



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS & ECONOMICS
DEPARTMENT OF MANAGEMENT**

The Effect of Performance Management System on Employees' Job Satisfaction: The Case of Ethiopian Airlines Group Maintenance, Repair & Overhaul Strategic Business Unit

A Thesis Submitted to Addis Ababa University College of Business & Economics in Partial Fulfillment of the Requirements for the Degree of Master of Science in Management Specialized in Total Quality Management & Organizational Excellence

By: Alemayehu Gadissa

**October 2021
Addis Ababa, Ethiopia**

The Effect of Performance Management System on Employees' Job Satisfaction: The Case of Ethiopian Airlines Group Maintenance, Repair & Overhaul Strategic Business Unit

**By:
Alemayehu Gadissa**

**Advisor:
Yohannes Workaferahu (PhD)**

A Thesis submitted to Addis Ababa University, College of Business & Economics in Partial Fulfillment of the Requirements for the Degree of Master of Science in Management Specialized in Total Quality Management & Organizational Excellence

**October 2021
Addis Ababa, Ethiopia**

Declaration

I the undersigned, hereby declare that the research work titled The Effect of Performance Management System on Employees' Job Satisfaction: The Case of Ethiopian Airlines Group Maintenance, Repair & Overhaul Strategic Business Unit is my original work performed under the advises & guidance of my advisor Yohannes Workaferahu (PhD).

I also declare that it is not submitted before for any institution for any purpose & all the resources used in the thesis are duly acknowledged & referenced.

Name: - Alemayehu Gadissa

ID: GSE/6996/11

Signature: _____

October 2021

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS & ECONOMICS
DEPARTMENT OF MANAGEMENT

The Effect of Performance Management System on Employees' Job Satisfaction: The Case of
Ethiopian Airlines Group Maintenance, Repair & Overhaul Strategic Business Unit

By:

Alemayehu Gadissa

ID No: GSE/6996/11

Approved by Board of Examiners:

Yohannes Workaferahu (PhD)

(Advisor)

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

October 2021
Addis Ababa, Ethiopia

Acknowledgment

First of all, I would like to thank the Almighty God for his kind support in all aspects of my life without which I would not make it here.

I want to extend my deepest gratitude to my advisor Yohannes Workaferahu (PhD) for his valuable advice, unreserved supports & guidance without which finalizing this paper would not be realized.

Taking this opportunity, I would like to thank my beloved families & all the people who in different ways help me in the process of writing this thesis.

Finally, I would like to extend my sincere appreciation for all Ethiopian airlines employees in general & ETG MRO employees in particular for their genuine participation in the study & assistances in providing the necessary inputs.

Alemayehu Gadissa

Table Contents

Acknowledgment	I
List of Tables	V
List of Figures	VI
List of Acronyms	VII
Abstract	VIII
CHAPTER ONE	1
INTRODUCTION	1
1.1- Background of the Study	1
1.2- Statement of the Problem	3
1.3- Research Questions	6
1.4- Objectives of the Study	6
1.4.1- General Objective	6
1.4.2- Specific Objectives	6
1.5- Relevance of the Study	6
1.6- Scope of the Study	7
1.7- Organization of the Study	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1- Performance Management System (PMS)	8
2.2- Benefits of PMS	9
2.3- Methods of Performance Appraisal (PA): The Key Component of PMS	10
2.3.1- The Past Oriented (Traditional) Methods	11
2.3.1.1- The Rating Scale Method	11
2.3.1.2- The Forced Distribution Method	12
2.3.1.3- The Forced Ranking Method	12
2.3.1.4- The Critical Incident Method	12
2.3.2- The Future Oriented (Modern) Methods	13
2.3.2.1- The Management by Objectives (MBO) Method	13
2.3.2.2- The 360 ⁰ Feedback Method	14
2.3.2.3- The Assessment Center Method	15

2.3.2.4- The Psychological Appraisals Methods	15
2.4- Stages of PMS	16
2.4.1- Performance planning	16
2.4.2- Performance evaluating	16
2.4.3- Rewarding performance	16
2.5- Employees' Job Satisfaction (JS).....	17
2.6- Ethiopian Airlines Group Performance Management System (ETG PMS)	18
2.7- Empirical Literature Review: Relationship between PMS & JS	21
2.8- Conceptual Framework	22
CHAPTER THREE	24
RESEARCH METHODOLOGY	24
3.1- Research Setting: Overview of ETG MRO Strategic Business Unit	24
3.1.1- Vision, Mission & Strategic Goals of ETG MRO Center	26
3.1.1.1- Vision.....	26
3.1.1.2- Mission	26
3.1.1.3- Strategic Goals.....	26
3.2- Research Design.....	27
3.3- Sampling Technique, Sample Frame & Sample Size	27
3.3.1- Sampling Technique.....	27
3.3.2- Sample Frame & Sample Size.....	28
3.4- Data Types & Sources	30
3.5- Research Instrument.....	30
3.6- Method of Data Analysis & Presentation	31
3.7- Validity & Reliability of Data.....	32
3.7.1- Validity of Data.....	32
3.7.2- Reliability of Data	32
3.8- Ethical Considerations	33
CHAPTER FOUR.....	35
DATA ANALYSIS & DISCUSSION OF RESULTS.....	35
4.1- Response Rate of Questionnaires.....	35
4.2- Demographic Characteristics of Respondents	35

4.3- Descriptive Analysis of Performance Management System & Employees' Job Satisfaction	37
4.3.1- Descriptive analysis of Performance Management System	38
4.3.2- Descriptive analysis of Job Satisfaction.....	47
4.4- Mean & Standard Deviation of Performance Management System & Job satisfaction	50
4.4.1- Mean & Standard Deviation of PMS	50
4.4.2- Mean & Standard Deviation of JS.....	55
4.5- Correlation Analysis	56
4.6- Multiple Regression Analysis	60
4.7- Discussion of Results.....	63
4.7.1- The Effect of Performance Planning on Job Satisfaction	63
4.7.2- The Effect of Performance Evaluating on Job Satisfaction	63
4.7.3- The Effect of Performance Rewarding on Job Satisfaction	64
CHAPTER FIVE	65
SUMMARY, CONCLUSIONS & RECOMMENDATIONS	65
5.1- Summary	65
5.2- Conclusions.....	67
5.3- Recommendations.....	67
5.4- Limitations of the Study.....	69
5.5- Directions for Future Study	70
References.....	71
Annexes.....	75

List of Tables

	Page No
Table 3.1: Sample size determination	29
Table 3.2: Reliability statics of the data collection instrument (Source: own survey, 2021)	33
Table 4.1: Descriptive analysis of performance planning (Source: own survey, 2021)	38
Table 4.2: Descriptive analysis of performance evaluating (Source: own survey, 2021)	40
Table 4.3: Descriptive analysis of performance rewarding (Source: own survey, 2021)	44
Table 4.4: Descriptive analysis of job satisfaction (Source: own survey, 2021)	47
Table 4.5: Mean & Standard Deviation of PMS (Source: own survey, 2021)	51
Table 4.6: Mean & Standard Deviation of JS (Source: own survey, 2021)	55
Table 4.7: Correlation Analysis (Source: own survey, 2021)	57
Table 4.8: Model Summary of Regression Analysis (Source: own survey, 2021)	60
Table 4.9: ANOVA table (Source: own survey, 2021)	61
Table 4.10: Coefficients (Source: own survey, 2021)	62

List of Figures

	Page No
Figure 2.1: Typical performance management stages (Source: Elaine, 2004)	17
Figure 4.1: Demographic characteristics of respondents (Source: own survey, 2021)	36
Figure 4.2: Test of Normality	58
Figure 4.3: Test for Linearity	59
Figure 4.4: Test for Homoscedasticity	59
Figure 4.5: Test for Multicollinearity	60

List of Acronyms

A/C:	Aircraft
CPR:	Continuous Performance Review
EAA:	Ethiopian Airlines Group Aviation Academy
ECAA:	Ethiopian Civil Aviation Authority
ETG:	Ethiopian Airlines Group
ETG MRO:	Ethiopian Airlines Group Maintenance, Repair & Overhaul strategic business unit
ETG V2035:	Ethiopian Airlines Group Vision 2035
HRM:	Human Resource Management
IBM:	International Business Machines Corporation
JS:	Job Satisfaction
KPI:	Key Performance Indicators
MBO:	Management by Objectives
PA:	Performance Appraisal
PE:	Performance Evaluation stage of PMS
PIP:	Performance Improvement Plan
PMS:	Performance Management System
PP:	Performance Planning stage of PMS
PR:	Performance Rewarding stage of PMS
QMS:	Quality Management System
SD:	Standard Deviation
SMART:	Specific, Measurable, Achievable, Relevant & Time bound
SMS:	Safety Management System
SPSS:	Statistical Packages for Social Science
TWA:	Trans World Airlines
USD:	United States Dollar
VUCA:	Volatile, Uncertain, Complex and Ambiguous

Abstract

The aim of this thesis was to examine the effect of performance management system on employees' job satisfaction: the case of Ethiopian airlines group maintenance, repair & overhaul strategic business unit. The study used explanatory also known as causal research method to understand the causal relationship between PMS & JS. To analyze the relationship, the researcher adopted both quantitative & qualitative research methods. Among 350 sample employees, 298 which is 85.14% employees returned properly answered self-administered questionnaire distributed using the stratified random sampling techniques. The IBM SPSS version 26 is used in the study to analyze & present the descriptive & inferential statistics. The correlation analysis result indicated that the three stages of PMS: PP, PE & PR have statistically significant positive relationship with employees' job satisfaction. The regression analysis result of adjusted R^2 which is the degree of association between stages of PMS & JS revealed that 60.3% of variation in JS is explained by the change in PMS. The study also found that employees are not satisfied with the current performance monitoring, feedback, performance based benefit distributions, practical application of PMS & its appeal process. In these areas, the researcher forwarded recommendations to the airline to take remedial actions focusing on the important stages of PMS so as to increase employees' JS which ultimately make them asset for the company.

Key words: *performance management system, employees' job satisfaction, performance planning, performance evaluating, performance rewarding.*

CHAPTER ONE

INTRODUCTION

1.1- Background of the Study

Due to the complex nature of management, management functions differ from organization to organization and there is no unanimity on the classification of managerial functions. Considering the overlapping of the functions and the way how managers pursue goals, Robert & Wayne (2020) primarily revolved functions of management around the four basic areas of planning, organizing, leading, and controlling. Replacing the leading function with actuating function, George (1968) defined management as a distinct process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources.

Basically, having these roles, the main purpose of the management of any organization is to meet organizational goals by effective use of the human and material resources. The manager is the dynamic, life-giving element in every business; without his leadership the “resources of production” remain resources and never become production (Peter, 1954).

Of the four basic management functions, controlling is considered as the most important function that involves human side of the organization by establishing, measuring and evaluating performance of activities against the planned objectives. Management involves in ensuring plan accomplishment by controlling and problem-solving in the formal and informal ways comparing results to the plan, identifying deviations and then planning and organizing to solve the problems (Armstrong, 2009).

With reference to production resources, the Human Resource (HR) is at the centre of all resources and its management is highly crucial for the success of an organization. In line with this idea, Ronald (2002) emphasized that effective management of organizations’ HR is the major source of competitive advantage and may even be the single most important determinant of organizations’ performance over long term.

In today’s highly competitive global economy, high performer manpower is crucially important. The functional area of the general management specialized in so called ‘man management’ and

directly engaged in managing this critical and most important resource of any organization is the Human Resource Management (HRM). Identifying and developing the employees of an organization is one function of HRM (William, 2012). The overall purpose of human resource management is to ensure that the organization is able to achieve success through people (Armstrong, 2006).

With ultimate objectives of providing competent and productive employees to the organization, HR managers have the duties that include human resource planning, recruiting and selecting employees, training and development, designing compensation and benefit systems, and formulating Performance Management Systems (PMS). William (2012) explained that PMS related role of HR encompasses measurement of employees and organizational effectiveness; and measuring organizational effectiveness is the process of assessing how well an organization is in achieving its deliverables.

Healthy control system, therefore involves putting systems in place to make sure that the organization is on the right track to meet the established goals in the planning process. Planning sets standards to compare against and the control process is the dashboard that tells whether or not the organization is meeting the standards. In this view Gareth & Jennifer (2018) claim that an organization's structure provides the organization with a skeleton, but its control systems give it the muscles, strengths, nerves, and sensations that allow managers to regulate and govern its activities; the system also give managers specific feedback on how well the organization and its members are performing towards common goals.

Lee (2001) views PMS as one of the important component of rational and systemic process of HRM. The information obtained through PMS provides foundation for recruiting and selecting new hires, training and development of existing staff, and motivating and maintaining a quality work force by adequately and properly rewarding their performance. Jennifer & Gareth (2012) indicated that performance management has two overarching goals: encouraging high levels of employee motivation and performance as well as providing accurate information to be used in managerial decision making. Armstrong & Taylor (2013) also wrote that in any organization context, HR performance management is aimed at achieving two major objectives: organizational profitability and employee job satisfaction (JS).

From individual to individual, factors that lead to job satisfaction may differ but recognition and encouragement of employees through different systems such as good evaluation system certainly encourages and motivates employees to continue their effort for the achievement of organizational goals. Armstrong (2009) described that development of appropriate attitudes, skills and behaviors are achieved through recruitment, training, performance management and reward processes. He further links that employees with high job satisfaction are more likely to create satisfied customers, which means paying close attention to employee needs and measuring their attitudes through regular surveys ultimately helps in creating satisfied customers.

As the basic component of PMS, without a reliable Performance Appraisal (PA) system, a human resource management system falls apart, resulting in the total waste of the valuable human assets a company has. Among the key functions of HRM of any organization is installing appropriate controlling mechanism that is mainly the PMS that influences performance management of employees, their JS and commitment to the organization. As one of the important areas of study, large number of researches conducted in different sectors focusing on the relationship between PMS and JS of employees and the results revealed that well practiced PMS have positive impact on the JS of employees (Abdelhadi, Jamal, & Andre, 2015, pp. 40-53, Kampkotter, 2014, and Ramous, Ge, Lavish, Zipporah, & Isaac, 2016).

1.2- Statement of the Problem

The last more than seven decade achievements of Ethiopian Airlines Group (ETG) presented many important and interesting research problems that need research efforts. While reporting and celebrating achievement of the airline, the board and the management of the airline always praise the employees as the backbone of the airline growth.

According to ETG PMS procedure manual (2019), to guide the important HR of the company, ETG uses the PMS as a tool of executing its strategies, goals and objectives by cascading throughout the company right down to the individual level and applicable at all levels of the airline departments. The performance evaluation is conducted based on the semi-annual approach that is twice a year and the average rating result of the two ratings will be the annual performance indicator of an employee.

By its nature, PMS and its outcomes highly affect employees' behavior, job satisfaction and morale. This situation dictates that all its processes need utmost care while formulating and implementing. The failure to handle the PMS processes as they should be otherwise challenges both the reviewer and the reviewee leading them to dissatisfaction followed by common work place related problems such as lateness, absenteeism, having unproductive hours, leaving work place without permission and in its worst case causing employee resignation or separation from the company.

Max (2009) explained that "One of the most uncomfortable moments in any manager's working year is when he or she must conduct a performance evaluation. Whether an uncomfortable moment or not, performance evaluation is an important management tool with which to assess any given employee's performance and to motivate him or her to either improve or continue to perform to company standards. Proper preparation and structuring of a performance evaluation can transform it from a confrontation into a worthwhile collaboration between you, the employer, and your employees".

Henderson (1984) considered that performance management being one of the most complex tasks it should be done in an objective and standardized system if it is to fulfil its intended objective or goal. When appraisal is done poorly or even done well under unsatisfactory operating conditions it can lead to increase employee anxiety and hostility and eventually to poor use of human and non-human resources, increase cost and declining productivity.

As many business organizations, ETG uses performance results of employees as a base of management decisions in matters of rewarding, promoting, developing and supporting career developments of employees throughout their stay in the organization. The decisions on these issues and their application on the other hand are much important and extremely affect employees' personal objectives.

Related to the PMS practices of ETG MRO center, the researcher had a chance of observing employees' dissatisfaction witnessed by arguments between employees and their respective immediate supervisors mostly during the times of performance review and feedback discussions. The researcher also made informal discussions with some employees of ETG MRO strategic business unit, supporting the personal observation of the researcher, the responses of many

employees in the discussions shown that their attitude towards the overall practice of the PMS is more of hostile and they are unhappy with the specific issues and processes such as lack of getting continuous performance feedbacks, using one time incident for overall evaluation, supervisors lack of understanding about the PMS and having no genuine performance result appeal processes.

Having these researcher insights, the researcher tried searching for prior research works, publications etc. in the area to get scientific understanding and knowledge in the area and found many helpful research works, articles and other pieces that give a good picture of understanding about the performance management system, job satisfaction and the relationship between the two. The study carried out by Metasebiya (2017) in the banking industry found positive relationship between PMS and employees' JS. In same industry, Shewit (2017) found that the major components of PA have positive relationship with JS and 95.7%, of variation in JS is explained by major components of PA. she also indicated that majority of the employees are not satisfied with current PA system.

Jean (2018), confirmed the positive association between PMS and JS among employees surveyed within the retail business sector. Focusing on ETG, two researches have been conducted by Tewabech (2016) and Kaleab (2019) in areas of Business Score Card (BSC), organizational performance, employees' promotion and job satisfaction. Tewabech findings indicated that evaluating employees using the Individual Score Card (ISC) which is the cascaded implementation of the BSC have positive impact on the performance of ETG. According to Kaleab, employees have positive feeling about the promotion policy and the associated JS but the research results indicated that employees have negative attitudes regarding the PA and its consequence in practical implementation of promotion procedure in the organization.

While referring the previous works in the area, the researcher identified as there is a knowledge gap about PMS of ETG in general and the MRO strategic business unit in particular. Taking these research gaps and problems at hand, this study examined the effect of performance management system on employees' job satisfaction in the case of Ethiopian airlines group maintenance, repair & overhaul strategic business unit.

1.3- Research Questions

This study aims at answering the following research questions:

1. What particular type(s) of PMS is(are) currently in practice in ETG?
2. How does the PMS influence Employees' JS, and to what level is its effect?

1.4- Objectives of the Study

1.4.1- General Objective

Generally, this study has the objective of examining the effect of performance management system on employees' job satisfaction in the case of Ethiopian airlines group maintenance, repair & overhaul strategic business.

1.4.2- Specific Objectives

Specifically, this research has the objectives of: -

1. Presenting and clarifying various views revolving around PMS and JS.
2. Presenting the type of PMS in ETG and assessing its practice in the MRO strategic business unit.
3. Empirically testing the relationship between PMS and JS.
4. Finally, finding out the effect of PMS on the level of JS and come up with some possible recommendations that help for better implementation of PMS so as to enhance employees' JS.

1.5- Relevance of the Study

Based on its focus areas, the findings of the study are believed to be primarily significant to ETG MRO strategic business unit in giving clue references for the analysis and operationalization of the PMS in a way that leads to the JS of its employees. On the other hand, as this study raises variety of PMS and JS related perspectives such as methods performance appraisal, benefits of the PMS, stages of PMS and the relationship between PMS components and JS etc., the research will certainly be informative.

In addition to the above relevancies, this research contributes to the existing knowledge in the area; it can also be used as reference and guide by other researchers interested to conduct researches on same topic or related areas of study.

1.6- Scope of the Study

The scope of this study is delimited to examining the effect of PMS on employees' JS of ETG MRO strategic business unit management and non-management employees that are currently working at Bole International Airport- the Headquarters of Ethiopian Airlines Group. The scope of this research does not include ETG MRO employees that are on foreign assignments and also other HR elements of the focus area.

1.7- Organization of the Study

In general, this study consists of five chapters. The first chapter is all about introduction of the research topic. Chapter two reviews key theoretical and empirical literatures regarding the research area. The third chapter presents and justifies the research methodology and measurement techniques to be applied. In chapter four, the collected data will be analyzed and the results will be discussed. The fifth and the final chapter is all about summarizing and concluding the major findings of the study as well as recommending some tips for the better implementation of PMS to bring JS to employees. At the end of the chapters, references and annexes follow

CHAPTER TWO

LITERATURE REVIEW

In this chapter, theoretical and empirical concepts of Performance Management System, benefits of Performance Management System, methods of Performance Appraisal, Stages of Performance Management System, Employees' Job Satisfaction and Ethiopian Airlines Group Performance Management System are presented in detail.

2.1- Performance Management System (PMS)

As an important HRM tool and with the central themes of creating high performer, satisfied and committed employees that can achieve the sought organizational goals, performance management is defined by different scholars in different ways.

As per Armstrong (2006), performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. Processes exist for establishing shared understanding about what is to be achieved and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management.

Taking the PMS as an umbrella term, Ronald (2002) defined it as the integration of PA systems within broader HRM systems as a means of aligning employees' work behaviours with the organization's goals. Thus a performance management consists of the process used to identify, encourage, measure, evaluate, improve and reward employee performance at work.

Davinder (2010), comprehensively defined performance management as a way of systematically managing all the ever changing people for innovation, goal focus, productivity and satisfaction; it is a goal-congruent win-win plan. Its main aim is to ensure success for all managees and all task teams who believe in its approach, and implement it with sincerity and commitment. The managees' success must reflect in the organization's bottom-line in terms of fulfillment of its planned goals.

Contemplating the dynamic nature of PMS, Davinder further explained that performance management is an unending spiral, linking processes such as performance planning, performance managing throughout the year, taking stock of managees performance and potential, at the same time recognizing and rewarding success at the end of the year. The system links these processes in a manner that an individual manager's performance targets continuously subscribe to those of the total organization- providing consistent super coordination to create positive goal-oriented task motivation and reduce intra-organizational conflict.

From the view point of the very purposes of PMS, John (2005) defined performance management as a tool to be used for operational and cultural purposes. For operational reason, he defined it as instrument serving to lead and control employees in the increasingly competitive environment by arming them with clear guidance and direction towards the organization's aims and objectives that ultimately link them with organization's mission and strategic directions. For the cultural purpose, it can be featured as the overall drive to build a more open relationship with employees by creating shared organizational plans that employees always have a higher motivation towards goals and it provides the opportunity for employees to have a voice in the process through the individual performance plan, in whatever form it is agreed.

2.2- Benefits of PMS

The importance of PMS system in any organization is well understood as the process that ensures the set of activities and outputs in an organization meets the predefined strategic goals of the organization in an effective and efficient manner. To lead the throat cutting competitions and get fair share of market, business organizations needs to have high performer employees that translate the predefined organizational strategic objectives into actions. To this end, organizations use different employees grooming tools and one of these important tools is well articulated PMS.

As explained by the Management Training and Development (MTD) team, performance management, as the name suggests, it is often referred to as the on-going activity of managing and hopefully improving the performance of staffs (MTD training article 2010). According to Armstrong (2006), the key purpose of PMs is to make people do right things by achieving goal clarity and the overall aim of performance management is to create a high-performance culture in an organization whereby 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.

As a continuous process, the PMS guides every individual's effort towards the central goals of an organization with the comprehensive central purposes of (William, 2012):

- ✓ Helping the organization to measure how activities are in line with and towards the organizational goals.
- ✓ Establishing employees of work expectations and maintaining satisfactory level of employees' performance.
- ✓ Using the performance results as basis of managerial decisions such as training needs, promotion, layoffs, terminations etc.
- ✓ Facilitating fair and equitable compensation for employees based on their performance and contribution to the organization.

2.3- Methods of Performance Appraisal (PA): The Key Component of PMS

Although, the PMS and PA are usually regarded as similar concepts and synonyms, the two are quite different that PA is the component and practical stage of the PMS. In this regard, Armstrong (2006), stated that PA is the formal assessment and rating of individuals by their managers; in contrast, PMS is a continuous and much wider, more comprehensive and more natural process of management that clarifies mutual expectations, emphasizes the support role of managers who are expected to act as coaches rather than judges and focuses on the future.

For Elaine (2004), the PMS typically includes the PA and employee development which are the "Achilles' heel" of the HRM. As the important practical stages of the overall PMS, they suffer flaws in many organizations, with employees and managers regularly complain about their ineffectiveness. Having the stated benefits of boosting employees' productivity and improving their outcomes, the key component and the critical stage of the overall PMS is the practical employees' PA also known as Performance Evaluation (PE).

Based on their preferences, different PE systems are practiced by different organizations so as to measure the quantity and quality of employees' job performances. All the different methods could be effective for some purposes, for some organizations and none should be dismissed or

accepted as appropriate except as they relate to the particular needs of the organization or of a particular type of employees.

As an important HR developmental and administrative tool, the selection of what type of method best fits for the particular organization is up to the HR managers who thoroughly understand the existing organizational processes and integrates them with the best method. Once the best fit method is selected, it will be applied based on the predetermined timeframe which can be quarterly, half-yearly or annually to evaluate employees' performance and productivity against the set of organizational objectives. In broader sense, all the PE methods can be divided in to two categories: the past oriented methods and the future oriented methods (Management Study HQ website, viewed on September 02, 2021).

2.3.1- The Past Oriented (Traditional) Methods

As one of the major objectives and benefits of PMS, Mohrman, Resnick, & Lawler (1989), advocate that designing the PE systems need to be out of the "back room" of the organization for treating performance management as a major organizational change effort in order to correct past problems and insufficiencies. The most commonly applied past oriented (traditional) performance assessment methods are: The Rating Scale, The Forced Distribution, The Forced Ranking and The Quota Methods.

2.3.1.1- The Rating Scale Method

This method is the simplest and most popular technique for appraising employee performance. The typical rating scale system consists of several numerical scales, each representing a job related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation, and the like. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion; then computes the employee's total numerical score (Management Study HQ website, viewed on September 02, 2021).

Although the rating scale method offers advantages of adaptability, relatively easy to apply in many job types and it is low cost, it has also its own demerits mainly related to the very nature of PE practices. If not applied with rich information, the rating result has a chance to be exposed to subjectivity and bias of the rater that can be witnessed by different rating result given for a single individual if rated by different performance reviewers. Conforming this, Armstrong (2006) wrote that even if objectivity is achieved in the rating process, the total performance of a person with a

single rating is a gross oversimplification of what may be a complex set of factors influencing that performance which makes the rating superficial and arbitrary judgment.

2.3.1.2- The Forced Distribution Method

The forced distribution evaluation method dictates the distribution of the performance results at the level of the certain team or the whole organization. The performance raters are expected to rate the reviewees based on the predefined distribution commonly as high performers, per-standard performers and below standard performers. The method basically operates assuming that the performance level of employees naturally differs due to different reasons that follow a fashion of normal distribution on all rating scales.

Having the advantages of achieving consistency and avoiding the rating errors of leniency followed by grouping most of employees around some point on the rating scale, is also has disadvantages of the possibility of destructing the morale of employees' primarily those forced to be at the lower rating scale. According to Armstrong (2006), the weakness of this method is rooted in its initial assumption of normal distribution of rating results in an organization. Since there are so many other factors at work that affect employees' performance such as good recruitment and development practices and retaining only the good performers, for him, there is no evidence that performance in an organization is distributed normally.

2.3.1.3- The Forced Ranking Method

The other traditional PA method which is the development of the forced distribution method is the forced ranking method. In this method, the rater ranks employees in the order of their merit, starting from the best to the worst without fractionalizing what is being appraised into component elements. The major advantages of forced ranking include ease of administration and explanation.

Although rankings by two or more raters can be averaged to help reduce biases, this method is subject to the halo and recency effects. In the case of ranking, it is therefore unclear what the resulting order of employees truly represents. If used at all, ranks must be accompanied by meaningful performance data (Armstrong, 2006).

2.3.1.4- The Critical Incident Method

The focus of the critical incidents method is certain good or bad critical behaviors of employees during their performance period. In this case, supervisors are expected to record every

occurrence that is relevant and related to the performances of employees. This evaluation method involves identifying and describing specific incidents where employees did something really well or that needs improvement during the performance period. Under this method, supervisors describe critical incidents, giving details of both positive and negative behavior of the employee and discuss same with the employee (Manish & Rajneesh, 2014).

This method of appraisal has the advantages of evaluating employees based on actual job behavior, supporting rating results with evidences and avoiding the recency bias (Armstrong, 2006). On the other hand, this method has limitations of noticing bad incidents than positive ones, forgetting and impracticality of recording all significant incidents and over supervising employees to the level of frustration followed by assuming the recorded incidents as a means of punishment rather than performance review.

2.3.2- The Future Oriented (Modern) Methods

Although, the analysis of past performance is a necessary condition for preparation of performance and development plans for the future, the tendency to dwell on the past rather than looking to the future must be avoided if the review is aimed at making any positive motivational impact (Armstrong, 2006). Considering this aspect, the modern and future oriented PE methods are in action in today's business environment (Elaine 2004). The most commonly used future oriented (modern) methods are: the Management by Objectives (MBO), the 360⁰ Feedback, the Assessment Center and the Psychological Appraisal Methods (Kissflow HR website, viewed on March 01, 2021).

2.3.2.1- The Management by Objectives (MBO) Method

The MBO is a process whereby managers and employees in an organization identify common goals together, plan, define each individual's major areas of responsibility and communicate objectives to focus on results expected (Davinder, 2010). After setting clear goals, managers and subordinates periodically discuss the progress made to control and debate on the feasibility of achieving those set objectives. As indicated in the MTD training article (2010), the MBO follows the suitable goal setting method that stood the test of time for matching organizational goals with objectives of employees and validate the objectives using the Specific, Measurable, Achievable, Realistic and Time-sensitive (SMART) measurements.

When the agreement is reached between the managers and the employees on what is expected during the specified review period, the agreed targets started to be used as performance measurements of the employee. At the end of the target period, each employee will be evaluated; the more contributing employees will be rewarded with salary increment, bonus payments, promotion etc. and the low performer will be planned to pass through different performance improvement plans.

To improve the business, employees' commitment and organizational goal accomplishments, the MBO process needs to be rooted in the organization wide goal setting and evaluation system. Although this method is suitable for measuring both quantitative and qualitative output of employees of any size business, it has also a chance of failure due to incomplete MBO program, poor corporate objectives and absence of top management involvement in its entire process.

2.3.2.2- The 360⁰ Feedback Method

This evaluation method is a multi-dimensional, multi-source & multi-rater method that evaluates an employee using feedback collected from the employee's circle of influence such as employee's subordinates, managers, colleagues, customers and the self-evaluation of the employee. This method mainly integrates the self-evaluation, managerial reviews, peer reviews, subordinates' review and customers' review together for evaluating the performance of the employee.

As this method obtain information concerning the reviewee from a variety of sources, a more all-round version of an employee's performance can be gathered together that ultimately make the evaluation more convincing to all parties (John, 2005). Further, Antonioni (1996), explained that the concept of 360⁰ evaluations are straight-forward enough. In the system, individuals evaluate themselves and receive feedback from other employees and organizational members. The feedback comes from an individual's immediate supervisor and peers; and if the individual is a manager, from his/her direct subordinates.

The 360⁰ feedback method has the advantages of enabling the employee to see his/her strength and weakness by direct self-evaluating which encourages the employee to invest in self-development and embrace change management. The method also eliminates bias in performance reviews and integrates performance feedback with work culture of the organization. The method is ideal for private organizations than public organizations because of leniency of peer reviews in

public organizations that can be failure source of the method in addition to cultural diversity, competition among employees and misguided feedback.

2.3.2.3- The Assessment Center Method

The assessment center method enables employees to know how others observe them and its impact on their performance. The method has the key advantage of not only assessing the current performance of an employee but also it predicts the future performance. While assessing, employees are asked to participate in social-simulation exercises such as in-basket exercises, informal discussions, fact-finding exercises, decision-making activities, role-play and other exercises that have the objectives of ensuring employees' success in a role.

This method is good for service provider companies, manufacturing organizations and educational institutions to find future organizational leaders and managers. The method has the advantages of improving the participants' knowledge, tailor them to fit different roles and offer insight of the employees' personality such as ethics, tolerance, problem-solving skill, introversion/extroversion, adaptability, etc. On the other hand, the method has the major disadvantages of consuming time, higher cost and difficulty of managing the processes.

2.3.2.4- The Psychological Appraisals Methods

The psychological appraisals method is more directed to assess employee's hidden potential for the future performance rather than the past one. The appraisal focuses on the employee's emotional, intellectual, personal skills, cognitive abilities, leadership skills, personality traits and other related skills. It is done by qualified psychologists using variety of tests like in-depth interviews, psychological tests, discussions and more to assess the employee effectively.

This method is more effective on young employees who may have considerable potential and help the hidden introverted or shy employees to shine and prove their potential. On the other hand, the psychological appraisals method is slow and bit complex process and the results obtained are extremely dependent on the administering psychologist and the procedures used.

This method can be used in large enterprises for the reasons of developing successors of leadership positions and team building. Concerning its disadvantages, the results of psychological reviews may not reflect the actual scenario and may even totally fail due to lack of training, lack of trained psychologists to administer evaluation, anxiety of candidates, etc.

2.4- Stages of PMS

Even though PMS differ from organization to organization based on business needs, organizational culture and the system's integration with other HRM systems, the overall performance management process more or less follows the following sub-processes:

2.4.1- Performance planning

- ✚ Determining organizational strategies and goals
- ✚ Setting employees' performance target based on strategies and goals of the organization

2.4.2- Performance evaluating

- ✚ Continuous monitoring of employees' activities (on-going feedback)
- ✚ Measurement of actual performance (performance appraisal)
- ✚ Comparing employees' actual performance with predefined targets and standards.

2.4.3- Rewarding performance

- ✚ Rewarding and recognizing employees based on their performance achievement.
- ✚ Preparing Performance Improvement Plan (PIP) based on the variances between actual performance and the set target (taking corrective actions to ensure improvement of performance in the future)

Summarizing these PMS stages, Elaine (2004) clarified that for PMS to be effective and fruitful, it must be based on a plan in line with the objectives of the organization. The system must be designed in such a way that employees' performances needs to be monitored continuously and feedback provided to employees for better achievement. There must be measurement of actual performance to ascertain deviations and to take action to remedy the deviations. Finally, the overall performance of must be reviewed to see how much the bigger organizational objectives are met.



Figure 2.1: Typical performance management stages (Source: Elaine, 2004)

2.5- Employees' Job Satisfaction (JS)

As one of the complex area of managing employees and due to inconclusiveness of what really satisfies different employees even among workers in the same workplace, there is no generally agreed definition for employees' Job Satisfaction and its components. Although, the very nature of JS idea is complex, inconclusive and linked to the individual worker's feelings, different scholars, authors and researchers have defined it in different ways.

As defined by Armstrong (2009), JS refers to the attitudes and feelings people have about their work. As a broader term consisting of many dimensions, Hoppock (1935) defined JS as an essential criterion that cannot be overestimated, representing a combination of psychological, physiological and environmental circumstances that determine employees' satisfaction with their job. Spector (1997) on the other hand comprehensively defined JS as the degree to which people like their jobs.

Reinforcing the complexity and inconclusiveness, Fred (2011) explained JS in three dimensions. First, JS is an emotional response to a job situation; as such, it cannot be seen, it can only be inferred. Second, JS is often determined by how well outcomes meet or exceed expectations of employees that will probably have a positive or negative attitude toward their work, boss, and/or coworkers. Third, JS represents several related attitudes.

Correspondingly, for Kenneth (1987), JS is a difficult thing to measure that it is tied to expectations of the worker who answer the question about how much he or she is satisfied with their job, and it is difficult to evaluate against a fixed scale of intensity. At what point, for example, do an individual's cumulative negative feelings add up to an overall assessment that he or she is dissatisfied with the given job? Only the individual can make such a judgment.

From the emotional feeling point of view, Locke (2004) described job satisfaction as a pleasurable or positive emotion state resulting from the appraisal of one's job or job experiences and it is how positively or negatively a person feels about different aspects of his or her job, as well as how one responds to different work conditions.

2.6- Ethiopian Airlines Group Performance Management System (ETG PMS)

According to ETG HRM procedure manual (2019), the ETG has the Balanced Score Card/Individual Score Card type of PMS. The PMS is implemented in ETG with the major objectives of:

- Providing a common strategic communication platform linking the management and other members of the Airline.
- Achieving a balance among short-term, medium-term and long-term strategic objectives and goals of the Airline through a diverse measurement of performance.
- Promoting organizational learning through a repeated cycle of goal setting, feedback, counselling coaching and performance evaluation.
- Identifying training and development requirement of employees for their performance improvements.
- Supporting employees to continuous improve their performance and career development.
- Rewarding employees based on their contribution and productivity of the airline

Having these above listed purposes, ETG implements the PMS following the stages of target preparation, Continuous Performance Review (CPR), performance evaluation, identifying gaps between actual performance and the target, preparing PIP and finally rewarding employees based on average performance scores of the two semi-annual reviews.

The target preparation starts one month ahead of the new budget year. At this stage, employees participate in giving inputs for the target and critically review their respective area Key Performance Indicators (KPI) so as to confirm if it is related to their specific job descriptions, duties and responsibilities. The target setting follows the Management by Objectives (MBO) principles in which the strategic management aims at improving the performance of the airline by clearly defining employees' KPI that are agreed by both the management and employees. Accordingly, the KPI are determined based on SMART goal setting principles.

The set target is then checked for their horizontal and vertical alignment; the horizontal alignment ties the activities of different departments together to support each other. The vertical alignment on the other hand ensures that the overall objectives and missions are not overlooked while setting individual and team targets.

In the CPR stage, the performance of every employee is continuously reviewed using the automated Ethiopian Airlines Group Performance Management System (ETG PMS). The monthly performance of employees is recorded in ETG PMS by the immediate supervisor and feedback is provided to employees to help them to proceed with their good performance and improve their poor performance areas. The three monthly reviews then will be used to evaluate employees' quarter performance which will be again used as feedback mechanism.

Once collecting the monthly and quarterly performance reviews, the semi-annual performance evaluation is executed. Concerning the practice of performance appraisal method, ETG uses a mix of both past oriented (traditional) and future oriented (modern) methods of performance appraisal. From the traditional methods, the forced distribution and the critical incident methods are hugely practiced. Using the forced distribution method, the airline differentiates the performance of its employees on a clearly cut percentage share: from the total employees, 20% are expected to be high performers (superstar employees), 70% per standard performers (core employees) and 10% under performers. Similarly, the critical incident method is also practiced in

such a way that immediate supervisors are expected to record every KPI related incidents and log on the automated performance diary system of the Airline that ultimately will be used as a based on rating as well as feedback discussions.

Together with the traditional methods, the Airline practices the future oriented (modern) appraisal methods for creating high performer employees that will in turn create a world class competitive workforce. The two modern methods almost equally applied as the traditional methods are the MBO and the 360⁰ feedback methods. The MBO method has a footprint in the ETG PMS system from its start of setting performance targets. The method is applied at this stage for having the performance targets set by equal participation of the appraiser and the appraisee. The other major reason of using MBO method is to integrate the bigger strategic goals of the Airline with every performance of employees that smoothens and makes the whole activities of the company relatively harmonized.

The other modern evaluation method, the 360⁰ feedback method is practiced in ETG PMS considering the overall and multi-dimensional feedback as a crucial element and indicator of the success of both the Airline as well as individual employees. While appraising the performance of individual employee or a team of employees, feedbacks are collected from all internal and external customers in the form of market feedback analysis, service level agreements and customer satisfaction surveys. In addition to these, compliments and complaints from internal and external customers, fellow workers, other department staffs expressed in the form of appreciation letters, comments of dissatisfaction etc. directed towards employees are used as inputs of the appraisal and affect the performance rating results of the subject employees.

Based on this mixed method, the airline evaluates employees' performance twice a year in the months of January and July. The evaluation will be done on the automated ETG PMS; before finalizing the evaluation and sending the evaluation results to personal email of employees for their review, some completed evaluation samples will be checked for quality and any other errors by a team composed of management staffs of related departments, divisional HR and corporate HR representatives. Passing the quality checks, the evaluation results will be sent for each employee for their review and get ready for feedback discussion with their performance reviewers (mostly their immediate supervisors).

For this evaluation, ETG uses two appraisals types: appraisal for management staffs and non-management staffs. The management appraisal type will be applied to all management employees and the non-management appraisal type will be applied to all permanent non-management employees. Both the appraisal types are also integrated with the compensation management for performance-based incentives, career development and succession planning decision makings.

Finally, all the performance results are compiled based on the performance score which is used to differentiate employees as per their individual performance score out of 5 points. Therefore, employees are divided in to three categories: the first is the super stars or 20% of the total employees having the score of >4 , the second is the core (base) employees that accounts 70% of the total employees that scored ≥ 2.5 and <4 , and the third category is the under performer with the 10% of total employees that scored <2.5 .

As stipulated in the PMS procedure manual, one of the ultimate goals of ETG PMS is creating high performer employees and high learning organization. To meet this goal, the PIP is prepared for employees that are identified as low performers. The PIP is used for closely monitoring the performance of the subject employee during the coming semi-annual performance evaluation period in the form of performance improvement plan to attain and sustain an acceptable level of work performance.

2.7- Empirical Literature Review: Relationship between PMS & JS

Many researches have been conducted on the relationship between performance management system and employees' job satisfaction. Although the level of employees' JS is affected by many factors, empirical evidences indicate that JS is positively related to PMS from moderate to strong level.

According to most of the research works, employees satisfied with their job in turn tend to perform better in their job and more likely making their organization more productive and profitable; mainly if good performance is rewarded in accordance with their level of performance. Previous study conducted by Shewit (2017) in the bank sector showed that the correlation result between the major components of PMS and employees' JS have positive relationship. The study found that 95.7%, of variation in employees' JS is explained by major

components of PMS whereas the remaining 4.3% of variance in employees' JS is explained by other factors.

The research findings of Priyanka (2018) suggest that there is significant correlation between PMS and employees' JS which in turn is moderately correlated with the commitment of employees to their organization. Based on this, the researcher concluded that effective PMS is important to make and keep employees happy that ultimately will help to build the loyalty of employees to the organization.

Unlike the above strong relation, the data analysis of the study by Oluoch (2007) revealed that there exists moderate direct correlation between PMS and JS. Similarly, the research on retail business by Jean (2018) confirmed that the PMS in the sector is positively associated with JS of employees but with small positive impact; this suggests that implementation of PMS in organizations has a small positive impact on JS of employees.

From perspective of the trusted relation between the reviewer and reviewee in areas of PMS, Abdelhadi, Jamal & Andre (2015) recommended that the perception of fairness towards the performance system is crucial for achieving employee's satisfaction. It can be used to improve the level of employees' JS that trust is critical in the supervisor-employee relationship; and through this trusted relationship the PMS can be used as tool of cultivating JS of employees witnessing the positive correlation between the PMS and JS.

2.8- Conceptual Framework

Independent variables are those that (probably) cause, influence or affect outcomes. They are also called treatment, manipulated, antecedent or predictor variables. Dependent variables are those that depend on the independent variables; they are the outcomes or results of the influence of the independent variables. Other names for dependent variables are criterion, outcome, effect, and response variables (John, 2014).

The objective of the research is to examine the effect of PMS on employees' JS, based on the literature reviews, the conceptual framework of this study has identified the independent and the dependent variables: the PMS and the employees' JS respectively. The independent variable, the PMS is represented by its three major stages: Performance Planning, Performance Evaluating and Performance Rewarding stages. The dependent variable of the study is employees' JS which

is measured by the Spector's Job Satisfaction Survey (JSS) Spector (1994), with minor customization of survey questions to suit the ETG PMS stages.

The Planning phase is concerned with reviewing organizational objectives and cascading it to individual employee level using employees' target setting. The stage focuses on setting objectives in order to streamline individual activities towards the bigger strategic goals of the Airline.

The Evaluating phase includes the CPR in which employees' performance will be monitored continuously in between the major performance review periods based on the agreed targets. This continuously communicating enables employees to be on the right track of the predefined objectives. The other important part of this practical PMS phase are measuring employees' performance and giving feedbacks based on the results.

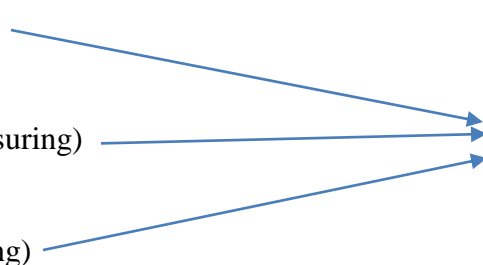
The Rewarding stage is concerned with personnel development of employees based on their performance rating and evaluating the contribution of the PMS for the achievement of organizational goals. This phase is associated with using the PMS as a decision tool and rewarding employees based on their performance and contribution to the organization. This also includes coaching employees using the PIP to make them high performer employee in the future.

Eventually, these components of the independent variables and the dependent variable are expected to establish the relationship between PMS and JS in the case of employees of ETG MRO strategic business unit. Based on this, the below conceptual framework is proposed for this study:

Independent variables

Dependent variable

Performance Management System (PMS)

- Planning (Target setting)
 - Evaluating (CPR & Measuring)
 - Rewarding (Compensating)
- 

**Employees'
Job Satisfaction (JS)**

Figure 2.2: Conceptual framework of the study (Source: Adopted from literatures)

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the details of the research method that describe the process for collecting and analyzing research data. It includes overview of the company to be studied, research design, data types and sources, population and sampling design, data collection method, method of data analysis and presentation, validity and reliability of data and finally ethical considerations of the study.

The aim of the research is to examine the effect of PMS on the JS of employees of ETG MRO strategic business unit. To meet the sought objectives of the study and answer the associated research questions, the following research design and method is employed.

3.1- Research Setting: Overview of ETG MRO Strategic Business Unit

Just after the end of World War II, Emperor Hailesilassie, as part of his modernization process requested the United States, the United Kingdom and France to help him in establishing commercial airline. With the green light from the United States part, establishment negotiations began with both Transcontinental Air Transport and Western Air Express in 1945.

On 08 September 1945, Trans World Airlines (TWA) formed by the merger of the above two aviation companies signed an agreement with the American historian and foreign affairs advisor to Ethiopia John H. Spencer to establish a commercial aviation company in Ethiopia (Kibour, 2005). By this agreement, the Ethiopian flag carrier Ethiopian Airlines was established on 21 December 1945 named Ethiopian Air Lines Incorporation (ECAA, 2020).

According to Ethiopian Airlines Factsheet (2019), as start-up fleet, five US Government war surplus Douglas C-47 Skytrain aircrafts were purchased for venture and the first successful inaugural flight to Egypt Cairo was flown via Asmara on 08 April 1946. After this successful inaugural flight, regular weekly services established to Djibouti and Aden port city of current day Yemen started followed by domestic service to Jimma city.

As the demand for additional services were so great towards the end of 1946, four more C-47 Skytrains were purchased. Since these aircraft were ex-US military, they had few comforts; all

had folding bench-type canvas seats along the sides, with the central aisle kept clear so that cargo could be lashed to the floor (ETG Corporate Website Viewed on February 15, 2021).

Until the “Ethiopianization project of the Airline” is gradually achieved, the company was financed by the Ethiopian government but managed by TWA relying upon American General Managers, pilots, technicians, administrators and accountants. Advancing the Ethiopianization processes, the then Ethiopian Airlines becomes the first African airline to produce its own HR by initiating and establishing pilot and technical training centers in 1964 (Gebeyehou, 2005).

In its history, Ethiopian airlines has passed through many volatile, uncertain, complex and ambiguous (VUCA) aviation business environment achieving a lot in terms of aviation business performance parameters. The Airline credits these achievements mainly to its employees that translated the different strategies formulated by the airline. To compete in the very dynamic and challenging aviation business environment and achieve the considerable growth level of the airline, Ethiopian Airlines vary its business strategies time-to-time.

Starting the year 2010, the airline sought the diversification business model called Vision 2025: a 15-year strategic road map under the motto of “The New Spirit of Africa” for serving the Africa of tomorrow (Selamta Magazine, May-June 2013). According to the evaluation result of the airline, Vision 2025 was successfully implemented and almost all targets of the strategy were met eight years ahead necessitating formulation of a new business strategic roadmap called Ethiopian Airlines Group Vision 2035 (ETG V2035) which is relatively different from its earlier strategies that focuses on “Deepening Diversified Business Model” for achievement of its targets.

With the aim of benefiting from mutual synergies and economies of scale across the various strategic business units and achieve the strategic visions, the airlines decided to strengthen the seven strategic business units or profit centers operating under the umbrella of Ethiopian Airlines Group. The strategic business units of the airline are:

1. Ethiopian International Services
2. Ethiopian Cargo and Logistic Services
3. Ethiopian Express (regional airline)
4. Ethiopian MRO Center

5. Ethiopian Aviation Academy
6. Ethiopian Airports and Ground Services
7. Ethiopian Travel and Tourism Services

Together with the decision of continuing with the seven strategic business units, the airline identified the four pillars of ETG V2035: Fleet, Human Resource Development (HRD), Infrastructures and Systems. As one of the important pillar, the HRD strategy is emphasized to ensure the recruitment, development, motivation and ultimately creating high performer employees for all the business units of ETG in order to meet the strategic objectives and goals outlined in the Vision 2035. As one of the core strategic business unit of the ETG, the Vision, Mission & Strategic Goals of ETG MRO center are outlined in the ETG V2035 as follows:

3.1.1- Vision, Mission & Strategic Goals of ETG MRO Center

3.1.1.1- Vision

- ETG MRO services shall be the dominant in Africa and one of the leading top 20 MRO service providers in the world by the year 2035 with the most competitive combination of service quality, speed and cost to the customers.

3.1.1.2- Mission

- To become the dominant in Africa and one of the top 20 leading MRO service providers in the world.
- As part of the ETG, ensure to be MRO center of choice to our customers, employer of choice to our employees and an investment of choice for the Group.
- To support the fast growth strategy of the International Passenger, Domestic & Regional Service and Cargo operations of our Group and to contribute our share to the development of MRO services in Africa.
- To lead in technological capability development and knowledge transfer in our country and the continent.

3.1.1.3- Strategic Goals

- Provide full airframe MRO services to all aircraft models operated by Ethiopian, and MRO services to the majority of engines and components installed on Ethiopian fleet on terms in good price, turn-around-time and quality each better than the competitors.

- Generate annual revenue of USD 1 Billion of which a profit of USD 383 Million from third party MRO works by 2035.

3.2- Research Design

As the objective of this study is to analyze the effect of PMS on the JS of employees, explanatory research design also known as causal research is used in an attempt to connect ideas and understand cause and effect relationship between PMS and JS. This design enables to find relevant information, help to explain “the what is going on” situation and to draw valid conclusions from the collected facts.

According to Bruce (2001), explanatory case studies are useful when conducting causal studies. In order to determine the causal relation between PMS and JS, this research adopted the mix of Quantitative and Qualitative research methods. The quantitative method allows the researcher to use objective realities to quantify the relationships between variables of interest, collect data in the form of numbers and finally use statistical tools for data analysis purpose. The qualitative method on the other hand helps to take into account the context in which the research is conducted and gives the researchers the flexibility to include some important theoretical attributes of the subject which cannot be quantified (Margaret & Wendy 2003).

3.3- Sampling Technique, Sample Frame & Sample Size

3.3.1- Sampling Technique

The ETG MRO strategic business unit is organized into eight functional structures. A function is a group of people, working together, who possess similar skills or use the same kind of knowledge, tools, or techniques to perform their jobs (Gareth & Jennifer, 2018). Although, these functional units work under the umbrella of ETG MRO, they are composed of employees that are different one another in terms of their professional skills and knowledge that includes areas of technical and engineering, purchasing and supplies chain, marketing and customer handling, and the supportive sections of production planning and divisional HR. These heterogeneities demand the peculiar way of handling the PMS in each area mainly identifying key performance indicators (KPI) that reflect the very important elements of that particular work area. In this case, the population is heterogeneous and data variability is expected regarding PMS and JS.

Based on the functional organizational structure of ETG MRO and the heterogeneity of the target population, this study used a stratified random sampling technique to distribute the survey questionnaires. In stratified sampling, if the population from which a sample is to be drawn does not constitute a homogeneous group, then stratified sampling technique is applied so as to obtain a representative sample. In this technique, the population is stratified into a number of non-overlapping subpopulations or strata and sample items are selected from each stratum. If the items selected from each stratum is based on simple random sampling, the entire procedure that follows stratification and then simple random sampling, is known as stratified random sampling (Kothari, 2004).

3.3.2- Sample Frame & Sample Size

The sampling frame is the list of elements from which the sample may be drawn. It is also called the working population because these units will eventually provide units involved in analysis (Zikmund et. al. 2009). In this study, the sampling frame is 2787 management and non-management employees of ETG MRO strategic business unit currently working at Bole International Airport- the Headquarters of ETG with work experience of at least six months which is the interval of performance measurement in the airline. The eight functional units are consisted of six Directors and two Managers level departments, the total population of this study is employees under:

Director of Component Maintenance, Director of A/C Base Maintenance, Director of A/C Line Maintenance, Director of Engine Maintenance, Director of A/C Engineering & Planning, and Director of MRO & Aviation Training Marketing & Sales, Manager of MRO & EAA QMS & SMS and Manager of MRO HR & Finance.

The Sample size refers to the number of items to be selected from the universe to constitute a sample (Kothari, 2004). Different studies can employ different sampling formulas; for the interest of this study, since the population is finite and a 5% margin of error is decided, the below formula is used to determine the sample size to be drawn from each department and the total sample of the study.

$$n = \frac{N}{Ne^2 + 1}$$

Where: n= the sample size,

N= the population size and

e= the acceptable sampling error.

This formula requires only population size and margin of error (Yamane 1967). Based on this sample size determining formula, from the total of 2787 employees of ETG MRO, 350 samples are drawn at 95 % confidence level and 5% acceptable sampling error.

$$n = \frac{2787}{2787 (0.05)^2 + 1} = \frac{2787}{7.9675} = \underline{350 \text{ (total sample)}}$$

Further, the total sample size is then distributed to each department or subpopulation proportionally as presented in the below table.

No	Departments	Population Size	Sample Proportion
1	Director Component Maintenance	403	51
2	Director Aircraft Base Maintenance	1007	125
3	Director Aircraft Line Maintenance	908	114
4	Director Engine Maintenance	263	33
5	Director Aircraft Engineering & Planning	136	17
6	Director MRO & Aviation Training Marketing & Sales	20	3
7	Manager MRO & EAA QMS & SMS	38	5
8	Manager MRO HR & Finance	12	2
Total		2787	350

Table 3.1: Sample size determination (Source of Population Size: ETG MRO HR & Finance Report as of 01 July 2021)

3.4- Data Types & Sources

Regarding data type, this study used both primary and secondary data. The primary data is collected from ETG MRO home base sample employees using structured questionnaire consisting sets of standardized questions. On the other hand, the secondary data is gathered from different sources including: books of prominent HRM theorists and practitioners, relevant published and unpublished research works of different individuals in the area, literatures, journals and publication in the area of interest, different HRM manuals, PMS practices, working documents and reports of ETG and helpful websites.

3.5- Research Instrument

The research instrument used for this study is structured questionnaire to see the effect of PMS on JS of employees. Questionnaire is preferred over other data collection instruments due its suitability for quantifying data, its low cost and its ease for administer. It also involves minimal interaction with the researcher and therefore there is seen to be less opportunity for subjective bias which is important for validity of the data collected and the associated result. The quantifiable nature of the questionnaire is seen as attractive because statistical data can be comparatively analyzed and correlated (Patrick & Steve 2005).

For Nicholas 2001, questionnaires are relatively economic method, in cost and time, of soliciting data from a large number of people. Time for checking facts and pondering on the questions can also be taken by the respondents, which tends to lead to more accurate information. The research questionnaires having four parts is administered by the researcher himself. The first part is intended to collect demographic data of respondents that includes age, gender, level of education, work experience, employment group and department of respondents.

The second and the third parts are closed ended questions based on the 5-point Likert scale (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree) with objectives of collecting data on the independent variable PMS and the dependent variable JS respectively. The PMS part again contains three parts to collect date on performance planning, evaluating and rewarding aspects. The fourth optional part contains open ended questions so as to provide opportunity for participants to express any personal view related to the topic of interest.

Before distributing the questionnaire for all sample respondents, the questionnaire was tested with pilot survey. Based on the feedbacks of the pilot survey, some question items were refined once again and distributed the questionnaire for all sample respondents.

3.6- Method of Data Analysis & Presentation

In line with the objective of the study and its scale type data, the collected data is analysed and interpreted using the quantitative and qualitative data analysis methodologies. The descriptive and inferential statistical data analysis is run using the well-known International Bureau Machine Statistical Packages for Social Science (IBM SPSS) version 26. The data is entered to the SPSS software with utmost care and the statistical reliability of each item in the questionnaire is checked using the Cronbach-alpha test.

The relationship between the dependent variable (JS) and the independent variables (the stages of PMS) is established as a linear relation utilizing the below specified multiple linear regression model.

$$JS = \beta_0 + \beta_1 PP + \beta_2 PE + \beta_3 PR + \varepsilon$$

Where: JS= Job Satisfaction of employees

β_0 = Constant term

$\beta_1, \beta_2, \& \beta_3$ are coefficients of correlation

PP= Performance Planning stage of PMS

PE= Performance Evaluation stage of PMS

PR= Performance Rewarding stage of PMS

ε =Error term

In this study, descriptive statistics is used to describe the characteristics of selected variables. It helps organizing, summarizing and presenting the data; here the data is shown in the form of percentages, frequencies, means and standard deviations. The demographic data of respondents is summarized using frequencies and percentage, and presented using tables and qualitative explanations for ease of understanding.

Using the inferential statistics, estimation of population parameters or generalization on the population is be made based on the results of processed data on the collected sample that shows the relationship between the independent variable PMS and the dependent variables JS of

employees. This is performed using the Pearson's Coefficient of Correlation that measures the correlations between the two variables.

Although, the coefficient of correlation tells us whether there is relationship between the variables and the direction, it tells nothing about the strength of the relation if there is any. To know the strength of the linear relation between two variables, the regression analysis is used i.e. to measure the relative strength of independent variables on dependent variable. The multiple linear regression is executed for the collected data to get the values of R, R^2 , adjusted R^2 , significance test of the variables and standard error of the estimate.

3.7- Validity & Reliability of Data

3.7.1- Validity of Data

Validity is the most critical criterion that indicates the degree to which the research instrument measures what it is supposed to measure. Validity can also be thought of as utility; in other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari, 2004).

While conducting a research, the validity test has the purpose of increasing the accuracy as well as significance of the research findings. To ensure the validity of this study, the researcher used the advice and opinion of research advisor, HR professionals and practical performance reviewers.

Finally, the validity of the measurements is confirmed by adequate theoretical and empirical literatures in addition to executing the pilot test that practically shows the clarity of the questionnaire items and gives the chance of refining the questions based on the feedback of respondents.

3.7.2- Reliability of Data

Reliability refers to whether scores to items on an instrument are internally consistent (item responses consistent across constructs), stable over time (test-retest correlations) and whether there was consistency in test administration and scoring (John, 2014). It is the accuracy of research instrument referring the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions.

As reliability is indicated in terms of accuracy and precision of a measurement procedure, they need to be maintained within the data. Accuracy of the data shows the degree to which a measurement represents the true value of something & the precision shows the degree of closeness among study results if the study is repeated under similar circumstances (Kothari, 2004).

The well-known method used in research to test internal consistency of the research measures is the Cronbach's alpha coefficient, which was developed by Cronbach (1951). This reliability coefficient ranges from 0 to +1 referring the high internal consistency when the alpha value approaches to +1.

In this study, coefficient of reliability, the Cronbach's alpha (α) is used to test the reliability of the measure. While running, the collected data produced a Cronbach's alpha value of 0.941. As the Cronbach's alpha score of 0.70 or higher is usually acceptable in social science studies, the reliability of the responses of this study are accepted.

Variables	Cronbach's alpha (α)	No of items
Performance planning	0.826	6
Performance evaluating	0.880	10
Performance rewarding	0.810	6
Job satisfaction	0.834	9
Total Scale	0.941	31

Table 3.2: Reliability statics of the data collection instrument (Source: own survey, 2021)

3.8- Ethical Considerations

This study is conducted with due consideration of all ethical issues related to the standard research work getting the approval of Addis Ababa University. The purpose and significance of the study is well explained to all the participants and clearly stated on the introduction page of the questionnaire. The personal privacy of the respondents is considered as top priority and it was assured that the information collected remain strictly confidential and used only for academic purposes.

Similarly, from the side of the organization, all organizational codes of conducts are fully considered while using data and avoided accessing some confidential documents of the organization without significantly compromising findings of the thesis.

CHAPTER FOUR

DATA ANALYSIS & DISCUSSION OF RESULTS

This chapter presents the research data, its analysis and statistical interpretations of the processed data to answer the effect of performance management system on employees' job satisfaction in the case of ETG MRO strategic business unit. To do this, the chapter includes reliability analysis, demographic characteristics of respondents, descriptive and inferential analysis of the collected data and their interpretations based on the research topic at hand.

4.1- Response Rate of Questionnaires

The research data was collected from employees of ETG MRO strategic business unit working at Bole International Airport which is the Head Office of the airline. The data collection questionnaire was distributed for 350 management and non-management employees. From this total sample, 298 employees (85.14%) returned the questionnaires with proper completion and full information except for the optional questions of Part IV of the questionnaire.

4.2- Demographic Characteristics of Respondents

The Part-I of the questionnaire is intended to collect demographic data of employees; in this aspect, the respondents were asked to provide their background information including their gender, age, levels of education, work experience in ETG, current position and division. Based on these, the details of demographic characteristics of the respondents is summarized and presented in the below figure 3.

As depicted in the table, 73.8% of the respondents are male and 26.2% are female; although the focus of this study has no any gender considerations, the respondents' percentage difference witnesses the fact that majority of employees of the technical areas of the ETG MRO are male. Regarding age, of the total of respondents 14.1% are between the ages of 18-25, 50% are between the ages of 26-35, 24.5% are between the ages of 36-45 and the remaining 11.4% of the respondents are above the age of 45. The higher proportions (64.1%) of the respondents are at the ages of 35 years and below indicating that ETG MRO strategic business unit is staffed with young professionals.

DI1_What is your gender?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	220	73.8	73.8	73.8
	Female	78	26.2	26.2	100.0
	Total	298	100.0	100.0	

DI2_What is your age?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	42	14.1	14.1	14.1
	26-35	149	50.0	50.0	64.1
	36-45	73	24.5	24.5	88.6
	Above 45	34	11.4	11.4	100.0
	Total	298	100.0	100.0	

DI3_What is your highest education level?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College diploma	57	19.1	19.1	19.1
	Bachelors' degree	213	71.5	71.5	90.6
	MA/MSc degree	28	9.4	9.4	100.0
	Total	298	100.0	100.0	

DI4_How long have you been serving ETG?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	80	26.8	26.8	26.8
	6-10 years	127	42.6	42.6	69.5
	11-15 years	65	21.8	21.8	91.3
	Above 15 years	26	8.7	8.7	100.0
	Total	298	100.0	100.0	

DI5_What is your current position in the Airline?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non-management	252	84.6	84.6	84.6
	Management	46	15.4	15.4	100.0
	Total	298	100.0	100.0	

DI6_In which department are you currently working?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dir. Component MNT	39	13.1	13.1	13.1
	Dir. BMT	105	35.2	35.2	48.3
	Dir. LMT	101	33.9	33.9	82.2
	Dir. Engine MNT	28	9.4	9.4	91.6
	Dir. AEP	15	5.0	5.0	96.6
	Dir. MRO sales	3	1.0	1.0	97.7
	Mgr. QA & SMS	5	1.7	1.7	99.3
	Mgr. MRO HR & Finance	2	.7	.7	100.0
	Total	298	100.0	100.0	

Figure 4.1: Demographic characteristics of respondents (Source: own survey, 2021)
 Concerning educational level of respondents, it was found that 19.1% of the respondents are holders of college diploma, 71.5% of the respondents are Bachelors' degree graduated and 9.4%

are post-graduated with MA/MSc degrees. Accordingly, the largest numbers of respondents are employees graduated with Bachelors' degree indicating that holding the first degree is the entry level recruitment requirement for most jobs in the MRO centre.

The other important demographic data is the length of service year of respondents in ETG in general. Concerning this, the results indicated that 26.8% of the respondents served between 1-5 years, 42.6% of the respondents served between 6-10 years, 21.8% served between 11-15 years and the remaining 8.7% of the total respondents have work experience of above 15 years in the airline. From these experience frequency data, it is possible to understand that higher proportion of respondents (73.2%) worked in the airline for six or higher years indicating that they have ample opportunities to pass through the biannual PMS and consequently have a sound knowledge about it.

With regard to the current position of the respondents, it is found in the result that 84.6% of the respondents are non-management employees and the remaining 15.4% of the total respondents are management employees of ETG MRO. The found result indicates that the higher majority of respondents are non-management employees which have more of the experience of ratee with little experience of rater in the form of giving feedback concerning the performance of their fellow workers. Whereas the management employees have both the experience of ratee as well as rater that they are responsible to evaluate the performance of employees under their supervision; and on the other hand, as an individual employee of the airline, their performance in turn is to be evaluated by their immediate supervisors.

4.3- Descriptive Analysis of Performance Management System & Employees' Job Satisfaction

With the purposes of managing, presenting and classifying the overall perceptions of the respondents on each items of the questionnaire, the descriptive statistical analysis is used with tabulation of the data by their frequencies and percentages. This approach helps to summarize and understand the responses of employees concerning the PMS and job satisfaction. While analysing, the responses on each specific variable are compared using the frequencies and percentile scores. To do so, the 5-point Likert scale responses (5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree & 1=Strongly Disagree) are consolidated under three major categories:

Strongly Agree and Agree ratings as one Positive response, Disagree and Strongly Disagree as one Negative response and the Neutral responses are taken as they are.

4.3.1- Descriptive analysis of Performance Management System

On one of the elements of the PMS, the performance planning related responses of participants are summarized in the below table 4.1.

No	Performance Planning	Frequency & Percentage	Rating				
			5	4	3	2	1
1	PMS should be there & it is an integral part of the company's success.	Frequency	79	135	51	19	14
		Valid percent	26.5	45.3	17.1	6.4	4.7
2	I am aware & notified about the PMS of the company.	Frequency	55	128	73	38	4
		Valid percent	18.5	43.0	24.5	12.8	1.3
3	The vision, mission & values of the company are clear to me.	Frequency	64	142	61	28	3
		Valid percent	21.5	47.6	20.5	9.4	1.0
4	The company's PMS allows me to participate in setting my performance target based on which I will be rated.	Frequency	25	90	97	63	23
		Valid percent	8.4	30.2	32.6	21.1	7.7
5	I know what is expected from me & the set targets reflect the most important elements of my job.	Frequency	40	111	92	45	10
		Valid percent	13.4	37.2	30.9	15.1	3.4
6	My performance targets are Specific, Measurable, Achievable, Relevant & Time bound (SMART) avoiding subjective evaluation.	Frequency	35	94	99	57	13
		Valid percent	11.7	31.5	33.2	19.1	4.4

Table 4.1: Descriptive analysis of performance planning (Source: own survey, 2021)

As indicated, majority of the respondents which is 71.8% agree that PMS should be there in the company and is associated with the success of the company. On contrary, 11.1% of the

respondent disagree on the very existence of PMS in the company and do not credit the PMS for the success of the company.

Among the many factors important for the success of the PMS is the awareness of employees about the applicable PMS in the company. In this regard, employees were asked whether they are aware and have prior notifications about the PMS of the company. For this, majority of respondents, 61.5% agree that they are aware and notified about the PMS of the company and 14.1% of them responded that they are not aware and notified.

Since the ultimate goal of any PMS is aligning employees' activities with the vision, mission and values of the company, employees were asked to rate the level of clearness of the vision, mission and values of the company. The 69.1% of the respondents indicated that they are clear with the vision, mission and values of the company and 10.6% responded that the mentioned issues are not clear for them. On this point the HR department informed that all job specialities have their own job descriptions that guide employees towards what the company expect from them but this needs to be continuously communicated with employees to refresh them with the company vision, mission and core values.

The other important factor that needs to be considered in performance planning is the goal setting and participation of employees in the process. Considering good participation of employees in goal setting ease the evaluation process and avoid the disagreement between rater and ratee, the employees were asked to rate the about their participation level in setting the performance targets on which they are going to evaluated at the end of the evaluation period. For this, 38.6% of respondents agreed that the existing PMS allows participation in goal setting and 28.8% do not agree indicating that the company's PMS not allowing employees to participate in goal setting.

Confirming achievement of organizational goals and objectives by the overall contribution of employees is one important purpose of the company's PMS, it needs to specify what is expected from each employee and reflect the most important aspects of job area. Regarding this, 50.6% i.e. half of the respondents agree that they know what is expected from them and indicated that the set targets well reflect important elements of their jobs. On the other hand, 18.5% of respondents disagree; they do not know what is expected from them and the set goals are not

reflecting the key elements of their job indicating that they are misaligned from the strategic goals of the company and not in the direction of contributing for attainment of organizational goals and objectives.

The last question related to performance planning raised for the participants is to rate how much their performance targets are qualified and free of subjectivity of the rater as per the SMART principle of target setting. The 43.2% of respondents agreed that their targets are SMART and free of subjective evaluation. 23.5% of respondents on the other hand disagree that their targets are not SMART and are open for subjective evaluation of the rater.

No	Performance Evaluating	Frequency & Percentage	Rating				
			5	4	3	2	1
1	My supervisor is qualified to evaluate my work, understands the requirements & difficulties of my work.	Frequency	47	141	71	25	14
		Valid percent	15.8	47.3	23.8	8.4	4.7
2	My supervisor clearly & continuously explains to me what is expected from my performance.	Frequency	20	70	114	74	20
		Valid percent	6.7	23.5	38.3	24.8	6.7
3	My performance is continuously monitored by my supervisor monthly & quarterly; and I receive the feedback accordingly.	Frequency	14	77	107	87	13
		Valid percent	4.7	25.8	35.9	29.2	4.4
4	The continuous performance review & its feedback motivate me to further improve my future semi-annual performances.	Frequency	18	54	108	92	26
		Valid percent	6.0	18.1	36.2	30.9	8.7
5	My supervisor is fair to me & evaluates everyone in the team objectively.	Frequency	25	127	102	41	3
		Valid percent	8.4	42.6	34.2	13.8	1.0
6	My performance review results fairly reflect my overall performance in the review period.	Frequency	20	119	79	54	26
		Valid percent	6.7	39.9	26.5	18.1	8.7
7	I have a one-to-one discussion opportunity with my supervisor to get feedback & discuss my semi-annual performance results.	Frequency	44	148	73	33	0
		Valid percent	14.8	49.7	24.5	11.1	0
8	The performance management system allows appeal when I think my performance result is unfair, biased or inaccurate.	Frequency	23	107	96	60	12
		Valid percent	7.7	35.9	32.2	20.1	4.0
9	The existing PMS provides support in the form of training, coaching & adequate time for improvement when performance is below expectation.	Frequency	18	101	116	44	19
		Valid percent	6.0	33.9	38.9	14.8	6.4
10	My supervisor explains me the gap between my actual performance and the target; and prepares the Performance Improvement Plan (PIP) to improve my performance in the future.	Frequency	21	83	101	70	23
		Valid percent	7.0	27.9	33.9	23.5	7.7

Table 4.2: Descriptive analysis of performance evaluating (Source: own survey, 2021)

In the PMS processes, the next major component that follows the performance planning stage which has a huge effect on the job satisfaction of employees is the actual practical process of

performance managing that includes continuous monitoring of employees' activities and giving continuous feedback, evaluating employees' actual performance and comparing it with the predefined standards, and preparing performance improvement plan for employees whose performance is below expected level. In order to capture issues revolving around these and deeply embedded in the performance managing, ten performance management related questions were asked to the respondents and the responses are summarized in the above table 4.2.

As indicated in the summarized data, 63.1% of respondents agreed on the qualification sufficiency of their evaluating supervisors and their expertise knowledge of the work of their subordinates. The other 13.1% disagree that their raters have no sufficient knowledge to conduct the evaluation and also do not understand the requirements and difficulties of the work of employees under their supervision. This indicated that even the well prepared PMS may fail to meet the sought objectives if not practiced by qualified practitioners equipped with the necessary work related expertise knowledge, experience and skill to measure the performance of their subordinates. In case of ETG, immediate supervisors are responsible to evaluate employees under their supervision. As this is critical factor that determines the job satisfaction of employees, the supervisors should be well qualified for creating raters assurance and mutual understanding between the two parties.

Concerning the performance follow-up and guidance of supervisors towards the predefined targets, respondents were asked whether their supervisors clearly and continuously explain to them what is expected from their performance. Their response was 30.2% agreed and 31.5% disagreed indicating that employees are not continuously refreshed about what is expected from their activities for the better achievement of at the end of the evaluation period.

Regarding the continuous monthly & quarterly performance review, the sample respondents were asked whether their performances are regularly monitored and they receive the feedback on how they are performing in line with the set targets. The result show that 30.5% agreed and 33.6% disagreed indicating that there is a gap on the practice of CPR. On this important issue, the ETG HRM Procedure Manual dictates to review performances regularly on monthly and quarterly basis, giving feedback on the achievements and the gaps to maintain the integrity of the PMS as SMART and objective. Practicing this CPR, in turn gives the advantage of smooth

performance evaluation at the end of each semi-annual avoiding unnecessary employees' performance appraisal related grievances and job dissatisfactions.

Based on the regular performance review and having feedbacks, the respondents were further asked to rate how much the CPR and its feedbacks help them to improve their future semi-annual performances. As shown in the response of the earlier question, the CPR and the feedback system is not working well. In similar fashion, of the total respondents 24.1% agree & 39.6% disagree demonstrating missing of important element of the PMS that there is no satisfactory practice of CPR and feedback system that motivate employees to improve their performances in the coming performance periods.

To see employees' attitude of towards their raters, a question was asked on the fairness and objectivity of supervisors while evaluating their employees. The majority 51% agree that their supervisors are fair and objective while evaluating their team members and 14.8% disagree that their supervisors are bias and subjective in their evaluations. The agreement of the majority on fairness and objectivity of the evaluation gives a positive sign and the disagreement of minority respondents also gives the contrary negative sign. On this point, the researcher held informally discussion with sampled respondents and observed that the biasedness and subjectivity of supervisors comes from the differentiation rule of the airline PMS. Due to this rule, after finalizing their evaluation, supervisors are expected to categorize employees under their supervision as high performers, core employees and low performers. As to maintain the rule, supervisors are forced to deviate from actual performance evaluation making the PMS prone to partiality and subjectivity.

Regarding the performance result acceptance level of employees, respondents were asked to rate how much their performance review results reflect their actual overall performance during the review period. 46.6% agreed that their rating result reflects their actual performance; whereas 26.8% disagreed not accepting the results as true reflectors of their actual performances. Although the acceptance rating is higher, the non-acceptance levels indicate that some employees perceive the rating results as a point of confrontation between them and their immediate supervisors rather than indicators of their performance measures.

As mentioned the airline evaluate employees every six months; based on this, respondents were asked to rate their chance of having a one-to-one discussion with their rater to get feedback on their biannual performance result. Majority 64.5% agreed that they discuss with their supervisor and get feedbacks and 11.1% disagree indicating that they have no chance of one-to-one discussion and feedback about their performance with their supervisors. Once the evaluation is completed and its quality is checked by respective HR sections, the ETG HRM Procedure Manual clearly enforces the release of the evaluation results to all employees, hold a one-to-one discussion between the employee and the immediate supervisors. After discussion and feedbacks, the appraisal result is expected to be accepted and signed by the employee before going to the second and third level supervisors respectively for final approvals. Having this defined procedure, missing the one-to-one discussions and not giving the necessary feedbacks could be attributed to misunderstanding of the PMS and lack of awareness by the immediate supervisors which are expected to be practitioners of the system.

After discussing the performance result and getting the feedbacks, if the employee does not accept the result/feedbacks and/or if not satisfied enough with it, the next possible step is appealing on the performance result. In this regard, the respondents were asked to rate whether the existing PMS allow appealing if they think their performance result is unfair, biased and inaccurate. For this, majority 43.6% responded in agreement and 24.1% responded in disagreement. In the case of ETG, if an employee is not happy on the overall rating and feedback, he/she may appeal for reassessment starting from his/her immediate supervisor and if necessary can escalate the case to the second or third level supervisors and even the employees labour union can involve in the process if the employee is the non-management employee.

As one of the objectives of PMS is creating high performer employees, the system must be designed in such a way that provides support for employees to pass through continuous improvements. Considering this objective, respondents were asked to indicate the support level of the existing system in the form of training, coaching & adequate time whenever there is employee that performs below the expected level within the specific evaluation period. In this, 39.9% responded positively that the system has these elements of support and 21.2% responded in disagreement that the system lacks support in the form of training, coaching & adequate time for the low performer employees.

The last question raised for the respondents in connection with the actual application of performance managing expressed in terms of evaluation is whether the PMS uses the performance improvement plan (PIP) for low performer employees for identifying their weak performance areas and gaps with the purpose of improving their performances in the future. In this aspect, 34.9% agreed that the supervisors explain the performance gap and prepare the necessary PIP to fill the identified gaps and improve employees' performance in the future. The other 31.2% respondents disagree that the supervisors do not explain the performance deficiencies and gaps between the planned and actual performance. The response percentage indicates that the supervisors are not well practicing the commitment of creating continuously improving employees as described in the ETG HRM Procedure Manual and missed the opportunity of applying the PMS as a tool that helps employees to meet specific job related goals and/or address unacceptable work related behaviours.

No	Performance Rewarding	Frequency & Percentage	Rating				
			5	4	3	2	1
1	My work performance is rewarding.	Frequency	25	125	85	47	16
		Valid percent	8.4	41.9	28.5	15.8	5.4
2	I accept the merit based reward system.	Frequency	59	137	59	31	12
		Valid percent	19.8	46.0	19.8	10.4	4.0
3	When I do a good job, I receive recognition from my supervisor & the company.	Frequency	12	101	89	68	28
		Valid percent	4.0	33.9	29.9	22.8	9.4
4	The benefits I receive are as good as my performance & the benefit package we have is equitable.	Frequency	12	75	94	81	36
		Valid percent	4.0	25.2	31.5	27.2	12.1
5	The high performers (superstars) have better chance of career development & promotion.	Frequency	44	114	91	37	12
		Valid percent	14.8	38.3	30.5	12.4	4.0
6	I am satisfied with my chances for salary raise, promotion & annual bonus pay.	Frequency	16	89	79	77	37
		Valid percent	5.4	29.9	26.5	25.8	12.4

Table 4.3: Descriptive analysis of performance rewarding (Source: own survey, 2021)

Once completing employees' performance evaluations and agreed on the results and the feedbacks for the future improvement, the next stage of the PMS is the stage of rewarding employees' performance. Rewarding employee performance has the purposes of motivating employees to put extra effort towards achievement of overall companywide targets. The form of

rewards could be financial and non-financial incentives such as compensation, appreciation and recognition.

In line with this, ETG uses its PMS for administrative decision makings such as employees' promotion, transfer, salary increment, bonus payments etc. To measure the attitude of employees, the sample respondents were asked six questions related to the performance rewarding practices of the company and their responses are summarized in the above table 4.3.

The first question asked was to know whether the work performances of the respondents are rewarding or not; 50.3% of respondents agreed that their work performance are rewarding and 21.2% disagreed that their work performance are not rewarding. Although, the majority indicated their work performance is rewarding, the significant percentage of respondents do not feel that their performance is rewarding. As workers' productivity and job satisfaction are linked to the sense of achievement and associated financial and non-financial rewards, it is generally perceived that rewarding ones' efforts highly motivate people to continue doing good work.

As already revealed, ETG uses performance results for annual bonus payment and other administrative purposes except basic salary pay increase which is based on the service year of employees. Considering reward as anything given to an employee in recognition of effort or achievements, respondents were asked to measure their attitude towards the principle of accepting merit-based reward system; and 65.8% agreed on the principle of merit-based reward system and 14.4% disagreed that they do not accept it. The result indicated that the majority accepts the merit based reward system giving the signal that recognizing and rewarding employees as per their performance can be used in the MRO strategic business unit for driving excellence.

One of the non-financial rewards is recognizing employees for their good work. Concerning this, respondents were asked whether they receive recognition from their supervisors and the company when they do a good job; 37.9% responded positively and the 32.2% responded negatively. Since recognizing employees has a huge impact on their job satisfaction, it is important to identify the behaviour of employees so as to get the fitting recognition method such as recognized in publicly, recognizing during the one-on-one discussion, writing recognition

letter or personalized note. Irrespective of the method used, giving recognition for job well done needs to be imbedded in the existing PMS of ETG MRO business unit.

The other question asked was focusing on the benefit received, the 29.2% of the respondents agree that the benefits they receive is as good as their performance & the benefit package is equitable and the greater percentage 39.3% of respondents disagree that the benefit they received are not as good as their performance and the benefit package of the company is not equitable. This summarized result indicates that the company needs to apply the merit based pay and compensation programs where basic salary increases are decided by individual employees' performance than using the across the board approach of pay increase which discourages high performers and gives unfair advantage for the low performers.

In continuation with the benefits, the other issue measured was the employee being high performed and benefited from the decision makings based on performance. 53.1% of employees agreed that the relatively high performers (superstars) employee have a better chance of career development & promotion and 16.4% disagree that the high performers (superstars) have no better chance of career development & promotions than the medium and low performer employees. The result revealed that the MRO is using performance rating results for nominating employees for different career development programs such as for aircraft system trainings and promotions.

The last question in performance rewarding part was meant to measure how much the respondents are satisfied with their chances of salary raise and annual bonus pay; 35.3% agree that they are satisfied and the 38.2% disagree and not satisfied with their chances for salary raise, promotion & annual bonus pay. The overall rating of the respondents indicate dissatisfaction due to the fact that the actual practice of the airline is that employees' promotion and annual bonus pay are determined based on the actual performance of employees but the important basic pay increase is calculated on flat percentage for all including the low performer employees which dissatisfy high performer employees and mainly employees that go the extra mile to achieve beyond the set targets.

4.3.2- Descriptive analysis of Job Satisfaction

Focusing on the relationships between PMS and JS, nine job satisfaction measuring questions were asked for the respondents. Merging the favourable attitudes towards the job satisfaction questions as positive indication (job satisfaction) and the unfavourable attitudes towards the job satisfaction questions as negative indication (job dissatisfaction), the overall rating of the respondents is summarized in the below table 4.4.

No	Job Satisfaction	Frequency & Percentage	Rating				
			5	4	3	2	1
1	Horizontal and vertical communications in the company are free and comfortable to me.	Frequency	53	117	75	39	14
		Valid percent	17.8	39.3	25.2	13.1	4.7
2	My supervisor shows good interest in the feelings of subordinates.	Frequency	62	132	71	31	2
		Valid percent	20.8	44.3	23.8	10.4	0.7
3	I feel a sense of pride working in this company.	Frequency	74	151	54	17	2
		Valid percent	24.8	50.7	18.1	5.7	0.7
4	I enjoy my team members & co-workers.	Frequency	92	178	24	4	0
		Valid percent	30.9	59.7	8.1	1.3	0
5	I am satisfied with the practical application of PMS in the company to evaluate my performance.	Frequency	19	71	102	72	34
		Valid percent	6.4	23.8	34.2	24.2	11.4
6	I am satisfied with the appeal process of the performance appraisal system.	Frequency	14	52	132	74	26
		Valid percent	4.7	17.5	44.3	24.8	8.7
7	My performance result can be changed if I can prove that it is unfair, biased and inaccurate.	Frequency	20	78	120	58	22
		Valid percent	6.7	26.2	40.3	19.5	7.4
8	I am hopeful about my future with the company.	Frequency	94	103	61	32	8
		Valid percent	31.5	34.6	20.5	10.7	2.7
9	Generally, I am satisfied with my current job.	Frequency	69	126	58	34	11
		Valid percent	23.2	42.3	19.5	11.4	3.7

Table 4.4: Descriptive analysis of job satisfaction (Source: own survey, 2021)

As good horizontal and vertical communication in the company has the advantages of ensuring job satisfaction of employees, facilitating employees' engagement and helping to understand the needs and goals of both employees and the company, the first question was raised to understand whether the communication in ETG MRO is free and comfortable to employees. The response result indicates that 57.1% of respondents agreed that the horizontal and vertical communications in the company are free and comfortable for them and 17.8% disagree indicating that communication with both fellow employees and supervisors are not free and comfortable.

Establishing free and comfortable communications in the company better cultivate employees' talents and skills towards good performance and organizational goals, it is necessary to consider the communication in the business unit once again.

Well cared employees in which their feeling are well understood by their supervisors and treated accordingly tend to perform beyond expected holding themselves accountable for their job and more importantly they will be satisfied with their contribution to the company. Respondents were asked in this regard to rate the interest of their supervisor towards their feelings; the majority 65.1% responded positively that their supervisors show good interest towards their feelings and 11.1% disagree on the issue. The responses in general indicate that the supervisors care enough for the feeling of their subordinates.

The other important driver of employees' job satisfaction is the sense of company pride that is developed by employees when they feel good about themselves confidence in their abilities of handling tasks and responsibilities under their responsibility. In relation to sense of pride, respondents were asked if they feel sense of pride working in the company, the majority 75.5% confirmed as they are proud to work for ETG and 6.4% disagree to the question showing that they do not feel proud in working for the company. The overall rating indicates that working for the company has created sense of pride on majority of employees. Taking this ample opportunity, the company can advance its strategic objectives to its employees in through the formal PMS.

In ETG organization structure, the lower structure and the base of the company is a team in which the team members are expected to work together to achieve a common goal. In this team arrangement, one of the important contributing factors for the good performance and job satisfaction of team members is the healthy workplace relationships among team members and co-workers. To measure this factor, the respondents rated relationship of team members and co-workers; the higher majority 90.6% agreed that they enjoy their team members and co-workers and only 1.3% disagree. In summary, the rating result indicates that there is good and favourable relationship among the team members and the fellow workers that can be used for driving high performance and related job satisfaction.

The other key measurement question forwarded to the respondents was to rate how much they are satisfied with the practical application of the PMS system; 30.2% of the respondents agreed as they are satisfied on how the practical PMS system is applied to evaluate their performances. In contrast, more respondents 35.6% rated negatively showing that they are not satisfied with the practical PMS of the company while evaluating their performances. From the informal discussions with the respondents, the researcher understood and identified some commonly raised problems related to the overall PMS processes such as setting vague performance targets that are prone to subjective interpretations, biasedness of evaluators and lack of awareness both from employees and supervisors side.

Concerning the satisfaction level of employees in relation to the appeal process of the PMS, 22.2% agreed as they are satisfied with the appeal process and 33.5% indicated as they are not satisfied with it. From the overall rating, it is possible to see that more of the respondents are dissatisfied indicating that the appeal process is not functioning well in addressing the low performance related grievances of employees.

As regards to the change of appraisal result if an employee could prove his/her performance result is unfair, biased or inaccurate, 32.9% responded positively and they are confident that their performance result can be changed if they could prove it is unfair, biased or inaccurate. Opposing this attitude, 26.9% of the respondents responded negatively indicating that although they know the appeal process and can appeal for unfair, biased and inaccurate performance ratings, they believe their performance result will not be changed.

Since, the above mentioned factors: communications in the company, care of supervisors, sense of pride, relation with fellow workers, practical application of the PMS and appeal process of the PMS affect employees' job satisfaction, they ultimately affect the future of employees with the company. To see these, two questions are asked to measure the future attachment of employees with the company and their general satisfaction on their current job. For the first question, 66.1% responded positively indicating they are hopeful about their future in the company and 13.4% responded negatively indicating that they are not optimistic about their future in the company. Concerning the second question about the general satisfaction, the majority of respondents 65.5% responded that they are satisfied with their current job and in contrary 15.1% of respondents indicated that they are not satisfied with their current job.

4.4- Mean & Standard Deviation of Performance Management System & Job satisfaction

In this section, the mean and standard deviations (SD) of the PMS and JS are presented to describe the centre of the distribution of the sample data and its spread out from the central data. As per the statistical theories, the mean value gives an idea about where the participants' response cluster around and the standard deviation on the other hand gives an insight about the spread out of the data from the mean value. The low standard deviation value indicates that most of the data values are relatively distributed around the mean value and the high standard deviation value means that the values are more dispersed and faraway from the mean value.

4.4.1- Mean & Standard Deviation of PMS

Descriptive Statistics			
Performance Planning	N	Mean	Std. Deviation
PP1_PMS should be there & it is an integral part of the company's success.	298	3.83	1.043
PP2_I am aware & notified about the PMS of the company.	298	3.64	.968
PP3_The vision, mission & values of the company are clear to me.	298	3.79	.919
PP4_The company's PMS allows me to participate in setting my performance target based on which I will be rated.	298	3.10	1.073
PP5_I know what is expected from me & the set targets reflect the most important elements of my job.	298	3.42	1.010
PP6_My performance targets are Specific, Measurable, Achievable, Relevant & Time bound (SMART) avoiding subjective evaluation.	298	3.27	1.040
Performance Managing	N	Mean	Std. Deviation
PM1_My supervisor is qualified to evaluate my work, understands the requirements & difficulties of my work.	298	3.61	1.003
PM2_My supervisor clearly & continuously explains to me what is expected from my performance.	298	2.99	1.012
PM3_My performance is continuously monitored by my supervisor monthly & quarterly; and I receive the feedback accordingly.	298	2.97	.957
PM4_The continuous performance review & its feedback motivate me to further improve my future semi-annual performances.	298	2.82	1.025
PM5_My supervisor is fair to me & evaluate everyone in the team objectively.	298	3.44	.867
PM6_My performance review results fairly reflect my overall performance in the review period.	298	3.18	1.082
PM7_I have a one-to-one discussion opportunity with my supervisor to get feedback & discuss my semi-annual performance results.	298	3.68	.858
PM8_The performance management system allows appeal when I think my performance result is unfair, biased or inaccurate.	298	3.23	.990
PM9_The existing PMS provides support in the form of training, coaching & adequate time for improvement when performance is below expectation.	298	3.18	.976
PM10_My supervisor explains me the gap between my actual performance and the target; and prepares the Performance Improvement Plan (PIP) to improve my performance in the future.	298	3.03	1.052
Performance Rewarding	N	Mean	Std. Deviation

PR1_My work performance is rewarding.	298	3.32	1.014
PR2_I accept the principle of merit-based reward system.	298	3.67	1.034
PR3_When I do a good job, I receive recognition from my supervisor & the company.	298	3.00	1.052
PR4_The benefits I receive are as good as my performance & the benefit package we have is equitable.	298	2.82	1.067
PR5_High performers (superstars) employees have better chance of promotion & career development.	298	3.47	1.019
PR6_I am satisfied with my chances for salary raise, promotion & annual bonus pay.	298	2.90	1.124
Valid N (listwise)	298		

Table 4.5: Mean & Standard Deviation of PMS (Source: own survey, 2021)

As presented in the above table, the PMS is treated in terms of its three stages: the planning, evaluation (practical application) and the rewarding stages. Related to the planning stage, six questions were asked and the participants responded positively and in agreement. The first question was raised to see the attitude of employees whether they accept the very need of PMS in the company and take it is as an integral part of the company's success; the responses indicate that employees agree on the importance of PMS in the company and consider it as the essential part of the company's success with the mean score of 3.83 and 1.043 SD.

The other question focused on the awareness and prior notification for employees about the existing PMS; similar to the first question the participants agreed that they are aware and notified about the PMS of the company with mean score of 3.64 and 0.968 SD. In connection to the clarity of the vision, mission and values of the company, they agree with the mean value of 3.79 and 0.919 SD. With reference to the openness of the PMS during employees' target setting, the participants agreed with mean score of 3.10 and 1.073 SD indicating that the company's PMS gives room for their participation while preparing the performance targets on which they will be rated.

The question was raised for the sample respondents to see if they know what is expected from them and if they believe the set targets are well attached to their jobs; they agree with mean score of 3.42 and 1.010 SD confirming that they know what is expected from them and the set targets also reflect the most important elements of their jobs. For the last performance planning focused question, the respondents agreed with the mean value of 3.27 and 1.040 SD that their performance targets are Specific, Measurable, Achievable, Relevant & Time bound (SMART) avoiding subjective evaluation.

Generally, based on the mean scores of all question items, it is possible to conclude that majority of the respondents have positive attitude towards the performance planning practices of ETG MRO strategic business unit. When looking to the SD values, all are very close to 1 indicating that data set is also close to the mean value.

The other important stage of PMS is the practical application of the system; related to this important stage, ten questions were forwarded to the respondents. The first question was about the qualification of supervisors in evaluating their subordinates and expertise knowledge in understanding the jobs of employees under their supervision; respondents rated with mean score of 3.61 and 1.003 SD that they believe that their supervisors are qualified enough in evaluating the work of their employees and have the technical knowledge of the work.

The second item was about continuously refreshing employees to remind them what is expected from them; for this item, the respondents rate below the average in disagreement with mean score of 2.99 and 1.012 SD showing that supervisors do not clearly and continuously explain to employees about what is expected from them. Continuation to the above question, participants were asked whether their performances are regularly monitored by their supervisors and they receive the feedbacks accordingly; for this they replied in disagreement with mean value of 2.97 and 0.957 SD confirming their performances are not continuously monitored and they are not receiving the feedbacks. The next question of motivation for future performance due to continuous performance review and feedbacks was also replied in disagreement with mean value of 2.82 and 1.025 SD; as already revealed in the answer of the earlier question, the respondents are not motivated to improve their future performances based on the regular performance monitoring and the associated feedbacks.

Concerning the fairness and objectivity of supervisors in performance evaluation, the rated mean score is 3.44 and 0.867 SD indicating supervisors are fair and objective in evaluation everyone in their team. About accepting the performance results, the participants replied in agreement with the mean of 3.18 and 1.082 SD accepting the performance review results as fairly reflecting their overall performance in the evaluation period. Related to one-to-one discussions and getting feedbacks, the participants replied positively with mean value of 3.68 and 0.858 SD indicating they have a one-to-one discussion opportunity with their supervisor about their semi-annual rating and get the feedbacks.

On the subject of appeal, the responses generated the mean score of 3.23 and 0.990 SD indicating the agreement of the respondents that the PMS is open for appeal when they think their performance results are unfair, biased or inaccurate. Concerning the support package of the existing PMS for low performer employees, the respondents rated a mean of 3.18 and 1.052 SD agreeing that the system provides support in the form of training, coaching and adequate time for improvement of the performance of low performers. The last question raised in connection to the performance managing is the performance gaps and the PIP prepared to fill this gap and for this the respondents agree by rating the mean of 3.03 and 1.052 SD indicating that supervisors explain the performance gap against the set target and prepare the Performance Improvement Plan (PIP) to fill the gap and improve employees' future performances.

In conclusion, the analysis of mean values of the question items in performance managing show positive attitude except in the cases of continuous explanation of what is expected from the performances of employees, providing on-going performance monitoring and feedback as well as motivating employees through continuous performance review and giving feedbacks. These PMS components are found with the mean values of 2.99, 2.97 and 2.82 respectively, which are less than the average standard score inferring that these practical PMS components affect employees' JS in the case of ETG MRO strategic business unit. The SD values of all the performance managing items are relatively low and near the value 1 showing that the collected data set distribution is clustered around the mean value.

The third stage of PMS related to motivating employees is performance rewarding. In this regard, respondents were asked six questions. For the first question, the participants reply with a mean score of 3.32 and 1.014 SD that they have positive attitude towards their work as rewarding. About acceptance of the merit-based rewarding, the respondents agreed with mean value of 3.67 and 1.034 SD accepting the rewarding system based on merit of individual employees.

Related to motivating employees for the job well done, the response of the participants is neutral with the mean value of 3.00 and 1.052 SD indicating that the participants neither agree nor disagree on the issue of receiving recognition from the company and their supervisors whenever they do a great job. On the relationship between individual performance and the benefits

received, the rating mean value is 2.82 and 1.067 SD disagreeing that the benefits they receive is not as per their and the existing benefit package is not equitable.

About being high performer and career development opportunities, the responses mean is 3.47 and 1.019 SD positively indicating that the high performer (superstar) employees have better chance of promotion and career development opportunities in the MRO centre. For the last performance rewarding question, the participants responded a mean value of 2.90 and 1.124 SD indicating that the participants are dissatisfied with their chances for salary raise, promotion & annual bonus pays.

In summary, the mean scores of the questions indicate mixed attitudes of participants towards issues in the performance reward component of the existing PMS. For my work is rewarding, I accept merit-based reward system and the high performers have better career development chances, the respondents' attitude is positive. Concerning receiving recognition from supervisor and the company for a good job, their attitude is neutral. And for the remaining two questions: The benefits I receive are as good as my performance & the benefit package we have is equitable, and I am satisfied with my chances for salary raise, promotion & annual bonus pays, the participants responded negatively with the mean values of 2.82 and 2.90 respectively. These negative attitudes and the mean scores below the expected average describes that the existing benefit system and the chances for salary raise, promotion & annual bonus pays are areas of the performance rewarding that cause employees' job dissatisfaction in ETG MRO strategic business unit. Regarding the SD values, all the values are relatively low and close to the value 1 indicating that the means of the respondents' ratings are clustered around the expected mean value.

4.4.2- Mean & Standard Deviation of JS

Descriptive Statistics			
Job Satisfaction	N	Mean	Std. Deviation
JS1_Horizontal & vertical communications in the company are free and comfortable to me.	298	3.52	1.074
JS2_My supervisor shows good interest in the feelings of subordinates.	298	3.74	.927
JS3_I feel a sense of pride working in this company.	298	3.93	.846
JS4_I enjoy my team members & co-workers.	298	4.20	.635
JS5_I am satisfied with the practical application of PMS in the company to evaluate my performance.	298	2.90	1.088
JS6_I am satisfied with the appeal process of the performance appraisal system.	298	2.85	.969
JS7_My performance result can be changed if I can prove that it is unfair, biased & inaccurate.	298	3.05	1.010
JS8_I am hopeful about my future with the company.	298	3.82	1.078
JS9_Generally, I am satisfied with my current job.	298	3.70	1.062
Valid N (listwise)	298		

Table 4.6: Mean & Standard Deviation of JS (Source: own survey, 2021)

As shown in the above table 4.6, the JS part contains nine questions. The first question item asked the respondents about communications in the company, for this the participants reply a mean value of 3.52 and 1.074 SD agreeing that both the horizontal and vertical communications in the company are free and comfortable for them. The next question was the interest of supervisors towards the feeling of their subordinates and the responders rated with the mean score of 3.74 and 0.927 SD indicating that their respective supervisors show good interest about the feelings of subordinates.

Concerning the feeling of pride for serving ETG, it was rated with mean score of 3.93 and 0.846 SD agreeing that they feel proud working for ETG. The attitude of respondents towards their team members and fellow workers was rated with higher mean value of 4.20 and the lower 0.635 SD indicating the good relationship among members of the team and co-workers.

The next three consecutive questions number 5, 6 and 7 were asked to see the possible direct relationships between the PMS and JS. The fifth question was asked to understand the attitude of the respondents towards the practical application of PMS and they rated with the mean value of 2.90 and 1.088 SD indicating their dissatisfaction on the practical application of PMS in the

company to evaluate their performances. The sixth question was intended to measure the attitude of participants about the appeal process of the PMS and they negatively rate with the mean value of 2.85 and 0.969 SD telling their dissatisfaction with the appeal process of the performance appraisal system. The seventh question asked about the performance result correction which was rated with a mean score of 3.05 and 1.010 SD by moderately agreeing that their performance results can be changed if they can prove the result is unfair, biased and inaccurate.

The last two questions, question number 8 and 9 are asked to measure the general JS of the sample participants. The eighth question asked the respondents whether they are optimistic about their future with the company and they rated with a mean value of 3.82 and 1.078 SD confirming that they are hopeful about their future with the company. Lastly, the ninth question asked about their overall satisfaction in their current job, and they replied with the mean score of 3.70 and 1.062 SD showing that they are generally satisfied with their current job.

While summarizing the mean scores of the JS, the participants responded positively for communications in the company, supervisors' attitude towards feeling of their subordinates, sense of pride for serving the company, good relationship among team members, optimistic future with the company and the general satisfaction with their current job. Accordingly, the mean scores of the above listed JS related questions are found above the average mean value. In contrary, for the practical application of the PMS and the appeal process, the participants responded with the mean scores below the average expected mean value indicating that these two subjects negatively affect employees' JS in case of ETG MRO strategic business unit. With reference to the SD, all the values are relatively low revolving around the value 1 except for item 4 which has the lowest value of 0.635 indicating that the data values are close to the mean values also called the expected mean value.

4.5- Correlation Analysis

The correlation analysis is performed to determine whether there is any significant relationship between the study variables. If there is significant relationship, the analysis also indicates the direction and strength of the linear relationship between the dependent and the independent variables. According to the specified model, the JS is dependent variable and the PMS is the independent variable represented by its major components: Performance Planning (PP), Performance Evaluating (PE) and Performance Rewarding (PR).

The possible value of the correlation coefficient varies from +1 through 0 to -1. The value +1 indicating positive and very strong correlation, the value 0 signifies no relationship between the two variables and the value -1 indicates very strong and negative relation between the variables. The high Pearson's correlation coefficients (r) in both positive and negative sides show strong relationship between the two variables; and the low correlation coefficient value which is close to zero from both sides show the variables are weakly related (Kothari 2004). As there is no clear cut point in deciding the correlation is weak, moderate or very strong, the listed general guideline is used for this study: >0.8 to <1.0 (Very strong positive association), >0.6 to 0.8 (Strong positive association), >0.4 to 0.6 (Moderate positive association), >0.2 to 0.4 (Weak positive association) and >0.0 to 0.2 (Very weak positive association)

		Correlations			
		PP	PE	PR	JS
PP	Pearson Correlation	1	.706**	.505**	.597**
	Sig. (2-tailed)		.000	.000	.000
	N	298	298	298	298
PE	Pearson Correlation	.706**	1	.652**	.716**
	Sig. (2-tailed)	.000		.000	.000
	N	298	298	298	298
PR	Pearson Correlation	.505**	.652**	1	.686**
	Sig. (2-tailed)	.000	.000		.000
	N	298	298	298	298
JS	Pearson Correlation	.597**	.716**	.686**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	298	298	298	298

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.7: Correlation Analysis (Source: own survey, 2021)

As presented in the above correlation results table 4.7, it is possible to conclude concerning the relationship between the variables in interest as follows:

- There is significant moderate positive relation between Performance Panning (PP) and Job Satisfaction (JS) with the Pearson's correlation coefficient of $r=.597$ and significance level= .000

- There is significant strong positive relation between Performance Evaluation (PE) and Job Satisfaction (JS) with the Pearson's correlation coefficient of $r=.716$ and significance level= .000
- There is significant strong positive relation between Performance Rewarding (PR) and Job Satisfaction (JS) with the Pearson's correlation coefficient of $r=.686$ and significance level= .000

From the above correlation analysis and conclusion, there is significant and strong positive relationship between PMS and JS in the case of Ethiopian Airlines Group Maintenance, Repair and Overhaul strategic business unit.

Once confirming the correlation between the independent and the dependent variables, the next necessary step is measuring the strength of the relationships. For this purpose, the multiple regression analysis is run for the data but before doing so it is important to observe the assumptions of the multiple linear regression analysis and confirm the assumptions are not violated. The assumptions are linearity, normality, multicollinearity and homoscedasticity.

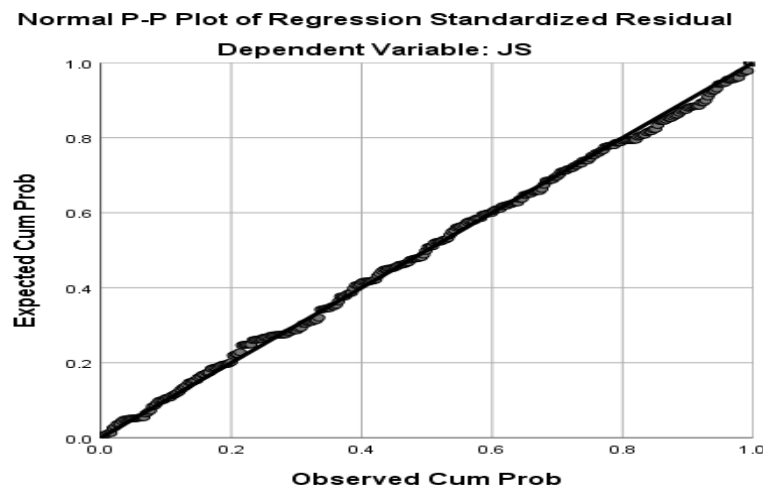


Figure 4.2: Test of Normality

As shown in figure 4.2 above, the normality assumption test is performed by running the normal probability plots graph to determine if the residuals are normally distributed. Accordingly, the generated normal p-plot indicated that the values are close to a straight normality line.

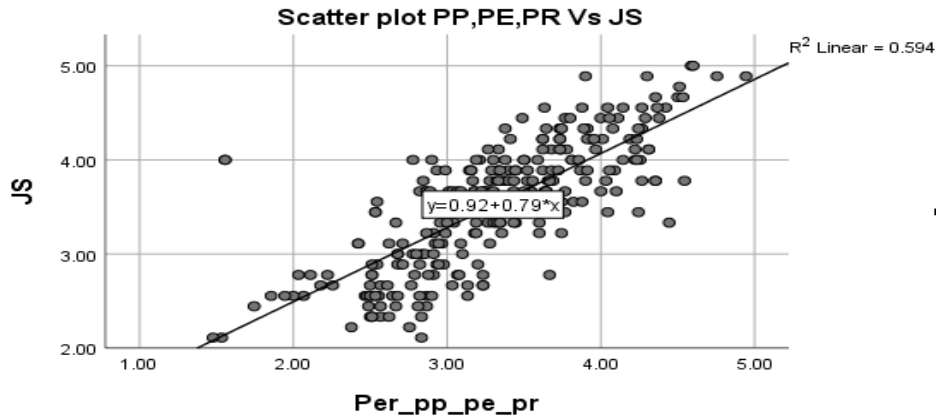


Figure 4.3: Test for Linearity

The linearity test is used to determine whether the relationship between the independent variables and the dependent variable is linear or not. For this purpose, the above SPSS scatter plot in figure 4.3 indicates the scatter plot follows a kind of linear pattern with no sign of curvilinear pattern confirming that the linearity assumption of regression is met in this case.

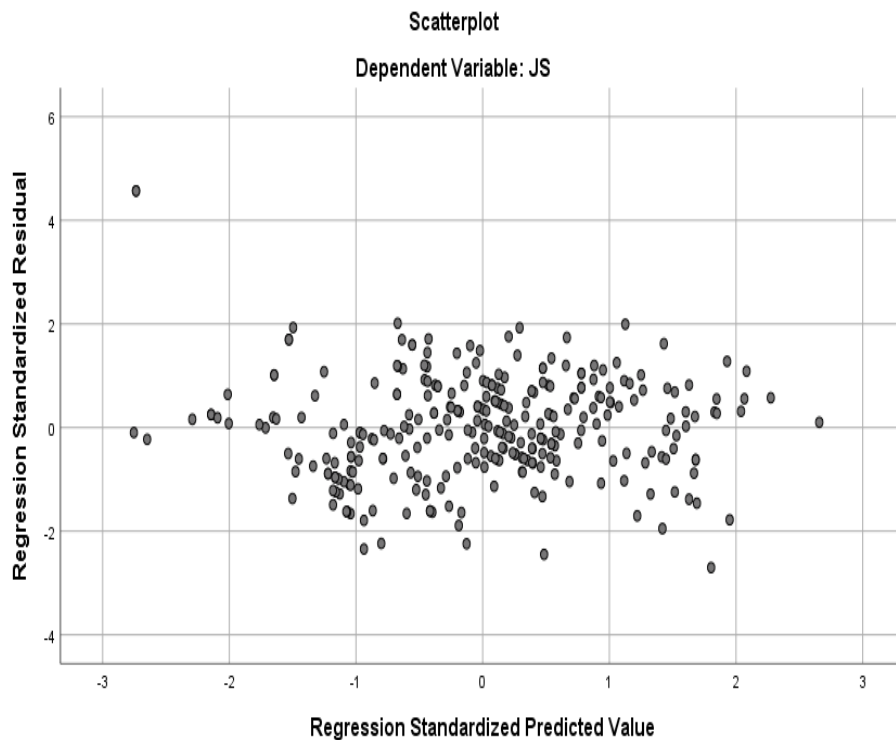


Figure 4.4: Test for Homoscedasticity

The homoscedasticity assumption is observed to see the situation in which the error term in the relationship between the independent variables and the dependent variable is the same for all

variations of the independent variables. As shown in figure 4.4 above, the standardized residuals or error terms are well distributed in the residuals plot for all standardized predicted variables confirming the homoscedasticity of the data set.

Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
PP	.498	2.007
PE	.384	2.601
PR	.571	1.751
a. Dependent Variable: JS		

Figure 4.5: Test for Multicollinearity

The other assumption of the multiple regression analysis is multicollinearity which is the incidence of having high inter-correlations among two or more independent variables in the model. In SPSS this assumption is tested by generating the Variance Inflation Factor (VIF) for each predictor variable. As a rule of thumb, the VFI value higher than 10 is taken as indication of a serious multicollinearity problem making coefficients poorly estimated or inflated. As shown in figure 4.5, all the VIF results are confirm that multicollinearity is not the problem of the data set of this study.

4.6- Multiple Regression Analysis

When there are two or more than two independent variables, the analysis concerning relationship is known as multiple regression. The multiple regression analysis is adopted with the objective of making prediction about the dependent variable based on its covariance with all the concerned independent variables and the specified model describes such relationship as the multiple regression equation (Kothari, 2004). Therefore, the regression between the major stages of PMS and JS is analysed; and the results of the multiple regression analysis are interpreted as below:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.779 ^a	.607	.603	.40308

a. Predictors: (Constant), PR, PP, PE

Table 4.8: Model Summary of Regression Analysis (Source: own survey, 2021)

The model summary is used to determine how well the regression model fits the data by providing the R (the multiple correlation coefficient), R^2 (coefficient of determination), adjusted R^2 , and the standard error of the estimate.

As shown in the above model summary table 4.8, the R value of .779 indicates good level of prediction. The R^2 value .607 on the other hand shows that 60.7% of variation in the JS is explained by the major PMS stages (PP, PE and PR) and the remaining 39.3% variation caused in JS is by other factors that are not included in the predictors of this model. Since R^2 assumes that all independent variables affect the variation in the dependent variable, it is important to look at the adjusted R^2 to get the percentage variation explained by the actually affecting independent variables. In this case, the adjusted R^2 value of .603 shows 60.3% of variation in the JS is explained by the predictors in the model. Meanwhile, the smaller difference between the values of R^2 and adjusted R^2 indicates a good fit of the used model. The standard error of estimate is the standard deviation of the residuals that measure the precision of the model to estimate the population parameter and it is good if it is as small as possible. In this case, the estimates of JS can be erroneous by the value .40308 on average when using the specified model.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.833	3	24.611	151.478	.000 ^b
	Residual	47.767	294	.162		
	Total	121.600	297			

a. Dependent Variable: JS

b. Predictors: (Constant), PR, PP, PE

Table 4.9: ANOVA table (Source: own survey, 2021)

From statistical perspectives, the ANOVA table tests the acceptability of the statistical significance of the model whether it a good fit for the data. The regression row displays information about the variation accounted for the specified model and the residual row on the other hand displays information about the variation that is not accounted for the specified model (IBM Website, viewed on October 15, 2021). As shown in the ANOVA table 4.9, the regression sum of squares is greater than the residual sum of squares indicating that most of the variation in

JS is explained by the developed model. As the level of significance for the $F(3, 294) = 151.478$, $p(.000) < .05$, the regression model is good fit of the data.

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.953	.126		7.547	.000
	PP	.129	.045	.149	2.880	.004
	PE	.346	.055	.369	6.267	.000
	PR	.314	.041	.370	7.646	.000

a. Dependent Variable: JS

Table 4.10: Coefficients (Source: own survey, 2021)

The coefficients in regression analysis describe the mathematical relationship between the dependent variable and each predictor variable with the signs of the coefficients indicating whether there is a positive or negative correlation between each independent variable and the dependent variable. The positive coefficient indicates that the increase in the value of the independent variable makes the dependent variable to increase, whereas the negative coefficient indicates that the increase in the independent variable will cause the decrease in the value of dependent variable.

As presented in the above coefficients table 4.10, the standardized beta coefficients of all the independent variables are positive indicating the positive correlation between the PMS and the JS. Concerning statistical significance of the relationships, they are all statistically significant indicated by the p-values of each coefficient $p < .05$; and this significance test is used to decide whether each independent variable needs to be in the model, given others variables are already there in the model.

The standardized coefficients also called beta measures the contribution of each predictor variable in explaining the outcome variable. Accordingly, the value of the constant term of the model is $\beta_0 = .953$ which indicates that it is expected to have an average employees' job satisfaction of .953 when all independent variables assume the value 0. The beta value for PP is ($\beta_1 = .149$, $p < .05$); keeping other factors constant, a unit change in performance planning will

have effect of 14.9% job satisfaction. For the PE, the beta value is ($\beta_2=.369$, $p<.05$) showing that the one unit change in performance evaluation practice will cause 36.9% employees' job satisfaction. Finally, the beta value for PR is ($\beta_3=.370$, $p<.05$); holding other factors constant, a unit change in performance rewarding causes 37.0% change on employees' job satisfaction.

Holding all other JS predictors constant, the regression formula of the study is written as:

$$JS = \beta_0 + \beta_1PP + \beta_2PE + \beta_3PR + \epsilon$$

$$JS = 0.953 + 0.149PP + 0.369PE + 0.370PR$$

Where: JS= Job Satisfaction of employees

β_0 = Constant term

β_1 , β_2 , & β_3 are coefficients of correlation

PP= Performance Planning stage of PMS

PE= Performance Evaluation stage of PMS

PR= Performance Rewarding stage of PMS

ϵ =Error term

4.7- Discussion of Results

4.7.1- The Effect of Performance Planning on Job Satisfaction

The relationship between Performance Planning and Job Satisfactions was measured through the Pearson correlation coefficient, accordingly there is statistically significant positive relationship between the two variables with correlation value $r = .597$. Additionally, the result of the study indicated that the PP practices of the airline affect the JS with the beta value of $\beta=.149$ which means PP has 14.9% effect on employees' JS. Basing this result, the effect of PP on JS seems smaller when compared to PE and PR but still it is statistically significant causing employees' JS variance in the company.

4.7.2- The Effect of Performance Evaluating on Job Satisfaction

The other major component of the PMS, the performance Evaluating has a positive impact on employees' Job Satisfaction. The run data specified that PE has a significant effect on employees' JS with beta value of $\beta=.369$ meaning 36.9% variance on employees' JS is attributed to the PE evaluation practice of the airline. Therefore, on the basis of this result and in line with the reviewed theoretical and empirical documents, it is possible to infer that the well-practiced PE is one important factor in ensuring employees' JS in relation to PMS.

4.7.3- The Effect of Performance Rewarding on Job Satisfaction

Regarding the effect of Performance Rewarding on employees' JS, the finding of this study indicated that PR has significant positive effect on the employees' JS. The 37.0% variance in employees' JS is enlightened by the PR decisions of the airline. From the three PMS components selected for this particular study, the PR is the highly affecting component from the which is evidenced by the beta value of $\beta=0.37$. Therefore, based on the result found, it is possible to conclude as per the previously reviewed literatures that in order to achieve the very purposes of the PMS, the airline need to install employees' rewarding system which is based on the performance results that will ultimately bring job satisfaction for employees.

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

This chapter presents the summary of the major findings, the conclusions drawn from these findings and recommendations that the researcher suggests for the better implementation of the performance management system with the purpose of improving employees' job satisfaction in case of Ethiopian Airlines Group Maintenance, Repair and Overhaul strategic business unit.

5.1- Summary

The aim of this research work was to identify the effect of performance management system on employees' job satisfaction in the case of Ethiopian Airlines Group Maintenance, Repair & Overhaul Strategic Business Unit. With the purpose of achieving the objectives of the study the following research questions were articulated and answered in this paper.

1. What particular type of PMS is practiced in ETG?
2. How does the PMS influence Employees' JS, and to what level is its effect?

In order to address the above research questions, sample employees were selected using the stratified random sampling technique to get representatives from all the heterogenous population of ETG MRO. The research used both primary and secondary data; the primary data was collected from participants using the questionnaire tool containing structured question and the collected data from 298 sample employees was analysed by employing the descriptive statistical analysis and regression to determine the effect of performance management system on the job satisfaction of Ethiopian Airlines Group Maintenance, Repair & Overhaul centre employees.

Concerning the type of PMS practice in ETG, the study finding indicated that the airline has the PMS which follows the stages of target preparation, continuous performance review, performance evaluation and performance rewarding. While practicing these stages, the company uses the mix of the Past Oriented (Traditional) & the Future Oriented (Modern) methods of performance managing. From the traditional methods, the forced distribution and the critical incident methods are practiced. The forced distribution method is used to apply the principle of differentiating employees on a clearly cut percentage share (20% high performers, 70% per standard performers and 10% under performers). With the critical incident method immediate

supervisors are expected to record every incident, log on the automated performance diary system and use for rating employees.

From the modern methods, the MBO and the 360⁰ feedback methods are applied. The MBO is practiced to set performance targets that are prepared by equal participation of the appraiser and the appraisee. This method is also practiced to integrate individual activities with the bigger organizational goals of the airline. The 360⁰ feedback method on the other hand is practiced to get the overall and multi-dimensional feedback as a crucial element and indicator of the success of both the airline and individual employees.

For the second research question, the study findings confirmed with the mean values greater than the average mean value that employees' have overall positive feelings about the performance management system stages namely performance planning, evaluating and rewarding. In line with this, the Pearson's correlation coefficient analysis indicated significant positive correlation between performance planning ($r=.597$), performance evaluation ($r=.716$), performance rewarding ($r=.686$) and the job satisfaction of employees. This shows that the performance management system has statistically significant positive correlated with employees' job satisfaction in the case of ETG MRO strategic business unit. This in turn indicates that enhancing the performance management system will help in increasing the job satisfaction of employees.

Regarding the level of effect of performance management system on the job satisfaction of ETG MRO employees, the adjusted R^2 value shows the total effect of the performance management system on employees' job satisfaction. According to the regression analysis result, 60.3% of variation in job satisfaction is explained by the change in performance management system and the remaining 39.7% variation is caused by other factors not included in the study implying the strong relationship between performance management system and job stratification.

Although, the study finding indicated the overall above average mean scores for majority of question items, it is also found that the employees have rated below average on some important points associated with performance managing, rewarding and job satisfaction. In performance managing, employees replied that the performance expectations are not continuously communicated, achievements or gaps are not reviewed continuously and employees are not motivated with continuous feedback to improve their future performances. In performance

rewarding, employees expressed their negative feeling about the inequitable benefit they receive in comparison to their performance and the chances of salary raise, promotion and annual bonus pays. In job satisfaction, employees indicated their dissatisfaction on the practical application of the performance management system and its appeal process. In these cases, the mean scores are found below the expected average mean value indicating that they are contributing factors for the job dissatisfaction of employees of ETG MRO.

5.2- Conclusions

The generally objective of this study was examining the effect of performance management system on the job satisfaction of employees and the guiding specific objectives were presenting and clarifying various views about performance management system and job satisfaction, presenting the existing performance management system of ETG and assessing its practice in MRO.

Based on these general and specific objectives, the study concludes that employees' job satisfaction is positively affected by the performance management system. This conclusion of the study confirmed that the well-practiced performance management system has a positive impact on the level employees' job satisfaction.

From the finding of the study, the airline has a formal performance management system based on both the approaches of past oriented and future oriented methods. In its practical applicability, employees disagree and raised negative claims on topics of getting on time feedback, benefits associated with performance and the appeal process. The correlation analysis results show the statistically significant positive relationship between the performance management system and the job satisfaction. The regression analysis result indicated that the 60.7% variation in employees' job satisfaction is explained by the performance management system.

These research findings also align with and highly support both the theoretical and empirical literature reviews used throughout the study.

5.3- Recommendations

The central purpose of this study was to examine the effect of performance management system on employees' job satisfaction. Based on the detailed analysis and drawn conclusions, the following recommendations are forwarded to ETG in general and ETG MRO strategic business

unit performance management system practitioners in particular for the better implementations of the performance management system that eventually increase employees' job satisfactions:

- Once SMART performance targets are set, the next important managerial task is guiding employees on the right track towards the bigger organizational goals. To do this, the immediate supervisors should clearly and continuously explain the performance expectations from each employee under their supervision. Since the predefined employee goals are at the heart of successful performance management system, continuously aligning employees with organizational objectives help them to focus, know their contributions in the success of the company and value their presence in the airline.
- In between these continuous engagements, the actual performance result of employees need to be constantly monitored and evaluated in which the supervisors should give ongoing performance achievement and gaps feedbacks to employees privately. As the employee performance feedback is an incredibly powerful managerial tool, supervisors are expected to use it skillfully that the feedbacks must be constructive with the objectives of encouraging, motivating and developing employees ultimately making them good performer asset of the airline in the future.
- Although working hard and achieving a well prepared, specific and a bit stretched performance targets can be a source of motivation for employees, it is not always the case that employees further increase their performances if their goal accomplishments are going to result in rewards in different forms. From the finding of this study, it is understood that the received benefits are not as good as employees' performances and also not happy on the flat percentage annual salary increase associated with the performance achievements. In this regards, the management of ETG should come up with an effective reward system well associated with the performance management system if organization goals are expected to be a tool of motivation for employees.
- The other finding of the study revealed that employees are dissatisfied with the practical application of the performance management system. Concerning this, it is important to understand that this stage is the base on which the overall intent of the system is going to

be delivered and translated. If this stage is not well managed, even the most well planned performance management system will fail to address its basic objectives. To improve the practical use of the system, the airline should continuously aware and train all the performance raters well enough to the level of using the system knowledgably and objectively.

- The other key issue on which employees are dissatisfied is the appeal process of the performance management system. As understood from the informal discussion with employees, they appeal in the performance management system mainly related to rating results they believe is unfair, biased or inaccurate. During such appeals, employees expect convincing explanations or performance rating corrections; and if the responses they received is not satisfactory for them, this leads them to job dissatisfaction. To avoid dissatisfaction of employees, all stakeholders in the appeal process including the immediate supervisors, divisional HR officers and labour union representatives should handle the case with maximum care and free from emotions. The parties should always give proper attention to the complaints and grievances of employees and manage the case with the common goal of restoring the positive feeling of the employee.

5.4- Limitations of the Study

The first limitation of this study was time constraint forcing the data collection from sample employees; and if the researcher had had the possibility of collecting data from all employees of ETG MRO, the representativeness of the sample would have been strong especially when it comes to generalization about the population. The second limitation is using questionnaire as the only data collection from the sample employees, but collecting all required information only through questionnaire can lead to missing of some important available data that can be collected by other data collection instruments. But the mentioned limitations do not have significant influence on the findings of the study because the sample size and the employed data collection instrument are decided based on the scope of the research.

5.5- Directions for Future Study

The objective of this thesis was to examine the effect of performance management system on employees' job satisfaction. Its focus area is one of Ethiopian airlines strategic business unit the MRO with sampling and using PMS as JS affecting factor. If the research had been performed using all the population of the MRO and including all possible factors affecting employees' job satisfaction, the researcher believes that the result would be much better; considering this, the researcher encourages further research endeavours in the subject area.

References

- Abdelhadi, N., Jamal, B., & Andre, L. (2015). Performance Appraisal System and Employee Satisfaction: The role of trust towards supervisors. *Journal of Human Resources Management and Labor Studies*. Vol. 3, No. 1. pp. 40-53. Published by American Research Institute for Policy Development.
- Antonioni, D. (1996). *Designing an effective 360-degree appraisal feedback process*. Published on Organizational Dynamics. Elsevier Inc.
- Armstrong, M. (2006). *A Handbook of Human Resource Management Practice (10th ed.)*. London: Kogan Page Ltd.
- Armstrong, M. (2006). *Performance Management: Key Strategies and Practical Guidelines (3rd ed.)*. London: Kogan Page Ltd.
- Armstrong, M. (2009). *Handbook of management and leadership-A guide to managing for results (2nd ed.)*. London: Kogan Page Ltd.
- Armstrong, M., & Taylor, S. (2013). *Armstrong's Handbook of Human Resource Management Practice (13th ed.)*. London: Kogan Page Ltd.
- Bruce, L. B. (2001). *Qualitative Research Methods for the Social Sciences (4th ed.)*. California: Allyn & Bacon.
- Davinder, S. (2010). *Performance Appraisal and Management*. Mumbai: Himalaya Publishing House. pp 13-14.
- Elaine, D. P. (2004). *Performance Management: a roadmap for developing, implementing and evaluating performance management system*. Alexandria Virginia: SHRM Foundation.
- ETG, *Human Resource Management Procedure Manual, Revision 04*, Dated 01-January-2019.
- ETG (April 2019), *Ethiopian Airlines Group Vision 2035 Strategic Roadmap document*. Addis Ababa.
- ETG corporate website viewed on February 05, 2021. <https://ethiopianeus-failover.azurewebsites.net/corporate/strategic-plan>
- ETG corporate website viewed on February 15, 2021. <https://corporate.ethiopianairlines.com/AboutEthiopian/History>
- Ethiopian Airlines Factsheet (2019), *Ethiopian Airlines Factsheet May 2019*. Addis Ababa.
- Ethiopian Civil Aviation Authority (2020). *The History of Aviation in Ethiopia*. Addis Ababa.
- Fred, L. (2011). *Organizational behavior: an evidence-based approach (12th ed.)*. New York: McGraw-Hill/Irwin.
- Gareth, R. J., & Jennifer, M. G. (2018). *Contemporary Management (10th ed.)*. New York: McGraw-Hill Education.

- Gebeyehou, W. (2005, June). History of Ethiopian Airlines. *Ethiopian Airlines Former Employees' Association Magazine Anniversary Issue 1*, p. 4.
- George, R. T. (1968). *Principles of Management*. Homewood Illinois: Richard D Irwin Inc.
- Hoppock, R. (1935). *Job Satisfaction*. New York: Harper & Brothers.
- Henderson, R. I. (1984). *Performance Appraisal (2nd ed.)*. Reston Virginia: Reston Publishing Co.
- IBM website published in 2016, viewed on October 15, 2021. <https://www.ibm.com/docs/en/spss-statistics/24.0.0?topic=growth-anova-table>
- Jean, C. (2018), 'Can the use of a Performance Management System Increase Job Satisfaction and Retention in the Retail Sector in Ireland? A Quantitative investigation into the use of a performance management system in the retail sector to increase job satisfaction and reduce staff turnover' (Thesis submitted for Master of Arts Degree in Human Resource Management, National College of Ireland, Mayor Square Dublin)
- Jennifer, M., & Gareth, J. (2012). *Understanding and Managing Organizational Behavior (6th ed.)*. New Jersey: Prentice Hall.
- John, S. (2005). *An Introduction to Human Resource Management (2nd ed.)*. Amsterdam: Elsevier Ltd.
- John, W. C. (2014). *Research design: qualitative, quantitative, and mixed methods approaches (4th ed.)*. California: Sage publications Inc.
- Kaleab, A. (2019), 'The Effect of Employee Promotion on Job Satisfaction in the Case of Ethiopian Airline Cargo and logistics Services' (Thesis Submitted for Master of Arts Degree in Human Resource Management, Addis Ababa University, School of Commerce, Addis Ababa)
- Kampkotter, P. (2014). Performance appraisals and Job satisfaction. *SOEP Papers on Multidisciplinary Panel Data Research*. No. 672. Berlin: The German Institute for Economic Research.
- Kenneth, A. K. (1987). What Motivates Employees? Workers and Employees Give Different Answers. *Business Horizons*, Vol. 30, Issue 5, Pages 58-65: Elsevier Inc.
- Kibour, A. (2005, June). The Birth of Ethiopian Airlines & TWA's Role. *Ethiopian Airlines Former Employees' Association Magazine, Anniversary Issue 1*, p. 5.
- Kissflow website published on May 11, 2020, viewed on March 01, 2021. <https://kissflow.com/hr/performance-management/employee-performance-appraisal-method/>
- Kothari, R. (2004). *Research Methodology: Methods & Techniques*. New Delhi: New Age International Ltd.

- Lee, W. L. (2001). 'Performance Appraisal', Edited by Burton S., *Encyclopedia of Business & Finance*, Vol. 1, Macmillan Reference, New York, p. 684.
- Locke, E. A. (2004). *Handbook of Principles of Organizational Behavior (2nd ed.)*. London: Wiley Publishers.
- Management Study HQ website published on February 12, 2021, viewed on September 02, 2021. <https://www.managementstudyhq.com/methods-of-performance-appraisal.html>
- Manish, K. & Rajneesh, K. S. (2014), 'Employees Performance Appraisal and its techniques: A Review', *Asian Journal of Advanced Basic Sciences*, Volume 2(2), ISSN (online): 2347 – 4114, Page 54.
- Margaret, A., & Wendy, B. (2003). *Research for Social Workers an introduction to Methods (2nd ed.)*. Australia: Allen & Unwin.
- Martin, C. (2019), *Ethiopia- Business Charter and Travel*. Africa Visited Magazine Vol. 11, No 12, December 2019.
- Max, M. (2009). *The Manager's Guide to HR: Hiring, Firing, Performance Evaluations, Documentation, Benefits, and Everything Else You Need to Know*. New York: SHRM Foundation, Page 35.
- Metasebiya, Y. (2017), 'Employees' Attitudes Towards the Performance Management System: The Case of Birhan International Bank Share Company' (Thesis Submitted for Master of Arts Degree in Public Administration and Development Management, Addis Ababa University, Department of Public Administration and Development Management, Addis Ababa)
- Mohrman, A. M., Jr., Resnick-West, S. M., & Lawler, E. E. III. (1989), *Designing performance appraisal systems: Aligning appraisals and organizational realities*. San Francisco: Jossey-Bass.
- MTD training (2010). *Performance management*. UK: Ventus publishing ApS.
- Nicholas, W. (2001). *Your research project a step-by-step guide for the first-time researcher*. London: Sage Publications inc.
- Oluoch, P. (2007), 'A Survey of the Relationship Between Performance Appraisal Practices, Motivation and Job Satisfaction of Employees of Commercial Banks in Nairobi' (Thesis submitted for Master of Arts Degree in Business Administration, School of Business, University of Nairobi, Nairobi)
- Patrick, McN., & Steve, C. (2005). *Research Methods (3rd ed.)*. Oxford: Routledge Publishing.
- Peter, F. D. (1954). *The Practice of Management*. New York: Harper & Row.
- Priyanka, S. (2018), 'Impact of Effectiveness of Performance Management System on Employee Satisfaction and Commitment', *International Journal of Management Research*, Article No-1/1-8, Volume 8/Issue 4, ISSN (online):2249-7196, Page 5.

- Ramous, A., Ge, Y., Lavish, M., Zipporah, A. & Isaac, O. A. (2016). The Impacts of Performance Appraisal on Employees' Job Satisfaction and Organizational Commitment: A Case of Microfinance Institutions in Ghana. *International Journal of Business and Management*. Vol. 11, No. 9. Published by Canadian Center of Science and Education.
- Robert, L., & Wayne, A. (2020). *The Four Functions of Management-An Essential Guide to Management Principles*. Kansas: Digital Pressbooks Hays.
- Ronald, R. (2002). *Organizational Success through Effective Human Resources Management*. Westport Connecticut: Greenwood Publishing Group.
- Selamta (2013, May-June). Feature: Past, Present, Future Ethiopian Airlines: A symbol of Pan-Africanism and African Renaissance. *The in-flight Magazine of Ethiopian Airlines, Addis Ababa*, pp. 44-45.
- Shewit, T. (2017), 'The Effect of Performance Appraisal on Job Satisfaction in the Case of Zemen Bank S.C' (Thesis submitted for Master of Arts Degree in Human Resource Management, Addis Ababa University, School of Commerce, Addis Ababa)
- Spector, P. E. (1994). *Job Satisfaction Survey*. Florida: University of South Florida, Department of Psychology.
- Spector, P. E. (1997). *Job satisfaction: Application, Assessment, Causes and Consequences*. California: Sage publications Inc.
- Stephen, P., & Timothy, A. (2013). *Organizational behavior (15th ed.)*. Boston: Prentice Hall.
- Tewabech, M. (2016), 'Impact of BSC Implementation on the Performance of an Organization: The Case of Ethiopian Airlines' (Thesis Submitted for Degree of Executives Master of Business, Addis Ababa University, College of Business and Economics, Addis Ababa)
- Thaddeus, Mc.E. (2001). 'Careers in Management', Edited by Burton S. *Encyclopedia of Business & Finance*, Vol. 1, Macmillan Reference USA, New York, p. 112.
- William, J. R. (2012). 'Career Planning and Development, And Why You Should Care About It', Executive Editor William J. R., Editors Jed. L., Karen, K., & Aileen, G. *The Encyclopedia of Human Resource Management: HR Forms and Job Aids*. Vol. 2, John Wiley & Sons Inc., San Francisco, p.44.
- Yamane, T. (1967). *Statistics: An Introductory Analysis (2nd ed.)*. New York: Harper & Row.
- Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2009). *Business Research Methods (8th ed.)*. California: South-Western College.

Annexes



Addis Ababa University College of Business & Economics

Department of Management Research Questionnaire

Dear Respondent: I am Alemayehu Gadissa student at Addis Ababa University College of Business & Economics Department of Management.

This questionnaire is designed to collect data for student research titled “**The Effect of Performance Management System on Employees’ Job Satisfaction: The Case of Ethiopian Airlines MRO Strategic Business Unit**” as partial fulfilment for MSc degree in Management specialized in Total Quality Management & Organizational Excellence. The findings of the study will help Ethiopian Airlines Group in areas of Performance Management System & Employees’ Job Satisfaction which are most important aspects of Human Resource Development.

Confidentiality: I want to ensure you that the information you provide will be used for academic purposes only & will be kept strictly confidential. The results of the research can be availed for respondents upon request. Since the outcome of the study is highly dependent on your genuine responses, kindly request few minutes from your busy time to genuinely response & properly complete all items in the questionnaire.

Finally, I thank you in advance for your time & cooperation!! If you have any problems regarding the questions, please don’t hesitate to contact me via cell phone n_o +251911895511.

General Instructions: You don’t need to write your name on the questionnaire.

Please put “√” mark on your choice in the space provided.

Part I: Demographic Information

1. Sex: Male Female

2. Age: 18-25 26-35 36-45 Above 45

3. Highest educational level:

College Diploma Bachelors’ Degree MA/MSc Degree Above MA Degree

4. For how many years have you been working in Ethiopian Airlines?

1-5 6-10 11-15 Above 15

5. What is your current position in the Airline?

Non-management Management

6. What is your division that you are currently working?

Part II: Performance Management System (PMS)

Definition of the term: PMS is a means of getting better results from the organization, teams and individuals by understanding & managing performances within an agreed framework of planned goals, standards and competence requirements.

Scale key: 5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree & 1=Strongly Disagree

	Performance Planning	Scales				
		5	4	3	2	1
1	PMS should be there & it is an integral part of the company’s success.					
2	I am aware & notified about the PMS of the company.					
3	The vision, mission & values of the company are clear to me.					
4	The company’s PMS allows me to participate in setting my performance target based on which I will be rated.					
5	I know what is expected from me & the set targets reflect the most important elements of my job.					
6	My performance targets are Specific, Measurable, Achievable, Relevant & Time bound (SMART) avoiding subjective evaluation.					
	Performance Evaluating	Scales				
		5	4	3	2	1
1	My supervisor is qualified to evaluate my work, understands the requirements & difficulties of my work.					
2	My supervisor clearly & continuously explains to me what is expected from my performance.					

3	My performance is continuously monitored by my supervisor monthly & quarterly; and I receive the feedback accordingly.					
4	The continuous performance review & its feedback motivate me to further improve my future semi-annual performances.					
5	My supervisor is fair to me & evaluate everyone in the team objectively.					
6	My performance review results fairly reflect my overall performance in the review period.					
7	I have a one-to-one discussion opportunity with my supervisor to get feedback & discuss my semi-annual performance results.					
8	The performance management system allows appeal when I think my performance result is unfair, biased or inaccurate.					
9	The existing PMS provides support in the form of training, coaching & adequate time for improvement when performance is below expectation.					
10	My supervisor explains me the gap between my actual performance and the target; and prepares the Performance Improvement Plan (PIP) to improve my performance in the future.					
		Scales				
	Performance Rewarding	5	4	3	2	1
1	My work performance is rewarding.					
2	I accept the merit based reward system.					
3	When I do a good job, I receive recognition from my supervisor & the company.					
4	The benefits I receive are as good as my performance & the benefit package we have is equitable.					
5	The high performers (superstars) have better chance of career development & promotion.					
6	I am satisfied with my chances for salary raise, promotion & annual bonus pay.					

Part III: Job Satisfaction

Definition of the term: Job satisfaction refers to the attitudes and feelings people have about their work.

Scale key: 5=Strongly Agree, 4=Agree, 3=Neutral, 2=Disagree & 1=Strongly Disagree

	Job Satisfaction	Scales				
		5	4	3	2	1
1	Horizontal and vertical communications in the company are free and comfortable to me.					
2	My supervisor shows good interest in the feelings of subordinates.					
3	I feel a sense of pride working in this company.					
4	I enjoy my team members & co-workers.					
5	I am satisfied with the practical application of PMS in the company to evaluate my performance.					
6	I am satisfied with the appeal process of the performance appraisal system.					
7	My performance result can be changed if I can prove that it is unfair, biased and inaccurate.					
8	I am hopeful about my future with the company.					
9	Generally, I am satisfied with my current job.					

Part IV: General Questions

Please write your personal opinion or feeling for the below general question (Optional)

1. What do you think about the performance management system of the company?
2. To what level are you satisfied with your current job?
3. Do you think there is relationship between the company performance management system and the level of job satisfaction?

Source: Spector's Job Satisfaction Survey (1994) & Own survey questions (2021)