampling techniques when multistage sampling is required. In this study, a random sampling technique was applied. Since the employees are categorized into clerical and non-clerical staff, a stratified random sampling technique was adopted to select 255 respondents from 705 staff.

3.4. Source of Data

Data collection involves the gathering of relevant and important data used for conducting a particular research work (Arbnor, 2014). It is the basis for acquiring data and can be collected in two ways which are primary data and secondary data. Primary data consists of all the data collected throughout the study that can be directly related to the study purpose. While secondary data contains relevant data that has been collected for a different purpose, but from which the conclusion is valuable for the purpose. But in this case, only primary data were used for analysis. Primary data is exceptionally reliable because it is usually objective and collected directly from the original source. It also gives up-to-date information about a research topic compared to secondary data (Saunders, 2010).

3.5. Data Collection Instruments

The survey method that is used to obtain primary data is chosen due to its appropriateness and practicality in terms of being a well-accepted diagnostic tool for respondents’ perceptions (Creswell, 2012). This survey uses a questionnaire to collect the required primary data from employees of NIB bank branches in Addis Ababa.

The questionnaire is a structured self-administered five-point Likert scale that was developed based on existing instruments used in the previous studies (Neema, 2017). The questionnaire was designed in such a way that it had two parts. The first part referred to personal demographic characteristics to obtain general demographical information of sampled respondents. It contains six items regarding sex, age, education, department, position, experience, and salary. And the second comprises the study variables- independent (Performance Appraisal), dependent (employee job satisfaction), and mediator (personality trait) variables.

- The independent variable – performance appraisal is measured in terms of integrity, relevance, clarity, credibility, and fairness of the scale. The scale is adopted from Patrick’s (2014) study.
- The dependent Variable – Employee Job Satisfaction is measured in terms of engagement, positive word of mouth, work-life balance, and patronage. The measurement is also adopted from Society for Human Resource Management (2020).
- The mediator Variable - personality traits - is based on the Big-Five personality model that comprises Conscientiousness, Extraversion, Openness, Neuroticism, and Agreeableness. The scale is adopted from Krasman’s (2010) study.

Regarding the attributes of the study variables (performance appraisal and personality traits), the respondents were asked to describe on a scale with 1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Agree, and 5 = Strongly Agree. While job satisfaction was rated as 1 = Strongly Dissatisfied, 2 = Dissatisfied, 3 = Neither Satisfied nor dissatisfied, 4 = Satisfied, and 5 = Strongly Satisfied.

3.6. Data Collection Procedure

The survey was conducted in person for the fulfillment of the academic requirement. A total of 30 questionnaires were distributed to the employees of Dashen Bank to pretest the validity and reliability of the scaling instrument. Dashen Bank was selected for the pilot test purpose for the fact that the bank is almost similar in organizational structure and size as well as it operates within the same industry. Besides, it was not included in the main survey as well.

Once confirmed its validity and reliability, the questionnaire will then be distributed to the targeted respondents at selected 16 (12 high capital + 4 premium) branches under this study as per the convenience of the student researcher. Respondents were expected to fill out the questionnaires

accordingly after having their full consent and being briefed on its purpose. A sum of 255 responses were expected from respective staff at the targeted branches in Addis Ababa.

3.7. Data Analysis Techniques and Presentations

Both descriptive and inferential statistics were used to analyze the quantitative data gained through a structured questionnaire. Regarding the inferential statistics, it includes correlation test, assumption test, and multiple linear regression analysis. Correlation coefficients test was checked to quantitatively describe the strength of the association between the variables. According to Hair (2016), the Pearson correlation coefficient measures the degree of linear association between two (categorical) variables. It varies between -1.00 to +1.00, with 0 representing absolutely no association between the two variables. While the assumption tests namely linearity, multicollinearity, normality, homoscedasticity, and no autocorrelation were tested to check whether the data fit the multiple linear regression model. The model looked to the goodness of fit (R^2 value), significance (F-value) the coefficient (Beta coefficient), and the P-values for the significance of each relationship.

The multiple regression analysis was set using the five dimensions (integrity, relevance, clarity, credibility, and fairness) of performance appraisal as the independent variable; employee job satisfaction as the dependent variable; and personality traits (Conscientiousness, Extraversion, Openness, Neuroticism, and Agreeableness) as a mediator variable. The multi-regression analysis model is set ad depicted below:

Description:

Y – Employee Job Satisfaction

Y₁ - Performance Appraisal

Y₂ - Personality Traits

1. *The relationship between performance appraisal and Job Satisfaction*

$$Y = f(Y_1) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where: X₁ = Integrity (INT); X₂ = Relevance (REL); X₃ = Clarity (CLR); X₄ = Credibility (CRD); X₅ = Fairness (FAR); e = error term, β_0 = constant, term $\beta_{1, 2, 3, 4, 5}$ = coefficients of predictors

Thus, the above equation represents the relationship between performance appraisal and employee job satisfaction as:

$$Y = f(Y_1) = \beta_0 + \beta_1INT + \beta_2REL + \beta_3CLR + \beta_4CRD + \beta_5FAR + e..... \text{Eq. (1)}$$

2. The relationship between performance appraisal and Personality Traits

Once the relation between the performance appraisal and employee job satisfaction is determined, then the second equation represents the relation between performance appraisal and personality traits as:

$$Y = f(Y_2) = \beta_0 + \beta_1INT + \beta_2REL + \beta_3CLR + \beta_4CRD + \beta_5FAR + e..... \text{Eq. (2)}$$

Then finally the third equation represents the mediating role of Personality Traits (Y_2) on the relationship between performance appraisal and employee job satisfaction variables. The equation is formulated as:

$$Y = \beta_0 + \beta_1Y_1 + \beta_2Y_2 + e..... \text{Eq. (3)}$$

3.8. Scale Validity

The validity of the test reveals the degree to which a measuring instrument measures what it is intended to measure (Saunders, 2004). Copies of the survey was made accessible to experts in this study such as advisors for comments and opinions to create validity in terms of construct, content, criterion, and face validity to make it suitable for the objectives of the study. Areas that were considered irrelevant to the study are removed while others were collected and added. Content and face validity are also used in determining the validity of the research. Content validity is the extent to which a measuring instrument provides suitable coverage for the current study that is research items measure the variables of the study while face validity is face to face check. The validity of the research instrument has thus gotten from the various questions posed to the respondents (Trochim, 2009). The researcher ensured the validity of the study by pre-testing with a scale to correct any missing data in the questions when detected and by asking clearly stated questions to the respondents.

3.9. Reliability

According to Mugenda (2003), reliability is the ability of a research instrument to produce consistent results after repeated trials. A reliability computation was also used to compute mean reliability coefficient estimates for Cronbach Alpha with a significance level of $p \leq 0.05$. The use of the Cronbach Coefficient to measure the reliability of the instrument enabled the identification of the

strength of items included in the questionnaire such that a measure between 0.7 and 1.0 signifies a strong consistency of items used in the questionnaire (Mugenda, 2003). However, the acceptable Alpha value that meets the statistical prerequisite for the instrument to be characterized as reliable should be between 0.70 and 0.9 as a value more than 0.9 could be an implication of redundant variables measuring the same subject.

Table -2. Reliability Test Results with Cronbach’s Alpha

	N	Cronbach's Alpha
Integrity	5	.777
Relevance	5	.792
Clarity	4	.705
Credibility	5	.833
Fairness	5	.808
Personality Traits	25	.760
Job Satisfaction	5	.853
Total	54	.811

Source: Own Survey, 2022

3.10. Ethical Considerations

It is important to consider ethical principles when conducting business research. Ethical issues are categorized into four different types: harm to participants, lack of informed consent, invasion of privacy, and deception (Bryman, 2011). In this study, there are descriptive questions about the respondent’s age and gender, but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The third ethical principle concerns the invasion of privacy. In this study, the respondent had the opportunity to skip a question if it is judged sensitive. Furthermore, this study is not of a sensitive nature which enhances the respondents’ willingness to answer. The fourth ethical principle refers to deception which occurs if respondents are led to believe that research is about something else than what it is. After considering these ethical principles and fully living up to the requirements, it can be classified as ethical.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

The analyses comprised of both descriptive and inferential statistics in which the former describes the demographic profile of respondents, analysis of responses under each attribute, whereas the latter includes assumptions for regression model test, correlation, and multiple regression analyses. The data collected through a self-administered questionnaire featured personal information of the respondents, performance appraisal, personality traits and employee job satisfaction variables in the case of NIB International Bank S.C. in Addis Ababa.

The data collected through self-administered questionnaire was taken place at selected 12 selected branches in Addis Ababa. A total of 255 questionnaires were distributed to the targeted respondents, of which, 248 questionnaires were collected. The response rate accounted for 97.3% of the total distributed questionnaires. Further screened the collected questionnaires for missing data and other inconsistency, and it was found 241 valid and usable questionnaires for statistical analysis.

4.1 Descriptive Statistics

The descriptive statistics is used to describe the demographic characteristics of the respondents and the summary of each study variables based on their responses.

4.1.1 Demographic Characteristics of the Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents. This part of the questionnaire requested a limited amount of information related to personal and demographic status of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include sex, age, education, department, position, and work experience of the respondents.

Referring Table -3, male respondents constituted slightly higher percentage 127(52.7%) than their female counterparts 114(47.3%). The number of male and female employees were almost the same. Despite illustrating the gender discrepancy, it is early to make a conclusion but having proportionate variation in workforce composition might be taken as an opportunity to fill the performance gap due to gender orientation. Besides, it is advisable to see its influence on job satisfaction with other demographic variables to see the big picture.

Table -3. Demographic Characteristics of Respondents

Category	N	(%)
Sex		
Male	127	52.7%
Female	114	47.3%
Total	241	100.0%
Age		
18 – 30 years	116	48.1%
31 – 40 years	88	36.5%
41 – 50 years	31	12.9%
51 – 60 years	6	2.50%
Total	241	100.0%
Education		
Highschool	5	2.1%
Diploma	11	4.6%
First Degree	177	73.4%
Masters & Above	48	19.9%
Total	241	100.0%
Department		
Sales & Marketing	31	12.9%
Customer Handling	84	34.9%
Finance	19	7.9%
Administration	9	3.7%
HR Management	13	5.4%
Loan	42	17.4%
Forex Exchange	25	10.4%
Others	18	7.5%
Total	241	100.0%

Source: Own Survey, 2022

In terms of age, 116(48.1%) was found to be within the age range of 18-31 years followed by 88(36.8%) within 31-40 years. Whereas those respondents whose age fallen within 41-50 years and 51-60 years old belonged to 31(12.9%) and 6(2.5%) respectively. This implies that the company had about 85% of adult employees less than 40 years old. That means the bank’s workforce is composed of active workforce that can be productive if handled properly.

Regarding the educational background of the respondents, the majority 177(73.4%) has first degree holders, followed by 48(19.9%) master’s degree holders. The rest 11(4.6%) and 5(2.1%) were diploma and high school certified. This indicates that the respondents are well educated and very capable to understand the contents of the questionnaire which helps to get reliable or credible data.

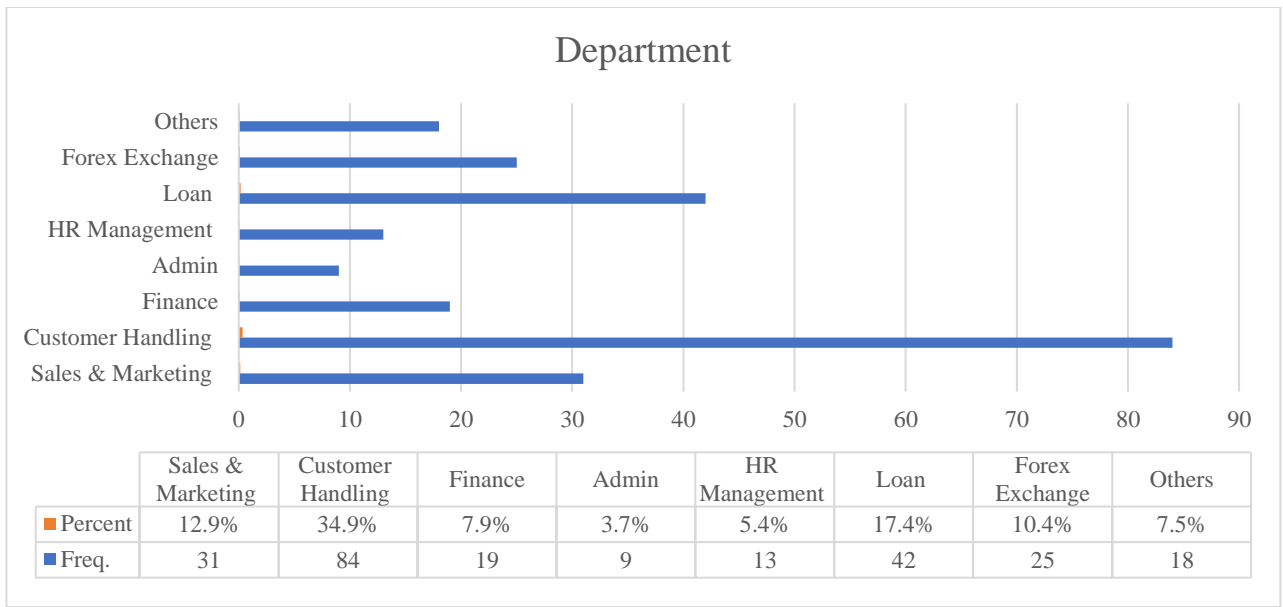


Figure -2. Distribution of Staff Department

The results in figure -2 illustrates that the respondents from customer handling and loan departments constituted 84(34.9%) and 42(17.4%) respectively. Sales & marketing took a share of 31(12.9%) followed by Forex exchange 25(10.4%), finance 19(7.9%), HR management 13(5.4%) and Admins 9(3.7%). Whereas other departments represented 18(7.5%) of the total respondents. This implies that majority of the respondents were customer handling and sales & marketing staffs, but the sample comprised different departments who are believed to have more and detail information regarding the overall performance appraisal practices of the company.

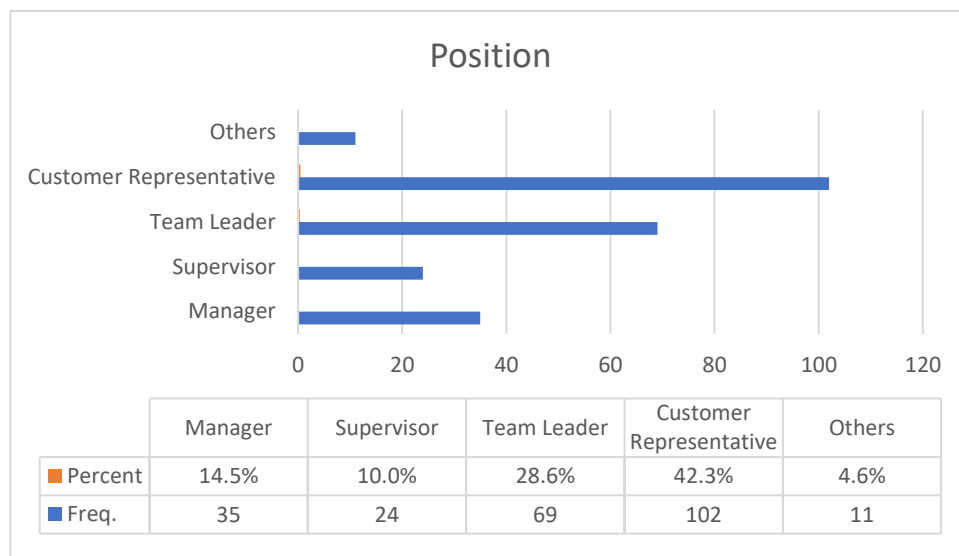


Figure -3. Job Position

Regarding the staff's job position in Figure -3, customer representative, team leader, managers, supervisors, and other positions accounted for 102(42.3%), 69(28.6%) and 35(14.5%) in descending order respectively. This also implies that the respondents participated in this survey were from different managerial positions that might help to gather data from staff at different managerial level. This helps get perceptions of the employees at different positional status.

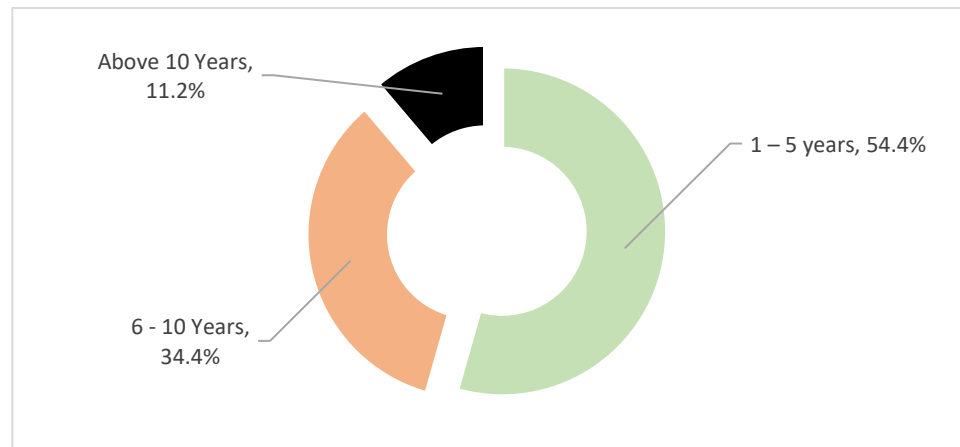


Figure -4. Service Year of the Staff

As indicated in figure -4, it was also found that more than half, 131(54.4%) of the respondents have 1-5 years of service while 83(34.4%) from 6-10 years and the rest 27(11.2%) have served for more than 10 years. Majority of the respondents had less service in the company which reconcile with junior staff are more in number.

In conclusion, the overall demographic characteristics of the respondents shows that balanced ratio of gender distribution, well educated adult customer handling and sales & marketing staffs at different managerial positions with low service year in the company.

4.1.2 Description of Study Variables

This study constitutes independent, dependent and mediator variables. To attain the objectives, a total of 55 questions were grouped into the 5 dimensions of performance appraisal dimensions (Relevance, Clarity, Credibility, Integrity, and Fairness), and employee job satisfaction and personality traits.

To compare the respondents' perception of the aforementioned study variables, descriptive statistics (mean and standard deviation) are used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements of the self-administered questionnaire. As designed by best (1977), the measurement scale is set in such a way that respondents strongly

disagreed if the mean scored value is in the range of 1.01 – 1.80; disagreed within 1.81 – 2.60; neither agreed nor disagreed within 2.61 - 3.40; agreed if it is in the range of 3.41 – 4.20; while strongly agreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response. Thus, a summary of 55 questions under three dimensions were entertained to carry out the analysis. Below, the results are discussed one by one.

4.1.2.1 Performance Appraisal

Table -4. Description of Performance Appraisal

Descriptive Statistics			
	N	Grand Mean	Std. Deviation
Integrity	241	4.62	1.068
Relevance	241	2.53	.714
Clarity	241	4.21	1.033
Credibility	241	3.86	1.109
Fairness	241	3.29	1.021
Overall Performance Appraisal	241	3.70	.953

Source: Own Survey, 2022

As far as integrity of the performance appraisal with the cooperate objectives of the bank is concerned, the results in Table -4 illustrates that overall perception of the respondents was relatively strong and positive (Grand Mean = 4.62) toward the integration of the appraisal system, reflected by similar stands (Std. = 1.068). It shows majority of the respondents agreed with the appraisal’s contents are integrated or aligned with strategic business goals the fact that they believed the appraisal contents are tuned in such a way to align individual, team and departmental objectives in alignment with the business objective of the bank. But they had doubts on its linkage with benefits and rewards like annual bonus, holiday gifts, etc.

However, the overall relevance dimension of the performance appraisal was found negative (Grand Mean = 2.53) with varying stand (std. = .714). The relevance of the performance appraisal contents was acknowledged by disagreeing with its linkage with staff promotion, its criteria capability to measure the actual performance, and its bias in differentiating subjectivity (staff personality) and objectivity (performance). They also had doubts on the competence or qualification of the rater.

Regarding the clarity of the performance appraisal, majority of the respondents strongly agreed (Grand Mean = 4.21, std = 1.033) with a predetermined standard and criteria, and a clear understanding of the performance measurement process. But they had doubts about regular evaluation and management’s commitment to make the staff understand the purpose of the appraisal system.

Similarly, the majority of the respondents agreed with credibility of the performance appraisal (Grand Mean = 3.88, Std. = 1.109). That means competency of the supervisors who assigned to fill staff appraisal in terms of having the details, instill confidence, reporting and keeping it confidential were perceived positively. But in this regard, the respondents have varied stands as the standard deviation is over the threshold (Std. < 1.000).

However, the fairness of the performance appraisal was perceived neutral (neither agreed nor disagreed) by the majority of the respondents as the grand mean was found to be 3.29, Std. = 1.021. This shows that they had doubts on the reconciliation of measurement output and actual performance of the individual. They admitted that the appraisal is designed to accommodate a feeling of equity and fairness among employees regarding the performance appraisal process, but subjectivity and bias are the flaws of the system.

4.1.2.2 Personality Traits

Table -5. Description of Personality Traits

Descriptive Statistics			
	N	Grand Mean	Std. Deviation
Neurotism	241	4.22	.887
Extraversion	241	3.59	1.065
Openness	241	3.54	1.230
Agreeableness	241	4.08	1.077
Conscientiousness	241	4.23	.882
Overall Personality Traits	241	3.93	1.028

Source: Own Survey, 2022

The personality traits reflect the individual personal identity of the staff. The personality questions were asked to identify the personality of the employees in order to test its relationship with their performance and job satisfaction. The results in Table -5 reflects, majority of the respondents strongly believed that they have neurotic (Grand mean = 4.22), conscientious (Grand mean = 4.23), and

agreeable personality. Whereas, they showed weak perception toward openness (Grand mean = 3.54) and agreeableness (Grand mean = 3.59). These imply that the staff of the bank are characterized by a person who is committed and devoted to his/her tasks but aggressive and less sociable. It is evidenced that such characteristics reflected in high transaction service providers like banks. It is common to observe exhausted clerks on counters who lose their appetites to respond to customers on counters. The nature of the work along with their identity have influence on their job satisfaction.

4.1.2.3 Employee Job Satisfaction

Table -6. Description of Employee Job Satisfaction

Descriptive Statistics			
	N	Mean	Std.
I am happy with my work as it makes me busy all the time	241	4.22	1.068
I feel I am being paid a fair amount for the work I do	241	3.59	1.101
I am satisfied with my chances for promotion/ career development	241	3.54	1.038
My supervisor/ immediate manager is fair to me	241	4.08	1.109
I feel a sense of pride in doing my job	241	3.66	1.024
Job Satisfaction	241	3.82	1.068

Source: Own Survey, 2022

As far as employee job satisfaction is concerned, majority of the respondents strongly agreed with their work (mean = 4.22), and fairness of their supervisors (mean = 4.02). But slightly agreed with fairness of the compensation/ salary (mean = 3.59), chance of promotion (mean = 3.54) and felling sense of pride working in NIB bank (mean = 3.66). The results of the overall employee job satisfaction (grand mean = 3.82, Std = 1.068) indicates that the staff were satisfied with their job, but substantial variation of their perception is evidenced as the standard deviation is found to be above the threshold.

4.2 Inferential Analysis

The inferential statistics comprises three main analyses namely correlation test, assumption test and multiple linear regression analysis. A Pearson correlation test was carried out to check there is a relationship between the categorical variables. The regression assumptions were also checked for the suitability of the collected data for linear regression model. The tests are multicollinearity,

multivariate normality, linearity and homoscedasticity. While the multiple linear regression analysis was applied whether one or more predictive variables explain the dependent (criterion) variable.

4.2.1 Correlation Test

To explore the relationship between performance appraisal, personality traits and job satisfaction dimensions, Pearson correlation was first investigated. The five dimensions of performance appraisal were taken as independent variables, while personality and overall employee satisfaction are mediator and dependent variable.

Table 7: Strength of association based on the size of correlation based on Cohen (1988)

Degree of Correlation	R Values
Small correlation	$r = -0.1$ to -0.29 and $+0.10$ to $+0.29$
Medium correlation	$r = -0.3$ to -0.49 and $+0.3$ to $+0.49$
Large/Strong correlation	$r = -0.50$ to -1.00 and $+0.5$ to $+1.00$

Table 7 represents the interpretation of the correlation coefficient based on Cohen (1988). The interpretations of the correlation coefficient in Table 8 were used to understand the relationship between performance appraisal, personality and job satisfaction. It also was used to explain the relationship strength in terms of value of the Pearson correlation (r) and the direction of the relationship of the variable that were used in this study.

Table 8: Correlation Analysis of Variables

Dimensions	INT	REL	CLR	CRD	FAR	PER	JSAT
Integrity – INT	1.00						
Relevance – REL	.555*	1.00					
Clarity – CLR	.531*	.602	1.00				
Credibility – CRD	.508	.523	.504*	1.00			
Fairness – FAR	.195*	.556	.542*	.318	1.00		
Personality – PER	.597*	.673*	.483*	.566*	.395*	1.00	
Job Satisfaction – JSAT	.623*	.556*	.507*	.617*	.402*	.680*	1.00

*Correlation is significant at the 0.05 level

Source: Own Survey, 2022

The results on Table 8 showed that, except moderate relationship of fairness, all the rest performance appraisal dimensions had positive and strong relationship with job satisfaction. Specifically, credibility was found to be significantly strong positive relationship ($r = .617$, $p < 0.05$), followed by

integrity ($r=.623$, $p<0.05$), relevance ($r=.556$, $p<0.05$), and then clarity ($r = .507$, $p< .05$). Where as, there is also a positive and strong relationship between personality traits and job satisfaction ($r=.483$, $p<0.05$). Besides, performance appraisal variabls also showed positive relationship with personality traits. For instance, integrity ($r = .597$), relevance ($r = .673$), and credibility ($r = .566$) had strong while clarity (.483) and fairness ($r = .395$) had moderate relationship with job satisfaction. These imply that a variation in either of perfromance appraisal or personality traits would bring changes in job staisfaction. Thus, it can be concluded that performance appraisal and personality variables are are good predictors of employee job staisfaction in this case study.

4.2.2 Assumption Test

Multiple linear regression is an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. The regression assumptions are Multicollinearity, Multivariate Normality, Linearity and Homoscedasticity.

Multicollinearity - Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are Multicollinearity, there is “overlap” or sharing of predictive power. Thus, the impact of Multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. “Tolerance” and “variance inflation factors” (VIF) values for each predictor is a means of checking for Multicollinearity. Tolerance value below 0.1 and VIF value above 10 percent indicate a Multicollinearity problem, (Robert, 2006).

Table 9: Multicollinearity

Variables	Collinearity Statistics	
	Tolerance	VIF
Integrity	.594	1.684
Relevance	.401	2.494
Clarity	.332	3.012
Credibility	.437	2.288
Fairness	.648	1.544
Personality	.524	1.908

Source: Survey Result, SPSS 2022

In this study, the results showed that the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.544 to 3.012 which indicated there was no collinearity issue. It could be taken as a confirmation that there were no multicollinearity issues to proceed for regression analysis.

Homoscedasticity and Linearity Test - Testing for Homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZRESID against ZPRED, the distribution is checked whether the graph looks like a random array of dots evenly dispersed around zero. This is to mean that at each point along any predictor variable, the spread of residuals should be fairly constant.

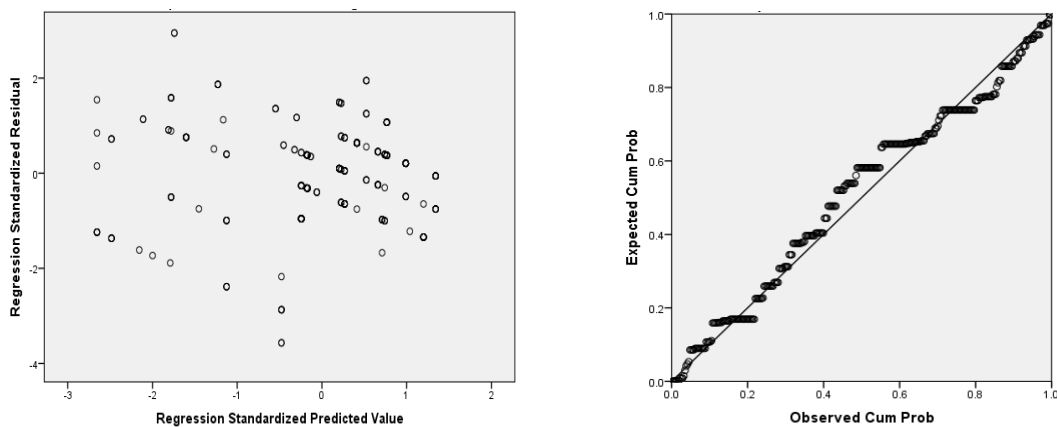


Figure 2: Scatter Plot of Homoscedasticity and Linearity Test

In Figure 5, it shows that each of the employee job satisfaction against the predictor variable of performance appraisal and personality traits. The plot shows that how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicative of a situation in which the assumption of linearity and homoscedasticity have been met. The normal Q-Q chart plots the values one would expect to get if the distribution were normal (expected values) against the values actually seen in the data set.

The expected values are a straight diagonal line, whereas the observed values are plotted as individual points. The values that have been observed on the diagram should be exactly along the straight line if the data is normally distributed (meaning that the observed values are the same as those which you would expect of a normally distributed data set). Any difference in the points from the line is an irregular one. So, the Q-Q plot of the all variable considered in this study looks like a straight line with dots wrapped around it then it showed little deviation from normality as clearly presented above.

Multivariate Normality- To check that a distribution of scores is normal, the values of Kurtosis and Skewness. Both of which have an associated standard error. The values of skewness and kurtosis should be zero in a normal distribution. Positive skewness values suggest a piling of the distribution scores to the left, whereas negative values suggest a flat dispensing. The more zero the value, the more likely the data will not be distributed normally. Both have a corresponding default. The actual importance of skewness and kurtosis is, however, not insightful in itself. Rather, the value must be taken and converted to a z value. The z-score is simply a standardize score from a distribution that has Mean of 0 and standard deviation of 1.0.

Table 104: Normality Test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Integrity	241	-.944	.140	1.133	.280
Relevance	241	-1.582	.140	.843	.280
Clarity	241	.028	.140	1.094	.280
Credibility	241	-1.113	.140	.803	.280
Fairness	241	-1.108	.140	1.137	.280
Personality	241	-.248	.140	.777	.280
Valid N	241				

Source, Own Survey, 2022

As presented in Table 10, except clarity variable, all performance appraisal and personality dimensions' z-scores skewed to the right side but were found to be within acceptable range (skewness and Kurtosis within -2.0 to 2.0). Therefore, it is pretty clear then that the numeracy scores are negatively skewed, indicating a pile-up of scores on the right of the distribution.

4.2.3 Multiple Linear Regression Analysis

A mediation analysis was conducted using Baron and Kenny (1986) approach. In the first step the effect of the independent variables on the dependent variable, without the mediator was examined. The second step examined the influence of the independent variable on the mediator variable. Finally, the last step was taken to investigate the influence of the combination of the independent variable and the dependent variable, with a mediator.

- *The Effect of Performance Appraisal on Employee Job Satisfaction*

Table 10: The Effect of the Independent Variables on Dependent Variable

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.388	.227		1.709	.000
	Integrity	.224	.050	.203	4.516	.000
	Relevance	.301	.055	.282	5.462	.000
	Clarity	.176	.048	.218	3.657	.000
	Credibility	.201	.039	.262	5.154	.000
	Fairness	.156	.053	.173	2.941	.004
R=.676 ^a						
R ² =.457						
Adjusted R ² =.750						
Std. Error of the Estimate=.467						
Sig. F Change =.000						
a. Predictors: (Constant), Fairness, Credibility, Clarity, Relevance, Integrity						
b. Dependent Variable: Employee Job Satisfaction						

Source: SPSS data output, 2022

The R value: As indicated in Table 10, the R=.676^a indicates the linear combination of the independent variables (Fairness, Credibility, Clarity, Relevance, Integrity) strongly predicted dependent variable (employee job satisfaction) i.e., strong correlation between predictors and observed variables. Likewise, the value (R²=.457) indicated that, the performance appraisal variables (Fairness, Credibility, Clarity, Relevance, Integrity) explains 45.7% variance in the job satisfaction and the remaining 54.3% is explained by extraneous variables, which have not been included in the regression model.

The significance level/ the p-value for all variables were statistically significant (p<.05), meaning that performance appraisal has a significant predictor of job satisfaction. Accordingly, the finding revealed that hypothesis 1, 2, 3, 4, and 5, which states ‘Fairness, Credibility, Clarity, Relevance, Integrity has the positive significant effect on the job satisfaction’ is supported by the data collected on this survey as the integrity (p-value < 0.05; β=0.224); relevance (p-value < 0.05; β=0.301); clarity

(p-value < 0.05; $\beta=0.176$); credibility (p-value < 0.05; $\beta=0.201$), and fairness (p-value < 0.05; $\beta=0.156$), hence, the first alternative hypothesis for all performance appraisal are confirmed.

Therefore, the regression equation for this study derived as:

$$JSAT = 0.288 + .224 INT + .301 REL + .176 CLR + .201 CRD + .156 FAR + e$$

▪ *The Effect of Performance Appraisal on Personality Traits*

Table 51: The Effect of the performance appraisal on job satisfaction

Coefficients ^a						
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.033	.201		5.134	.000
	Performance Appraisal	.782	.050	.656	15.543	.000
R=.656 ^a						
R ² =.431						
Adjusted R=.429						
Std. Error of the Estimate =.561						
Sig. F Change =.000						
Durbin-Watson=1.910						
a. Predictors: (Constant), Performance Appraisal						
b. Dependent Variable: Personality Traits						

Source: SPSS data output, 2022

As indicated in Table -11, the R=.656^a indicates the linear combination of the independent variables (performance appraisal) strongly predicted mediating variable (personality traits) i.e., strong correlation between predictors and mediator variable. Similarly, the value (R²=.431) indicated that, the performance appraisal explains 43.1% variance in the personality traits and the remaining 56.9% is explained by extraneous variables, which have not been included in the regression model.

The p-value for all variables were statistically significant at p<.05, meaning that all performance appraisal elements (Fairness, Credibility, Clarity, Relevance, Integrity) have a significant predictor of mediator personality traits. Accordingly, the finding revealed that hypothesis fifth which states

‘performance appraisal practice has significant positive effect on personality traits’ is supported by as the performance appraisal (p-value < 0.05; $\beta=0.782$); hence, the first hypothesis which states that ‘the performance appraisal practice has significant positive effect on personality traits’ is confirmed.

Therefore, the regression equation for this study derived as:

$$JSAT = 1.033 + .656PAPR + e$$

▪ *The Effect of Performance Appraisal and Personality Traits on Employee Job Satisfaction*

Table 62: The Effect of the independent & mediating variables on dependent variable

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.696	.206		3.373	.001
	Performance Appraisal	.635	.066	.518	9.672	.000
	Personality Traits	.241	.055	.234	4.370	.000
R=.694 ^a						
R ² =.482						
Adjusted R=.478						
Std. Error of the Estimate=.552						
Sig. F Change=.000						
a. Predictors: (Constant), Personality Traits, Performance Appraisal						
b. Dependent Variable: Employee Job Satisfaction						

Source: SPSS data output, 2022

As shown in Table 12, the R=.694^a indicates the linear combination of the independent variables (Fairness, Credibility, Clarity, Relevance, Integrity) strongly predicted mediating variable (personality traits) i.e., strong correlation between predictors and mediator variable. Similarly, the value (R²=.482^a) indicated that, the performance appraisal variables (Fairness, Credibility, Clarity, Relevance, Integrity) and personality traits together explains 48.2% variance in the job satisfaction

and the remaining 51.8% is explained by extraneous variables, which have not been included in the regression model.

The p-value for all variables were statistically significant at $p < .05$, meaning that the performance appraisal and personality traits together have a significant predictor of job satisfaction. Similarly, the result of beta value indicated that the personality traits ($p\text{-value} < 0.05$; $\beta = 0.234$) and performance appraisal ($p\text{-value} < 0.05$; $\beta = 0.518$) have a positive effect on job satisfaction.

Therefore, the regression equation for this study derived as:

$$- \quad JSAT = .696 + 0.518 PER + 0.234 PAPER + e$$

▪ *The Mediating Effect of Personality Traits*

The Sobel test is utilized to examine the hypothesis in which the relationship between the independent (X) and dependent (Y) variables is mediated / affected by a third variable (Y); that is; X and Y have an indirect relationship. In other words, Sobel test examines whether the inclusion of a mediator (M) in the regression analysis considerably reduces the effect of the independent variable (X) on the dependent variable (Y) (Preacher 2020).

Table 13: The Effect of the independent & mediating variables on dependent variable

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.033	.201		5.134	.000
	Performance Appraisal	.782	.050	.656	15.543	.000
a. Dependent Variable: Personality Traits						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.762	.198		8.904	.000
	Personality Traits	.591	.047	.574	12.510	.000
a. Dependent Variable: Employee Job Satisfaction						

Where:

Performance Appraisal

- Standard Error (Sa= 0.050);
- B-coefficient (a=.782);

Personality Traits

- Standard Error (Sb=0.047);
- B-coefficient (b=.591)

$$Sab = \sqrt{(b^2sa^2) + (a^2sb^2) + (sa^2sb^2)}$$

$$Sab = \sqrt{(0.591)^2(0.050)^2 + (0.781)^2(0.047)^2 + (0.050)^2(0.047)^2}$$

$$Sab = \sqrt{0.351781 + 0.61217 + 0.004709}$$

$$Sab = \sqrt{0.96866}$$

$$\underline{Sab = .984}$$

$$Z = \frac{ab}{sab}$$

$$Z = \frac{0.782 \times 0.591}{0.984205}$$

$$\underline{Z = .468}$$

Since the result of Z value is .468 which is less than the standard value of 1.96, thus it can be concluded that personality traits cannot be a significant mediator between performance appraisal and job satisfaction in the case of NIB International bank. Hence, the third hypothesis which states that ‘personality traits have mediating role on the relation between performance appraisal and job satisfaction’ is not supported.

Table 14: Summary of the Research Hypothesis Test Result

	Alternate Hypothesis	Result
H1	Performance appraisal has significant and positive effect on Job Satisfaction.	Supported
H2	Performance appraisal has significant and positive effect on Personality Traits	Supported
H3	Personality Traits has a mediating role on the relationship between performance appraisal and job satisfaction	Refuted

Source: SPSS output, 2022

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter winds up the study undertaken so far by giving insights about summary, conclusions, recommendations and highlighting limitations and suggestions for future research areas.

5.1. Summary of Major Findings

- With regards to general information of the respondents, out of the total respondents:
 - Male respondents constituted slightly higher percentage 127(52.7%),
 - 116(48.1%) was found to be within the age range of 18-31 years followed by 88(36.8%) within 31-40 years.
 - 177(73.4%) has first degree holders, followed by 48(19.9%) master's degree holders
 - Staff from customer handling and loan departments constituted 84(34.9%) and 77(32.0%) respectively.
 - Customer representative and team leader, managers accounted for 102(42.3%) and 69(28.6%) respectively.
- The correlation analysis showed that the five independent variables namely integrity, relevance, clarity, credibility, and fairness had strong relation with the dependent variable – employee job satisfaction at $p= 0.01$, by scoring a Pearson Correlation Coefficient “R-value” of .597, .673, .483, .566, and .395 respectively.
- Personality trait had strong and positive significant relationship with performance appraisal. Personality trait had positive and statistically positive relation with integrity ($r = .597$), relevance ($r = .673$), clarity ($r = .483$), credibility ($r = .556$) and fairness ($r = .395$).
- The model summary regarding the relationship between performance appraisal and personality, the R-value = 0.656 ($p < 0.05$) shows there is a positive and statistically significant relationship between personality trait and performance appraisal.

- From the regression analysis of performance appraisal and personality with the dependent variable, all the five independent variables of performance appraisal and personality as a mediator variable contribute to statistically significant at $p\text{-value} < 0.05$. The value ($R^2=.478$) indicated that, the performance appraisal variables (integrity, relevance, clarity, credibility, and fairness) and personality traits together explain 47.8% variance in the employee job satisfaction and the remaining 52.2% is explained by extraneous variables, which have not been included in the regression model.
- The results also illustrated that performance appraisal had positive and statistically significant effect on job satisfaction. Specifically
 - relevance is the first strongest predictor or has the most significant effect on the employee job satisfaction of NIB international bank because it has the highest Beta coefficient result ($\beta = .301$; $p < .05$).
 - The second strongest predictor of employee job satisfaction is integrity ($\beta=0.224$; $P < .05$).
 - Credibility is the third strongest predictor of employee job satisfaction identified in this study ($\beta= .201$; $P < .05$).
 - However, clarity ($\beta=0.176$; $P < .05$) and fairness ($\beta=0.156$; $P < .05$). had relatively the weakest predictor ($\beta=0.173$; $P < .05$).
- The personality trait did not show the mediating role between performance appraisal and employee job satisfaction in the context of NIB International Bank as the Z-value was found above 5% of the threshold value.

5.2. Conclusions

In contemporary competitive banking industry, keeping employees satisfied and retaining them longer is considered crucial in surviving and sustaining business. Banks also need to look for various HR management strategies in order to improve their employee's satisfaction. Similarly, the traditional HR management elements are not the only factors, reconciling the personality of individual staff with their performance is also to make decisions nowadays than ever before. Performance appraisal issues in regard to its integrity with the corporate objectives, relevancy, clarity, credibility, and fairness of appraisal process are key ingredients in decision making. This study investigated the influential dimensions of performance appraisal that measures the performance of each individual employee against predetermined criteria on employee job satisfaction along with examining the mediating role of individual personality between their relationship.

The results of this study imply that performance appraisal is a powerful human resource management tool which seems to be honored by employees. Appraisal systems with both monetary and contingent benefits have impact on job satisfaction. The relevance, integrity and credibility of performance appraisal systems have strongest and statistically significant contribution to employee job satisfaction. It is evidenced that individual staff personality moderates the relationship between performance appraisal and job satisfaction for employees scoring high on openness to experience. But, in this case, it showed insignificant mediating role of personality the fact that employees at NIB International Bank admitted that they are more of neurotic despite their conscientiousness. Hence, it seems to be really important that appraisals are linked to any kind of outcomes such as bonuses, promotions, or pay rises. The satisfaction of the staff at their works would also be enhanced through effective performance appraisal if openness and extroversion of staff are promoted through different HR strategies. If not, lack of openness and being neurotic would adversely affect job satisfaction.

It can be concluded that performance appraisal system implemented in NIB international bank is a direct driver of employee job satisfaction. The positive effect seems to be driven by appraisals related to relevancy, integrity, clarity, credibility, and fairness of the appraisal contents. Moreover, the analysis items on job-related pay, recognition, and the work itself evidenced that an appraisal culture may lead to a positive recognition by employees, which, in turn, might positively influence their job satisfaction. But competency in evaluating the staff's appraisal, rater's subjectivity and biases would adversely affect job satisfaction as fair and equity are the essence of effective appraisal system.

5.3. Recommendations

Based on the findings of the study, the research forwarded the following suggestions. Among these:

- The results illustrated that performance appraisal had positive and significant effect on employee job satisfaction. Specifically, relevance and integrity had the highest effect. More employee job satisfaction of NIB bank could be achieved through detailed and well-designed high efficiency performance system implementation. Reconciling measuring scales with the actual performance of individual employees and aligning the purpose of the appraisal with strategic, or business objective would also enhance the job satisfaction.
- Similarly, credibility also had positive and statistically significant higher effect on employee job satisfaction of NIB bank. Investing on supervisors who assigned to fill staff appraisal and believed to have details, instill confidence, and keeping confidential would also promote the staff's satisfaction at their assigned works. HR managers should train appraisal raters to have better excellence in managing appraisal related issues.
- Fairness and clarity dimensions of performance appraisal, however, had relatively less contribution to employee job satisfaction of NIB bank. HR managers of NIB bank shall consider not only the staff activity but also their perception on the value of the evaluator. The HR managers shall develop fair and clearly set objective appraisal tools by involving specialized appraisal rater to share experience to supervisors/managers to handle it professionally.
- Personality traits didn't have statistically significant mediating role on the relationship between performance appraisal and employee job satisfaction even if it had positive relationship with performance appraisal. Thus, managements shall utilize personality of individual staff as a basis for their job satisfaction through awakening them to be open/ extrovert and less neurotic. This would help in enhancing employee satisfaction in the long run.

Limitations and Recommendation for Future Research

As a research design, only branches located in Addis were taken as a study population it was not a complete representation of all branches in Ethiopia. The researcher faced challenges in data gathering as it was also sensitive and confidential information. It was also employed quantitative method for the analysis. Thus, the researcher suggests that a mixed research design i.e., both qualitative and quantitative shall be used to collect data from different geographic areas as qualitative study might give more detailed information from a different perspective in the future. This study was also cross-sectional and explanatory in nature. Future researchers could undertake more in-depth longitudinal study on other commercial banks.

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Appendix



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE**

Survey Questionnaire

Questionnaire to be filled by Respondents

Dear Participant,

My name is Yeabsira Bizuayehu, a postgraduate student of Addis Ababa University, School Of Commerce. I am my research entitled “The effect of performance appraisal on employee job satisfaction: the case of NIB International Bank in Addis Ababa” for the partial fulfillment of a master of degree in Business Leadership.

The purpose of this questionnaire is to gather information about employees’ perceptions regarding the existing performance appraisal practices in the company, and their effect on employee job satisfaction mediated by personality traits of individual staff. Your honest and sincere responses to this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purposes. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any questions, please feel free to contact me at the below contact:

Yeabsira Bizuayehu

Phone: +251 911 86 30 96

Email: yeabsirabizu@gmail.com

Thank you for your valuable time in advance!

General Direction

Your Participation is Voluntary

Do not write your name on the Questionnaire

Part I. General Information

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a tick mark (x) in the box.

1. Sex Female Male
2. Age (years old) 21 - 30 31 - 40 41 - 50
51 - 60
3. Education Diploma Degree Masters
 Other, please specify _____
4. Service Year 1 - 5 6 - 10 Above 10
5. Position Manager Team Leader Supervisor
 Customer Representative Others, please specify
6. Department Sales & Marketing Customer Handling
 Finance Administration
 Human Resource Management Forex Exchange
 Loan Others, please specify

Part II. Study Questions Related to Performance Appraisal, Job Satisfaction, and Personality Trait

Please read each statement carefully and show your level of agreement on the statements by putting the "X" mark in the boxes using the following 5-scale Likert scales: Strongly agreed (SA)= 5, Agreed (A)=4, Neutral (N)=3, Disagreed (DA)=2, and Strongly disagreed (SDA)=1.

Items		Scale				
		Strongly Disagreed	Disagreed	Neither Agreed or Disagreed	Agreed	Strongly Agreed
[POS] Performance Appraisal						
[INT] Integrity						
INT1	I believe that the performance appraisal aligns individual objectives with organizational goals					
INT2	I believe that the performance appraisal aligns team-based objectives with organizational goals.					
INT3	I can tell that the performance appraisal form measures departmental objectives					
INT4	I believe that the performance ratings are set based on how well I do my work					
INT5	The performance appraisal is linked to the annual bonus, performance-related pay, job promotion, etc.					
[RLV] Relevance		1	2	3	4	5
RLV1	The current performance appraisal system in my organization is related to my development					
RLV2	The performance criteria used in the appraisal form actually measure my real performance					
RLV3	The performance appraisal is based on the quality and quantity of my work but not on my personality or position					
RLV4	My supervisor utilizes the evaluation system to assess my performance objectively and without bias.					
RLV5	My organization makes sure that I am assigned a rater who is qualified to evaluate my work					
[CLR] Clarity		1	2	3	4	5
CLR1	There is clearly a predetermined standard & criteria based on which employee performance is measured.					
CLR2	I have a clear understanding of the performance measurement process.					
CLR3	My performance has been evaluated regularly					
CLR4	I have a full understanding of the performance appraisal process.					
[CRD] Credibility		1	2	3	4	5
CRD1	I feel my supervisor is competent to evaluate my performance.					

CRD2	My supervisor is familiar with the details and responsibilities that my performance entails.					
CRD3	I have confidence and trust in my immediate supervisor regarding his/her general fairness.					
CRD4	I trust my supervisor to accurately report my performance to his/her manager.					
CRD5	All the information obtained from the performance appraisal is confidential.					
[FAR] Fairness		1	2	3	4	5
FAR1	My last performance result correctly represents how well I have performed in my job.					
FAR2	I evaluated based on the previously set objective standards without subjectivity and bias.					
FAR3	My performance appraisal result provided me with a fair reflection of my performance.					
FAR4	The performance appraisal process of my company is free from discrimination and favoritism					
FAR5	There is a feeling of equity and fairness among employees regarding the performance appraisal process.					
[PRT] Personal Traits						
Neuroticism		1	2	3	4	5
NEU1	I am depressed, blue					
NEU2	I am relaxed and handle stress well					
NEU3	I can be tensed					
NEU4	I worry a lot					
NEU5	I get nervous easily					
Extraversion		1	2	3	4	5
EXT1	I am full of energy					
EXT2	I can generate a lot of enthusiasm					
EXT3	I tend to be quiet					
EXT4	I have an assertive personality					
EXT5	I am outgoing, sociable					
Openness		1	2	3	4	5
OPN1	I am an original who comes up with new ideas					
OPN2	I am curious about many different things					
OPN3	I am ingenious, a deep thinker					
OPN4	I have an active imagination					
OPN5	I value artistic, aesthetic experiences					

Agreeableness		1	2	3	4	5
AGR1	I tend to find fault with others					
AGR2	I am helpful and unselfish with others					
AGR3	I have a forgiving nature					
AGR4	I am considerate and kind to almost everyone					
AGR5	I like to cooperate with others					
Conscientiousness		1	2	3	4	5
CON1	I do a thorough job					
CON2	I am a reliable worker					
CON3	I tend to be organized					
CON4	I persevere (keep trying) until the task is finished					
CON5	I usually Do things efficiently					
[JSAT] Employee Job Satisfaction		1	2	3	4	5
CST1	I am happy with my work as it makes me busy all the time					
CST2	I feel I am being paid a fair amount for the work I do					
CST3	I am satisfied with my chances for promotion/ career development					
CST4	My supervisor/ immediate manager is fair to me					
CST5	I feel a sense of pride in doing my job					

Many thanks!!!

