



# **Effects of Performance Appraisal Quality on Affective Organizational Commitment and Job Satisfaction: Evidence**

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**Effects of Performance Appraisal Quality  
on Affective Organizational Commitment and Job  
Satisfaction:**

**Evidence from Major Bilateral Donors in Ethiopia**

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**In partial fulfillment of the requirement for Degree of MA**

**in Human Resource Management**

**Submitted to: Fisseha Afework (Asst. Prof.)**

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**Addis Ababa**

## **Declaration**

I hereby declare that this work entitled Effects of Performance Appraisal Quality on Affective Organizational Commitment and Job Satisfaction: Evidence from Major Bilateral Donors in Ethiopia is outcome of my own effort and all sources of materials used for the study, to the best of my knowledge, have been properly acknowledged. I have produced it independently except for the guidance and suggestion of my research advisor.

This study has not been submitted for any degree in this university or any other university. It is offered for the partial fulfillment of Degree of Masters in Human Resource Management by me.

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This is to certify that the thesis prepared by Bruk Leyikun entitled Effects of Performance Appraisal Quality on Affective Organizational Commitment and Job Satisfaction: Evidence from Major Bilateral Donors in Ethiopia, submitted in partial fulfillment of the requirements for the Degree of Masters of Human Resources Management complies with the regulation of the University and meets the accepted standard with respect to originality and quality.

**Signed by the Examining Committee**

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## **List of Acronyms**

UKAID/DFID E:	United Kingdom Department for International Development in Ethiopia
USAID:	United States Aid for International Development
HRM:	Human Resource Management
HR:	Human Resource
PAQ:	Performance Appraisal Quality
AOC:	Affective Organizational Commitment
JS:	Job Satisfaction

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## Abstract

*The main purpose of this study is to show the effect of a quality performance appraisal on affective organizational commitment and job satisfaction. To study this subject matter and enhance the attention given to the performance appraisal process, two major bilateral donor are selected; DFID Ethiopia and USAID. These bilateral organizations have a total staff size of 3,351. From this population size 186 employees were selected using stratified proportional sampling first and then simple random sampling with a proportional allocation of samples size. Consequently about 29 and 157 staff are selected from DFID/UKAID and USAID respectively and asked to complete a standard questioner on performance appraisal quality by Tang and Sarsfield - Baldwin's (1996), job satisfaction questioner by Cook and Crossman (2004), and the affective organizational commitment by Allen and Meyer's (1990 & 1997).*

*The standard questions on the performance appraisal quality by Tang and Sarsfield is taken as a tool to assess the quality of the performance appraisal process. Fourteen questions categorized in four; clarity of the performance appraisal process, communication within the performance appraisal process, trust in the performance appraisal process, and fairness in the performance appraisal process, are used to gather respondents' response on the quality of the performance appraisal process. In the research process employees are considered as the judges of the performance appraisal quality, because they are the primary beneficiaries or victims of the performance appraisal process and its effect. In addition, standard questioners on affective organizational commitment and job satisfaction were employed to gather the data.*

*The participants' response gathered was summarized and analyzed using descriptive and inferential statistics and the result is presented in the form of tables and graphs. Descriptive statistics like average and percentage are used mainly to describe the demographic variables. Also correlation analysis is done to understand the relationship between the performance appraisal quality and the dependent variables; affective organizational commitment and job satisfaction. Further regression analysis is done to identify the effect of the performance appraisal quality on affective organizational commitment and job satisfaction.*

*Finally, the empirical findings showed that there is a strong positive effect of the performance appraisal quality on the affective organizational commitment, and job satisfaction. It is also identified that no demographic variables cause significant variance in both affective organizational commitment and job satisfaction. These are encouraging findings for employers to increase the attention they have given to their performance appraisal as it has a significant effect on the affective organizational commitment and job satisfaction of employees'.*

# Chapter One

## 1. Introduction

In this chapter the background of the study, the problem identified with regard to performance appraisal quality, the major research questions this thesis tried to address, scope of the study, limitation of the study, definition of terms, and other particulars that helps the readers to understand this research, the analysis to follow, findings, and recommendations are discussed.

### 1.1 Background

In today's continuously changing world, human resources has become source of sustainable competitive advantage and the major aim of human resources management has shifted towards ensuring if organization obtains and retains the skilled, committed, and well-motivated workforce it needs to stay competitive. As a result organizations started focusing on their human resources functions and its strategic contribution towards organizational performance. This further required the design and implementation of quality recruitment and selection procedures, performance management, and learning and development activities i.e. linked to the needs of the business.

A carefully designed and implemented human resource system can help organizations to be effective and efficient in their operation. Performance management being one of the human resource systems can promote efficiency and effectiveness by creating a link between an organization's mission and strategic direction and the required employee performance (Shield, J., 2007). According to Reid & Ubbell (2005) performance management process makes individual employees to be engaged in the business of the organization through creating alignment between organizational business objectives and individual plan. Performance management also serves as a tool to systematically identify the strength and weaknesses of an individual employee across many element of the job. In this context, the performance management tells how well an employee is performing a job – relevant tasks. Apart from this the performance management process can also help to create the needed organizational culture through linking its output to the

reward strategies of the organization. Moreover, the performance management process helps to motivate employees through providing them the opportunity to have a say i.e. through goal setting which they agree or have had some input. Further, the performance management process can help to produce a system that is regarded as fair and equitable, especially in the rewards that emerge from the process.

Considering the above mentioned facts, organizations are incorporating the performance management system as an integral part of their human resource management system to bring efficiency and effectiveness. In this process, supervisors' capability to execute quality performance appraisal and provide accurate and timely feedback has the power to bring efficiency and effectiveness through changing individual's behavior and their positive contribution towards organizational success.

The availability of efficient and effective communication is also the other major factor that has significant influence on the quality of performance management process and an employee's performance. Effective and efficient communication helps to inform employees about the priority areas and align their objectives with identified priority areas of the organization. Also the extent to which performance expectations will be cleared to employees during objective settings has a significant influence on the quality of performance management and ultimately organizational performance. This is particularly important when there are too many jobs with vague performance standards, and when these standards are set in isolation and without employee input. If the employee is not communicated about the expectation, he/she may tend to act by his/her own. This act could be in line with organizational interest or not. The ultimate effect will be disagreement between the supervisor and the employee and also poor organizational performance. Also supervisor's expectations of employee work performance must be clear enough in mind so that it will be possible to communicate these expectations to the employee, mutually agree to specific job performance measures, and appraise performance against these established standards. The practicality of the performance management process in terms of cost and time, the precision of key player in the process (supervisors), and also the interpretation and understanding of performance expectation with individuals in the process all can affect the quality performance management process.

In general we can say a quality performance management process help to clear responsibilities and increase motivation. This further puts individual motivation in action, and a team full of motivated individuals will feed off each other and help that motivation going and attain job satisfaction. Also employees are more likely to take ownership of their work and to be committed. Therefore, identifying determinants of quality performance management process and their effect on the employees' job satisfaction and organizational commitment is very important. The thesis tries to identify the major factors affecting the quality performance management process and their effect on job satisfaction and organizational commitment.

## **1.2 Statement of the Problem**

Performance management is one of an employer's tools to shape the behavior of employees and enhance organizational performance. Performance management helps to elicit the right behavior in both managers and employees throughout the year there by enhance organizational performance. This happens only when employers understand the importance of quality performance management, design the appropriate process, implement, and monitor and evaluate its effectiveness and efficiency.

With an increased emphasis on performance improvement and competition, one would think that organizations would get better at performance management which can result in improvement in performance, attraction, and retention of employees. However, many employers have a system that is weakly designed to bring the desired behavior or result as they tend to see the system as bureaucratic or destructive process on the employee-employer relationship (M. Armstrong, 2009). They consider it as an inherent system that is impossible to perfect it; as a result they have continued to use the poor performance management practice they have had. The poor performance management exercise coupled with lack of initiatives for change can affect job satisfaction and organizational commitment of many employees. This in turn can affect employees' contribution and organizational performance. Therefore this study seeks to analyze the effect of performance management process quality on employees' jobs satisfaction and affective organizational commitment and fill the understanding gap in the area.

For this purpose two major bilateral donors operating in Ethiopia (UKAID/DFID E and USAID) are selected. The combined aid from these two bilateral donors consistently provides more than half of the total bilateral donation to Ethiopia for the last three years. Their donation also constitutes a significant portion of the national budget. These major bilateral donors also have employed a significant portion of the staff compared to other bilateral donors i.e. 3,351 employees. A study on these major bilateral donors and the findings will have high significance to other bilateral donors operating in Ethiopia.

### **1.3 Research Questions**

The research tries to answer the following questions:

1. Does performance appraisal quality has effect on the affective organizational commitment of employees' working in the selected bilateral donors?
2. Does performance appraisal quality has effect on job satisfaction of employees working in the selected bilateral donors?

### **1.4 Objectives of the Study**

The main objectives of this thesis will be:

1. To show the effect of quality performance appraisal on organizational commitment of employees working in the selected bilateral donors.
2. To show the effect of quality performance appraisal on job satisfaction of employees working in the selected bilateral donors.

### **1.5 Research Hypothesis**

The following assumptions will be proved or disproved in this study;

#### **Hypothesis 1:**

The performance appraisal quality has a significant positive effect on affective organizational commitment of the selected bilateral donors.

## **Hypothesis 2:**

Performance appraisal quality has a significant positive effect on job satisfaction of the selected bilateral donors.

### **1.6 Definition of Terms**

**Quality:** establishing and operating processes that promote organizational efficiency (American Society for Quality). The aim of a quality is to reduce variation in every process in order to obtain greater consistency (Roberts, H. A. 1993).

**Performance Appraisal Quality:** is determined by the performance appraisal process that is explained by the formal appraisal procedures, the enactment of these formal appraisal procedures, and the interpersonal treatment of employees during the appraisal process (Tang, T. ,B.1996).

**Job satisfaction:** The term job satisfactions refer to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction (M., Armstrong, 2005).

**Organization commitment:** refers to the employee's emotional attachment to, identification with, and involvement in the organization. In essence, measuring organizational commitment is an assessment of the congruence between an individual's own values and beliefs and those of the organization (Swales, 2002).

**Normative Organization Commitment:** A feeling of obligation to continue employment (Allen, 1990).

### **1.7 Significance of the Study**

The finding from this study will encourage organization to enhance the attention they have given to their performance appraisal process. As a result they will be encouraged to review their

performance appraisal process, place the appropriate performance management system, and follow up its proper implementation.

### **1.8 Delimitation/Scope of the Study**

This study is focused on the two major bilateral donors in Ethiopia which are DFID Ethiopia and USAID. Even if these two major bilateral donors have offices in other parts of the world, the study focuses on those operating in Ethiopia.

Different factors can influence jobs satisfaction like job related factors, role perceptions, and firm performance (Christen, M. I. , 2006). However, the focus of this study is to see how factors in the performance appraisal quality influence the job satisfaction.

Also organizational commitment is measured from different angles; as a result the nature of the commitment varies depending on the cause: affective commitment, continuance commitment, and normative commitment. The focus of this study is on the affective organizational commitment that has a strong relationship with the performance management. Therefore, for the purpose of this thesis organizational commitment means affective commitment.

### **1.9 Limitation of the Study**

This thesis focuses on non Ethiopian institutions which have international standard. Therefore, how the relationship goes in the context of Ethiopian institutions i.e. governmental, private, and non - governmental organization is left untouched. Therefore, the findings of the study may not be directly applicable in the context of Ethiopian institutions.

### **1.10 Organization of the Study**

This research has five parts and each of them have specific focus areas. Chapter One: Introduction, Chapter Two: Literature Review, Chapter Three: Research Design and Methodology, Chapter Four: Data Analysis and Interpretation, and Discussion of Results, and Chapter Five: Summary, Conclusion and Recommendation.

Chapter 1: This chapter presents a summary of the entire project. It identified the research area, split down into a sequence of objectives.

Chapter 2: This section reviews literature related to the research purposes. It constructs a theoretical establishment upon which the research is build. It is an assessment of what performance management is, and why it is measured. Also covers the vital parts of a valuable and efficient performance management system and recognize the important steps that set the foundation.

Chapter 3: This section explains the methodology that is employed to collect the data. It sketches the research model selected, the research strategy, and also give explanation for the selection of the methodology.

Chapter 4: This section explains the findings of the research. The findings are presented in text, graphs, and in tables.

Chapter 5: This section outlines the conclusions on the subject of the research objectives through connecting the research findings.

## **Chapter Two**

### **2. Literature Review**

In this chapter theoretical and empirical literatures are reviewed with the purpose of providing readers with scientifically proven information about the performance management process, its purpose, the process, findings of the previous studies in the area, and also related theoretical framework underlying the study.

#### **2.1 Theoretical Background**

##### **2.1.1 Definition of Performance Management**

Performance management can be defined as a systematic process of improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards, and competency requirements (M., Armstrong, 2009).

According to Briscoe (2008) performance management is the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development needs and distribute rewards.

Managing performance involves establishing agreed and SMART (specific, measurable, achievable, realistic and time bound) goals at the beginning of the performance period, monitoring performance regularly, evaluating performance, and providing reward for good performance. The later helps to enhance employees' moral and commitment for the coming performance period.

### **2.1.2 Purposes of Performance Management**

There are two main purposes driving performance management. Firstly, the Operational reasons, which serve to lead and control. Organizations operate in an increasingly competitive environment, as a result it becomes more and more important for employees to have clear guidance and direction towards the organization's aims and objectives. The performance management system sets out to communicate the link between an organization's mission and strategic direction and the required employee performance (Stredwick, 2007). This helps to ensure the maximum utilization of every employee's skills, knowledge, and interests. Performance management also acts as a measure of the effectiveness or efficiency of the workforce, particularly where there are external or inter-unit comparisons. The strongest and the weaker performers can be readily identified; the strongest can be used as role models or utilized in training and the weaker employees helped to improve through coaching, training or discipline. This helps to increase employee's motivation and productivity and finally ensure a company's competitiveness. On the cultural side, the system can feature as part of the overall drive to build a more open relationship with employees. It helps to have a smooth employer-employee relationship through building a more open relationship with employees. Organization plans can be shared, appraisal discussions can be frank within a realistic context and means of improving performance can be encouraged and openly evaluated. Moreover, because employees always have a higher motivation towards goals with which they agree or have had some input, the performance management system provides the opportunity for employees to have a voice in the process through the individual performance plan, in whatever form it is agreed.

Another important purpose is to endeavor to produce a system that is regarded as fair and equitable, especially in the rewards that emerge from the process. It also helps to perform key human resources tasks like decision concerning salary increases, promotions, and disciplinary action more effectively and transparently. A well thought through performance management system should provide a defensible framework within which the many types of rewards can be allocated, rather than on the basis of personal prejudice. A further objective allied with fairness relates to dealing with areas of employee performance, which produce major concerns. Employees will not take kindly to criticism if they are unaware of the standards expected of

them. It is certainly not possible to engage in disciplinary proceedings on performance that will be regarded as fair without having such standards in place. All these reasons support the notion that an effective scheme embeds a culture for employees to focus on performance improvement, learning and development. An effective scheme will also add to the level of trust between employees and management. Further the performance management process provides information about existing skill level that is needed for future organizational needs (Arthur, 2008).

However, the ability of the performance management process to serve these purposes is highly dependent up on the quality of the performance management process in place. Therefore, the focus of this thesis is to highlight indicators of a quality performance appraisal experience and show their effect on employees' job satisfaction and commitment.

### **2.1.3 Overview of the Performance Management Process**

Performance management as a process can be grouped in to three major activities; Planning – concluding a performance and development agreement, Acting – managing performance throughout the year, and Reviewing – assessing progress and achievements so that action plans can be prepared and agreed and rated.

#### **2.1.3.1 Performance Planning**

The performance planning part of the performance management sequence involves agreement between the manager and the individual on what the latter needs to do to achieve objectives, raise standards, improve performance, and develop the required competencies. The performance management process begins with agreement between the employee and the employer on the required level of performance, and how it is to be measured. Hence performance agreements lay the basis for development, assessment, and feedback in the performance management process. The foundation for performance planning is a role profile that defines the role in terms of the key results expected, what role holders need to know and be able to do (competencies), and how they are expected to behave in terms of behavioral competencies and upholding the organization's core values. Then supervisor and supervisee define the role profile that sets out role requirements

in terms of key result areas and the competencies required for effective performance. The process of reaching an agreement should begin with ensuring if corporate goals and values are understood by the employees. This helps to ensure alignment of an employees' objective with what the organization is trying to achieve. Agreeing on an individual performance plan also should focus on the ways that an employee's performance could be enhanced, address any areas of concern regarding past performance, and clarify how the performance is measured. In addition, the appropriate form of measurement system i.e. both qualitative and quantitative shall be chosen and agreed. Help and assistance needed to achieve the target identified in the plan should also be discussed and agreed. Finally, the plan will need to be quite clear on how the individual's pay will be influenced by the outcomes of the plan.

There are two main methods that are currently used for developing the standards against which the employees' performance is measured: *Establishing targets and Determining the level of competence.*

#### **i. Establishing targets or goals**

Establishing targets refers to a quantified outputs or improvement targets/goals or one-off targets/goals relating to a particular project. Goal setting is a powerful tool that can be used to motivate and challenge employees. Achieving a goal gives a sense of accomplishment and a way to keep track of what someone achieved and gives a means to measure performance objectively and clearly. Goal setting can be used in every type of work place and with every level of employee. A well articulated goal is clear and helps to objectively determine whether or not the goal has been reached. Poorly set goals are not clear and it is not possible to tell what it will look like once the goal has been achieved. The result is frustration and lack of effectiveness.

Locke and Latham's Goal Setting Theory (1968) states that employees will be motivated by having a goal to work towards and that reaching the goal improve work overall performance. People work better when their goals are specific and challenging rather than vague and easy. Goal setting leads to the overall performance improvement of the employees concerned. According to Locke (1968) any type of action that is measured and controlled can be improved

as long as the goal is accepted by the individual and the goal relates to the performance criteria being used. Also realistic, hard, and specific goals produce better performance than easy goals or no goals at all.

Setting goals improve performance through four main mechanisms: they direct the attention of the employee to what needs to be achieved, they mobilize the effort put in by the employee, they increase the persistence of the employee in their desire to reach the goal and get them to think carefully about the right strategies they need to employ to achieve the targets. Also the commitment to a goal can be considerably improved if employees participate in the goal-setting process (Locke, 1990).

Goal setting helps to reach agreement, defining and managing expectations, and forms the point of reference for performance reviews. Many organizations use SMART (Specific, Measurable, Achievable, Realistic and Time Bound) objectives to develop employee's performance goals.

- Firstly, they should be *specific* and *stretching*. *Specific* means that they are transparent and not open to dispute. To set *stretching* targets supports further aspects of Goal theory, which states that motivation and performance are higher when goals are difficult but accepted, support is given to achieve them and feedback is regular and valued. Secondly, targets should be *measurable*, so that all sides can agree when they are achieved (or not). Measurable targets also make interim feedback so much easier. Thirdly, targets should be *agreed* and *achievable*. If employees disagree with the targets because they find them too difficult to achieve, then they may well set out to prove this by determining to fail. Fourthly, targets should be *realistic* and *relevant*, which makes them more attractive to all the parties. Finally, they should be time-related, so that it is clear at what point they should be achieved.

#### **a. Goal or Target Review**

Targets have to be reviewed considering the changes in the external environment. However, it doesn't mean that changes should be made each week or month but there can be no untouchable target that will last for years. In setting goal it is also important to choose the right number of targets, even if the right number of targets is difficult to judge. If an individual has a large

number of targets, then the process of monitoring and measuring these targets would be insuperably complex. If there is only one target, then too much is at stake on this one target from the employee's viewpoint. Many organizations reach a compromise and provide for employees to have a minimum and maximum number of specific targets.

### **b. Principles of Goal Setting**

Locke and Dr. Gary Latham (1990) on their work; "A Theory of Goal Setting and Task Performance" identified five principles that were important in setting goals that will motivate others. These principles are: Clarity, Challenge, Commitment, Feedback, and Task Complexity.

Clarity: a clear goal is one that can be measured and leaves no room for misunderstanding. Goals should be very explicit regarding what behavior is desired and will be rewarded.

Challenge: a goal should be challenging, but must still be achievable. If employees don't believe that they can meet a goal that is given to them, they might not even be motivated to make an attempt. They will dread the goal rather than be motivated by it.

Commitment: in order for goals to be effective, they need to be agreed up on. The goal should be in line with the general, established expectations that employees have had for the employee in the past. The employee and employer must both be committed to using the resources needed to complete the goal and should ask to agree on what the reward will be. This doesn't mean that employee's absolute agreement to every goal should be obtained. But a general agreement should be there. Allow them to participate in the conversation about what is needed in order to complete the goal, how much time it will take, and any other ways that they can participate in decision making about the their performance.

Feedback: is a type of progress reporting. It gives the supervisor the chance to clarify expectations and to adjust the level of difficulty of the goal if it seems it's too hard or too easy. A formal discussion what went well and what could use improvement in the future.

Task Complexity: when a role is complex or highly technical, the person in that role is often highly motivated or else they wouldn't have reached that level in their organization. However, even the most motivated person can become discouraged if the complexity of the task is high.

### **c. Integrating Goals**

The integration of organizational and individual/team objectives is often referred as a process of 'cascading objectives'. However, cascading should not be regarded as just a top down process. There will be overarching corporate goals, but people at each level should be given the opportunity to indicate how they believe they can contribute to the attainment of team and departmental objectives. This is a bottom-up process and the views of employees about what they believe they can achieve should be noted and, as appropriate, higher-level objectives amended to take account of them. An approach along these lines increases 'ownership' of the objectives as well as providing a channel for upward communication on key issues affecting the achievement of business goals. Integration is achieved by ensuring that everyone is aware of corporate, functional and team goals and that the objectives they agree for themselves are consistent with those goals and will contribute in specified ways to their achievement.

### **d. Employee Participation in Goal Setting**

Participation in goal setting is important, but it must be accompanied by an understanding of organizational goals, information about translating them into action, and support for meeting goals (London M. &, 2002). The evaluation of individual goal setting and participation should begin with a review of the process that managers and employees follow throughout the organization to establish goals. Participation in goal setting improves performance, not because participation by itself is inherently motivating, but because it provides the employee with an increased understanding of expectations and strategies for goal accomplishment.

#### **ii. Determining the Level of Competence**

*Determining the level of competence* mean identifying the behavior, values, and principles needed to achieve the objectives. Encouraging the employee to adopt the behaviors required by the organization and following the behaviors exhibited by high performers in the past are seen as

a more coherent and broader approach to achieving improved employee performance. It is a natural progression to measure employees' performance against those preferred competencies. The competencies, and the preferred behavior that measures them, need to be drawn up (Stredwick, 2007).

Behavioral expectations are often set out generally in competency frameworks. Competency frameworks may deal with areas of behavior associated with core values, like desirable and undesirable behavior that can help in planning and reviewing performance. Also expectations can be defined for upholding the core values of the organization. The aim would be to ensure that espoused values become values in use.

Apart from setting goals and defining the competency needed to undertake a particular job, employees shall have a personal development plan. The personal development plan provides a learning action plan for which individuals are responsible with the support of their managers and the organization. It may include formal training but, more importantly, it will incorporate a wider set of learning and development activities such as self-managed learning, coaching, mentoring, project work, job enlargement and job enrichment.

The development plan records the actions agreed to improve performance and to develop knowledge, skills and capabilities. It is likely to focus on development in the current job – to improve the ability to perform it well and also, importantly, to enable individuals to take on wider responsibilities, extending their capacity to undertake a broader role. This plan therefore contributes to the achievement of a policy of continuous development that is predicted on the belief that everyone is capable of learning more and doing better in their jobs. But the plan will also contribute to enhancing the potential of individuals to carry out higher-level jobs.

### ***2.1.3.2 Managing Performance throughout the year***

One of the most important concepts of performance management is that it is a continuous process that reflects normal good management practices of setting direction, monitoring and measuring performance and taking action accordingly. Performance management should not be

imposed on managers as something ‘special’ they have to do. It should instead be treated as a natural function that all good managers carry out.

This approach contrasts with that used in conventional performance appraisal, which were usually built around an annual event, the formal review, which tended to dwell on the past. This was carried out at the command of the personnel department, often involuntarily, and then forgotten. Managers proceeded to manage without any further reference to the outcome of the review and the appraisal form was buried in the personnel record system.

To ensure that a performance management culture is built and maintained, performance management has to have the active support and encouragement of top management who must make it clear that it is regarded as a vital means of achieving sustained organizational success. They must emphasize that performance management is what managers are expected to do and that their performance as managers will be measured by reference to the extent to which they do it conscientiously and well. Importantly, the rhetoric supporting performance management must be converted into reality by the deeds as well as the words of the people who have the ultimate responsibility for running the business.

#### **2.1.3.2.1 Feedback**

Feedback is the provision of information to people on how they have performed in terms of results, events, critical incidents and significant behaviors. Feedback can be positive when it tells people that they have done well, constructive when it provides advice on how to do better, and negative when it tells people that they have done badly. Feedback reinforces effective behavior and indicates where and how behavior needs to change.

Feedback transmits information on performance from one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action. In this respect performance management has the characteristics of a system in that it provides for information to be presented (feedback) to people on their performance, which helps them to understand how well they have been doing and how effective their behavior has been. The aim is for feedback to

promote this understanding so that appropriate action can be taken. This can be positive action taken to make the best use of the opportunities the feedback has revealed, or corrective action where the feedback has revealed that something has gone wrong.

Feedback to individuals on how they are doing is one of the key performance management processes. It can be provided by managers informally during the year or formally at a performance review meeting in which it will play an important part. It can be given by colleagues, subordinates or customers as part of a 360-degree feedback system. Or it can be something that individuals do for themselves.

#### **i. The Nature of Feedback**

Evidence-based performance management depends on feedback that relies on facts not opinions. It refers to results, events, critical incidents and significant behaviors that have affected performance in specific ways. It compares what has actually happened with what was supposed to have happened. It refers to agreed objectives, success criteria and performance measures, and uses the latter to establish outcomes. The feedback should be presented in a way that enables individuals to recognize and accept its factual nature. Certainly there will often be room for some interpretation of the facts but such interpretations should start from the actual situation as reported in the feedback not from the subjective views expressed by the provider of the feedback.

According to Lee (2005) performance conversations should include a two-way exchange to ensure that the employee fully understands what is good, what is bad, and why the good performance is good and the bad is bad. With accurate descriptions of the nuances of performance the employee can better understand how his or her past actions or activities affected performance outcomes and how future efforts are likely to contribute to future performance. Accurate descriptions or diagnoses of performance are crucial, for understanding and improvement are possible, only through timely feedback.

Also London and Mone (2004) mentioned as feedback plays a key role, along with goal setting, in the self-regulation of performance. In overall, feedback focuses attention on performance

goals that are important to the organization, helps discover errors, maintains goal direction, influences new goals, provides information on performance capabilities and on how much more effort/energy is needed to achieve goals, and provides positive reinforcement for goal accomplishments. Two semi-annuals or one annual performance conversation cannot manage performance alone. They might be effective in documenting some performance parameters but they are not likely to be effective in managing, regulating and improving performance. Good supervision with ample feedback is good performance management. Although many people confuse the two, feedback and appraisal are fundamentally different things. Feedback is information-based, whereas the basis of appraisal is judgment or evaluation. Furthermore, feedback is an ongoing activity, and appraisal is periodic and event-based (annual).

## **ii. Effective Feedback**

There are many factors that influence how individuals react to feedback, and who will improve following feedback and who will not. DeNisi and Kluger (2000) also commented that feedback interventions are more likely to be effective if they keep the employee's attention focused on goals at the task performance level and least likely to be effective if they cause a shift of focus to a personal level. Gray (2001) identified two factors that influenced the extent to which receivers valued their feedback: 1) the extent to which the feedback was trustworthy, and 2) the extent to which it was constructive.

## **iii. 360 – Degree Feedback**

Identified by Ward (1997) 360-degree feedback is a tool intended to systematically collect multi dimensional feedback of performance data on an individual or group. It is a process in which someone's performance is assessed and feedback is given by a number of people, who may include their manager, subordinates, colleagues and customers. Assessments take the form of ratings against various performance dimensions. Some organizations restrict feedback to individuals on the grounds that its main purpose is to help them to develop their performance. Some give it to both managers and individuals as the basis for appraisal, coaching and self development. A few give it to managers to provide a basis for appraisal and pay decisions.

According to Tornow (1993) the rationale for 360-degree feedback is based on two key assumptions: 1) that awareness of any discrepancy between how we see ourselves and how others see us increases self-awareness; and 2) that enhanced self-awareness is a key to maximum performance as a leader, and thus becomes a foundation block for management and leadership development programmes. Through feedback, recipients receive useful information about their strengths and weaknesses, which can guide their developmental planning. The feedback is valuable because it comes from multiple perspectives, the opinions are important, and each perspective may provide relevant yet different information.

London and Beatty (1993) have suggested that 360-degree feedback can become a powerful organizational intervention to increase awareness of the importance of aligning leader behavior, work unit results and customer expectations, as well as increasing employee participation in leadership development and work unit effectiveness. It recognizes the complexity of management and the value of inputs from various sources – it is axiomatic that managers should not be assessing behaviors they cannot observe, and the leadership behaviors of subordinates may not be known to their managers. It also directs attention to important performance dimensions that may hitherto have been neglected by the organization.

#### **iv. 360-degree Feedback and Appraisal**

An important issue to be addressed in developing a 360-degree feedback system is whether it should be used purely for development purposes (i.e. identifying learning and development needs) or whether it should be also or mainly used as part of the appraisal process (contributing to overall ratings and decisions on promotion, succession planning, pay or even retention). Incorporating 360-degree feedback into appraisal can be attractive to organizations because they feel that:

- 1) it makes the maximum use of the data it provides so that they get their money's worth;
- 2) it widens the base of opinion; and
- 3) it offers a broader assessment of performance.

The problem with the 360 degree feedback is that people giving the ratings may be less inclined to be honest if they know that they can affect pay decisions or have negative effects on the person concerned. When the purpose of ratings became evaluative rather than developmental, those giving the ratings can change their assessment – and the changes could be in either direction. Furthermore, there is no guarantee that assessments by subordinates and peers will be free of bias. Therefore, it needs to be handled with care.

### ***2.1.3.3 Performance Reviews***

Performance management is a continuous process that involves informal reviews as required. As Plachy (1988) explained: ‘Performance review occurs whenever a manager and an employee confirm, adjust, or correct their understanding of work performance during routine work contacts.’ Performance review is a ‘stocktaking’ opportunity for the consideration of key performance and development issues and provides the basis for performance and development planning and agreements.

Although performance management is a continuous process it is still necessary to have a formal review once or twice a year. This provides a focal point for the consideration of key performance and development issues. The review should be rooted in the reality of the employee’s performance. It is concrete, not abstract and it allows managers and individuals to take a positive look together at how performance can become better in the future and how any problems in meeting performance standards and achieving objectives can be resolved. When assessing performance it is also necessary to consider inputs in the shape of the degree of knowledge and skill attained and behavior that is demonstrably in line with the standards set out in competency frameworks and statements of core values.

Individuals should be encouraged to assess their own performance and become active agents for change in improving their results. Managers should be encouraged to adopt their proper enabling role: coaching and providing support and guidance. There should be no surprises in a formal review if performance issues have been dealt with as they should have been – as they arise during the year. Traditional appraisals are often no more than an analysis of where those

involved are now, and where they have come from. This static and historical approach is not what performance management is about. The true role of performance management is to look to what needs to be done by people to achieve the purpose of the job, to meet new challenges, to make even better use of their knowledge, skills and abilities, to develop their capabilities by establishing a self-managed learning agenda, and to reach agreement on any areas where performance needs to be improved and how that improvement should take place. This process also helps managers to improve their ability to lead, guide and develop the individuals and teams for whom they are responsible.

It can be argued that formal reviews are unnecessary and that it is better to conduct informal reviews as part of normal good management practice to be carried out as and when required. Such informal reviews are valuable as part of the continuing process of performance management (managing performance throughout the year). But there is everything to be said for an annual or half-yearly review that sums up the conclusions reached at earlier reviews and provides a firm foundation for a new performance agreement and a framework for reviewing performance informally, whenever appropriate.

The argument for a formal review is that it provides a focal point for the consideration of key performance, motivational, and development issues. It is a means for considering the future in the light of an understanding of the past. It gives managers with their teams and the individual members of their staff the opportunity to pause after the turmoil of everyday life and reflect on the key issues of personal development and performance improvement. It is a means of ensuring that two-way communication on issues concerning work can take place, and it provides the basis for future work and development plans. Formal reviews do not supplement informal or interim progress reviews but they can complement and enhance them and therefore have an important part to play in performance management. In a sense, they are stock-taking exercises that take note of what has been happening in order to plan what is going to happen. A formal review is necessary if performance has to be rated for performance related pay purposes.

### **2.1.3.3.1 Objectives of performance reviews**

The objectives of reviewing performance are as follows:

- Planning – to provide the basis for re-formulating the performance agreement and the performance and development plans incorporated in it.
- Motivation – to provide positive feedback, recognition, praise and opportunities for growth; to clarify expectations; to empower people by encouraging them to take control over their own performance, learning and development.
- Learning and development – to provide a basis for self-managed learning and the development through coaching and other learning activities of the abilities relevant both to the current role and any future role the employee may have the potential to carry out. Note that learning and development includes focusing on the current role, enabling people to enlarge and enrich the range of their responsibilities and the skills they require and be rewarded accordingly.
- Communication – to serve as a two-way channel for communication about roles, expectations (objectives and competency requirements), relationships, work problems and aspirations.

### **2.1.3.3.2 The process of reviewing performance**

Performance is reviewed as it occurs by the individual as well as the manager, comparing what happened with what should have happened. Informal feedback can take place whenever a manager comments on a piece of work or an action taken by an individual at work. Also whenever appropriate, managers meet individual members of their teams to provide feedback, initiate coaching or other learning activities, and agree on revised goals or any corrective action required. The outcome of such meetings may not be formally documented unless action to deal with poor performance through a capability procedure is invoked. However, managers may take notes for reference when preparing to conduct a formal review meeting.

Formal reviews are meetings in which performance is analyzed more systematically. They include an overview and analysis of performance since the last review, comparing results with

agreed expectations and plans. Reference may be made to events that illustrate performance as discussed during the year. Formal reviews are usually documented on paper or recorded on a computer. They can provide the basis for decisions on performance pay, promotion, inclusion in talent management development programmes, training, performance and development plans, and action to deal with poor performance (although the latter is best carried out at the time rather than waiting for an annual review). All this happens on a one-to-one basis – a get-together of the manager and the individual. This should be a conversation involving dialogue and joint analysis of performance. It should be constructive and forward-looking, not a top-down judgmental affair.

#### **2.1.3.3.3 The formal performance review meeting**

The formal performance review meeting is the means through which all the performance management processes can be put to good use. The review should be rooted in the reality of the employee's performance. It should be concrete, not abstract, and it allows managers and individuals to take a positive look together at how performance can be developed in the future and how any problems in achieving goals and meeting performance standards can be resolved. Individuals should be encouraged to assess their own performance and become active agents for change in developing that performance. Managers should be encouraged to adopt their proper enabling role: coaching and providing support and guidance.

There should be no surprises in a formal review if performance issues have been dealt with as they should have been – as they arise during the year. Traditional appraisals are often no more than an analysis of where those involved are now, and where they have come from. This static and historical approach is not what performance management is about. The true role of performance management is to look forward to what needs to be done by people to achieve the purpose of the job, to meet new challenges, to make even better use of their knowledge, skills and abilities, to develop their capabilities by establishing a self-managed learning agenda, and to reach agreement on any areas where performance needs to be developed and how that development should take place. This process also helps managers to improve their ability to lead, guide and develop the individuals and teams for whom they are responsible.

#### **2.1.3.3.4 Performance Review Timing**

The usual practice is to have an annual formal review that provides a basis for a new performance agreement and performance rating, if that is required. Some organizations hold all reviews at the same time, especially if they need a performance rating for pay purposes. The timing of the review can be linked to the corporate business or operational planning programme to ensure that teams and individuals can contribute to the formulation of departmental, and ultimately corporate, objectives and to provide for these team/individual objectives to flow from those finally determined at corporate, functional and departmental levels.

Corporate guidelines to managers on performance management often suggest that they should hold interim formal progress reviews during the year, say once a quarter or half-way through the review year. Such reviews could be incorporated into the normal work or project review process or they would be held at focal points as decided when preparing the performance plan.

Managers should be allowed to choose their own times for conducting such interim or informal reviews, although the importance of carrying them out and not waiting until the end of the year could be emphasized in guidance notes and training. To underline the voluntary and informal nature of such progress reviews it is best not to ask managers to complete standard review forms. They should be left to document them as they feel fit.

#### **2.1.3.3.5 Focus of the Performance Review Meeting**

There are two focus issues in performance review meetings: first, the emphasis that should be placed on performance improvement as distinct from broader developmental needs; second, the degree to which the meeting should be forward rather than backward looking.

A single-minded focus on performance improvement at the expense of broader issues is unlikely to produce much motivation. The focus should also be on the individual's learning and development needs, bearing in mind that no one is simply being prepared for vertical movement up the hierarchy. This means helping people to widen their range of abilities (multi-skilling in

shop floor terms) to enable them to meet the demands of future change and within and outside the organization can be enhanced. This particularly applies to the core of middle-of-the-road performers.

Performance review meetings that are used or are perceived as being there simply to generate ratings for performance-related pay purposes will almost inevitably fail to achieve what should be regarded as their most important objectives – to motivate and develop people.

The analysis of past performance is a necessary precursor to the preparation of performance and development plans for the future. But the tendency to dwell on the past rather than looking to the future must be avoided if the review is going to make any positive motivational impact.

#### **2.1.3.3.6 Criteria for Assessing Performance**

The criteria for assessing performance should be balanced between: achievements in relation to goals, the level of knowledge and skills possessed and applied (competences), behavior in the job as it affects performance (competencies), the degree to which behavior upholds the core values of the organization, and day-to-day effectiveness.

The criteria should not be limited to a few quantified objectives, as has often been the case in traditional appraisal schemes. In many cases the most important consideration will be the job holders' day-to-day effectiveness in meeting the continuing performance standards associated with their key tasks. It may not be possible to agree meaningful new quantified targets for some jobs every year. As much attention needs to be given to the behavior that has produced the results as to the results themselves.

#### **2.1.3.3.7 Self-assessment**

Self-assessment is a process in which individuals review their own performance, using a structured approach, as the basis for discussions with their managers in review meetings. Self-assessment involves analyzing performance and identifying successes and any problems in

achieving goals. Individuals may attribute any problems to lack of skill or experience and should be encouraged to be specific so that a personal development plan can be prepared. They may also comment on a lack of adequate support from their manager or colleagues, insufficient resources, unattainable objectives or any other factor beyond their control that they believe has affected their performance. The structure for self-assessment can be provided by a self-assessment check list that is given to individuals before the review meeting.

Incorporating self-assessment as part of a performance management/review process is most likely to be successful when all concerned fully understand the purpose of self-assessment and both managers and employees understand their respective roles in the review meeting and how they should be carried out. Employees need guidance on how to carry out self-assessments, and both managers and employees need training in conducting reviews based on self assessment, especially on joint problem-solving methods.

Self-assessment is directed to the future motivation and development of the employee and should not be used simply as the basis for raking over past problems, although it should be recognized that the analysis of any such problems will provide guidance on the way ahead. Clearly, self-assessments should not be taken directly into account when making pay, promotion or disciplinary decisions.

The main advantage of using a self-assessment approach is that it reduces defensiveness by allowing individuals to take the lead in reviewing their own performance rather than having their managers' judgments thrust upon them. It therefore helps to generate a more positive and constructive discussion during the review meeting, which can focus on joint problem solving rather than attaching blame. In addition, it encourages people to think about their own development needs and how they can improve their own performance, and provides for a more balanced assessment because it is based on the views of both the manager and the individual rather than those of the manager alone.

Self-assessment can allow employees to take the lead but the aim of the review meeting remains that of achieving an agreed joint assessment and a development plan. Managers have therefore to contribute and add to the views expressed by employees. They should also be prepared to allow employees in effect to criticize them for lack of support, providing inadequate resources or setting unachievable standards. Many managers may be unwilling to accept such criticisms and many employees may be unwilling to make them for fear of their managers' reactions. There is still room for confrontation if managers bluntly disagree, and it may require considerable skill on their part to persuade employees to reconsider their self-assessment. Conducting an effective performance review, especially one in which problems of underperformance have to be discussed, demands considerable skill on the part of the reviewer in such areas as giving feedback, agreeing objectives, assessing performance and development needs, planning for performance improvement and carrying on a dialogue.

#### **2.1.3.3.8 Performance Review Outcomes**

If individual employees who have taken part in performance review meetings are to be motivated and retained, the outcomes of the meetings have to be relevant and put into action. All too often, review meetings have been seen as ends in themselves. It is necessary to be clear about the range of outcomes that are wanted and can be handled. Besides performance development plans, these can include personal development plans, lateral job moves, job restructuring and secondments. Almost worse than no outcomes is the situation when outcomes are agreed and written up but not followed through. Raising expectations that are not subsequently met is a prescription for demonization and disappointment. Reviewers need to be certain that they do not over commit themselves or the organization. They also need to be sure about their own commitment, as well as that of the individual, to agreed outputs. Enacting agreed outputs is a powerful demonstration of the organization's commitment to the individual.

#### **2.1.3.3.9 Using Reviews as a Communications Channel**

A well-conducted review meeting provides 'quality time' in which individuals and their managers can discuss matters affecting work and future developments. They also provide an

extra channel of communication. Properly planned review meetings allow much more time and space for productive conversation and communication than is generally available to busy managers. There should be ample scope for communication about the organization's or department's objectives and how individuals fit into the picture – the contribution they are expected to make. Information can be given on significant events and changes in the organization that will impact on the role of the department and its members. One of the objections that can be made to this free flow of information is that some of it will be confidential. But the need for confidentiality is often overstated. If the feeling is conveyed to people that they cannot be trusted with confidential information, it will not do much for their motivation.

The review meeting often presents a good opportunity for upward communication. This is the time to find out about how people feel about their jobs, their aspirations and their relationships with their peers and their managers. The opportunity a review meeting gives to people to stand back from everyday pressures and consider matters that concern them with a sense of perspective is an important benefit.

#### **2.1.3.3.10 Evaluating formal performance reviews**

There is no doubt that in spite of careful training and guidance some managers will be better at conducting performance review meetings than others. So how can their effectiveness as performance reviewers be evaluated as a basis for further training or guidance when necessary?

Traditionally, the personnel department had a policing role – checking that performance appraisal forms were completed on time and filled in properly. However, this will convey nothing about the quality of the meeting or the feelings of individuals after it; they may have signed the form stating they agree with its comments but this does not reveal what they really thought about the process. Another approach is to get the manager's manager (the so-called 'grandparent') to review the form. This at least provides the individual who has been reported on with the comfort of knowing that a prejudiced report may be rejected or amended by a higher authority. But it still does not solve the problem of a negative or biased review process that would probably not be conveyed in a written report.

Space on the review form can be given to individuals to comment on the review, but many will feel unwilling to do so. If the interview has been conducted in an intimidating manner, how ready are they likely to be to commit themselves to open criticism? Another, potentially more productive, approach is to conduct an attitude survey following performance reviews asking individuals in confidence to answer questions about their review meeting.

#### **2.1.3.3.11 The Performance Management Role of Line Managers**

Performance management is what line managers do. They are there to achieve results through people and therefore have to manage the performance of their people. The aim of performance management systems is to help them to do this. Line managers play a crucial role in each stage of the performance management cycle.

At the planning and performance agreement stage they agree with team members their roles, goals and performance improvement and personal development plans. They manage performance throughout the year by monitoring achievements against the plan, providing feedback and coaching as necessary. At the review stage they conduct formal review meetings and provide formal feedback as the basis for forward planning. Doing all the above require the skills to: prepare role profiles – defining key result areas and competency requirements, define goals, identify and use performance measures, give and receive feedback, take part in review meetings – ensuring that there is a proper dialogue that enables the manager and the individual jointly, frankly and freely to discuss performance requirements and learning needs, identify learning needs and prepare and implement personal development plans, diagnose and solve performance problems (managing poor performance), and coaching.

However, too often, line managers regard performance management as a bureaucratic responsibility imposed by the HR Department. Even if they don't believe that formal reviews are a waste of time, some managers are reluctant to conduct them because they find it difficult to criticize people and imagine that they will be faced by unpleasant confrontations. Others are nervous about reviews because they feel that they lack skills required to provide feedback,

analyze performance and agree objectives. Gaining the commitment of line managers takes a lot of time, effort and persistence but it has to be done (M., Armstrong, 2009).

#### **2.1.3.3.12 Performance Rating**

Most performance management schemes include some form of rating. This indicates the quality of performance or competence achieved or displayed by an employee by selecting the level on a scale that most closely corresponds with the view of the assessor on how well the individual has been doing. A rating scale is supposed to assist in making judgments and it enables those judgments to be categorized to inform performance or contribution pay decisions or simply to produce an instant summary for the record of how well or not so well someone is doing.

Rating performance is largely subjective and it is difficult to achieve consistency between the ratings given by different managers. As the notion of 'performance' is often unclear, and subjectivity can increase. Even if objectivity is achieved, to sum up the total performance of a person with a single rating is a gross over-simplification of what may be a complex set of factors influencing that performance – to do this after a detailed discussion of strengths and weaknesses suggests that the rating will be a superficial and arbitrary judgment. To label people as 'average' or 'below average', or whatever equivalent terms are used, is both demeaning and demotivating. The whole performance review meeting may be dominated by the fact that it will end with a rating, thus severely limiting the forward-looking and developmental focus of the meeting, which is all-important. This is particularly the case if the rating governs performance or contribution pay increases.

The problem with rating performance is to ensure that a consistent approach is adopted by managers responsible for rating, and this means that performance or contribution pay decisions will be suspect. It is almost inevitable that some people will be more generous than others, while others will be harder on their staff. Some managers may be inconsistent in the distribution of ratings to their staff because they are indulging in favoritism or prejudice. There are so many techniques advised to maintain consistency in ratings like training, peer reviews, and monitoring.

## 2.2 Empirical Literature

Theoretical literature dictates the positive relationship between the performance appraisal quality and affective organizational commitment, and job satisfaction. Empirical literatures from different time are also summarized as follow:

- Brown (2010) studied the relationship between performance appraisal quality, job satisfaction, commitment, and quitting on non-managerial employees working in Austrian public sector. Finally, he identified that employees who reported a low performance appraisal quality (lowest levels of trust in supervisor, poor communication, and lack of clarity about expectations, and the perception of a less fairness in the performance appraisal process) also reported lower levels of job satisfaction and commitment. This proved the strong positive relationship between the performance appraisal quality and affective organizational commitment and job satisfaction.
- On the effect of demographic variables on job satisfaction and organizational commitment different studies reached on different conclusion. For example Kong (1993) found a positive relationship between age and job satisfaction. In this respect Luthan and Thomas (1989) also mentioned that older employees may experience a downturn in job satisfaction. However, earlier studies questioned this direct relationship between age and job satisfaction. For example Wright (1987) proved independent relationship between age and job satisfaction. Age is also considered to have a positive relationship with organizational commitment as workers grow in age their chance to get alternative employment opportunities become limited and that makes their current job more attractive (Mathieu and Zajac, 1990). However, Russ and McNeilly (1995) discovered that the commitment of younger workers is likely to be more affected by disappointment with pay and promotion opportunities than the older employees who have achieved advancement and income in their experience. Older employees on the other hand have higher needs for affiliation and lower need for achievement (Doering, Rhedes, and Schuster, 1983) as they value the close friendship with their fellow co-workers and view the organization as a source of social satisfaction.

- Also various studies reached different conclusion with regard to the relationship between job satisfaction and organizational commitment. For Benkhoff (1997) job satisfaction and organizational commitment have been shown to be positively related to performance. On the other hand Mathieu & Zajac (1990) and Williams and Hazer (1986) concluded that an employee's orientation towards a specific job precede his or her orientation towards the entire organization. Also Lincoln & Kalleberg (1990), and Porter (1974), and Tett and Meyer (1993) highlighted satisfaction as a cause of commitment. However, for other like Martine and Bennet (1966) the casual ordering between these two variables remains both controversial and contradictory.

## **2.3 Conceptual Framework**

The independent variable is performance appraisal quality. The indicators for the presence of performance appraisal quality are clarity of performance expectations, level of communication between the employee and their supervisor, trust in the supervisor, and the fairness of the performance appraisal process. The dependent variables are job satisfaction and organizational commitment.

### **2.3.1 Indicators of Quality Performance Appraisal**

Measuring performance appraisal quality requires having a quality standard. Brown defined performance appraisal quality as a function of both performance appraisal procedures and treatment i.e. explained in terms of employees' ability to evaluate the formal organizational procedures (the way they are enacted) and how they are treated through the performance appraisal. Consequently he identified clarity of the performance management process, communication, trust, and fairness as indicators of quality performance appraisal process (Brown M. H., 2010). Each of these indicators are briefly explained as follows:

Clarity – to what extent the existing performance management appraisal is clear on the purpose, expectations, etc. Clarity also refers to the role the performance management appraisal has in determining an employee's future within the organization. Because employees' performance, commitment, and job satisfaction is more likely to be influenced by availability of information

about the performance management appraisal and clarity of its impact. The clarity of a performance management appraisal will be high if employees get the opportunity to participate in the design of the system, get the opportunity to have a say, and also when decision are made on their say.

Communication – refers to the information flow between the employee and supervisor. Further, it refers to the opportunity to acquire, supply and evaluates information, provide employees to process control, express his/her view point, validate his/her belongingness in the organization, etc.

Trust - is the level of trust the employees have on their supervisor. This refers to their supervisor's competency, knowledge, etc about the job. When employees trust their supervisor, they hold positive expectations about their supervisor's motives, believing that their manager will act in their best interest.

Fairness - refers to employees need to a fair treatment in the performance management appraisal as this is seen to have consequence on the performance management and also outcomes of the process.

In this study the quality of the performance appraisal experience measured against these indicators of quality. Then how the quality of the performance management experience affects job satisfaction and organizational commitment will be discussed.

### **2.3.2 Performance Appraisal Quality and Job satisfaction**

Job satisfaction is a worker's sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction implies doing a job one enjoys, doing it well and being rewarded for one's efforts. Job satisfaction further implies enthusiasm and with one's work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment (B.S., 2007).

Job satisfaction can also be defined as the extent to which a worker is content with the rewards he or she gets of his or her job, particularly in terms of intrinsic motivation (Statt, 2004). The term job satisfactions refer to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction (M., Armstrong, 2005).

Most motivational theories agree on the link between performance and job satisfaction. Hackman and Oldham come up with five core characteristics that produce psychological states and can produce job satisfaction, motivation and improved performance in any one job. From the five core characteristics he identified, feedback is mentioned as motivational from the employee's perspective. It is referred as the need for 'growth' required by the employee, which is to be obtained from a high quality performance management experience. Also McLelland has identified three basic categories of motivation needs, i.e. power, affiliation and achievement, into which people could be grouped according to need for achievement that appears to be the main motivator. In this case achievement is also to be found through a high quality performance management process. In addition, the expectancy theory of Vroomon explained motivation as a product of the worth or value that individuals place on the possible results of their actions and the expectation that their goals will be achieved.

In general, the above mentioned motivation theorists and others have explained the stronger influence that a high quality performance appraisal can have on job satisfaction and commitment. Therefore, we can say enhancing the quality of performance appraisal is highly likely to enhance employees' feelings of self-worth, confidence, achievement, attitudes about their job and their feelings of positivity in the organization. High quality performance appraisal is therefore likely to generate higher levels of job satisfaction. As the individual staff will have trust on the system, clarity about the system, believe on its fairness, and good communication in the process. On the contrary a low quality performance appraisal may result in a lower level of job satisfaction. The employees are likely to feel that their contributions are not valued, loss the sense of achievement, be in confusion about the performance expectations, and finally dissatisfied (Tyson, 2006).

### **2.3.3 Performance Appraisal Quality and Organizational Commitment**

According to Meyer and Herscovitch (2001) organizational commitment can be conceived as a binding force that is experienced as a mindset or as a psychological state that leads an individual towards a particular course of action. Commitment is a force that binds an individual to a course of action of relevance to one or more targets. This general description of commitment relates to the definition of organizational commitment by Arnold (2005) that it is “the relative strength of an individual’s identification with and involvement in the organization”.

Organizational commitment is regarded as an attitude, as it relates to individuals’ mindsets about the organization (Allen, 1990). Organizational commitment is assumed to reduce abandonment behaviors, which include tardiness and turnover. In addition, employees who are committed to their organization may be more willing to participate in ‘extra-role’ activities, such as being creative or innovative, which frequently guarantee an organization’s competitiveness in the market (Katz, 1978). Organizational commitment is also viewed as a psychological connection that individuals have with their organization, characterized by strong identification with the organization and a desire to contribute to the accomplishment of organizational goals (Meyer J., 1997). Meyer and Allen (1991) conceive of organizational commitment as reflecting three core themes, namely affective, continuance and normative commitment. One of the objectives of this study is to show how the quality performance management appraisal affects the affective commitment of an employee.

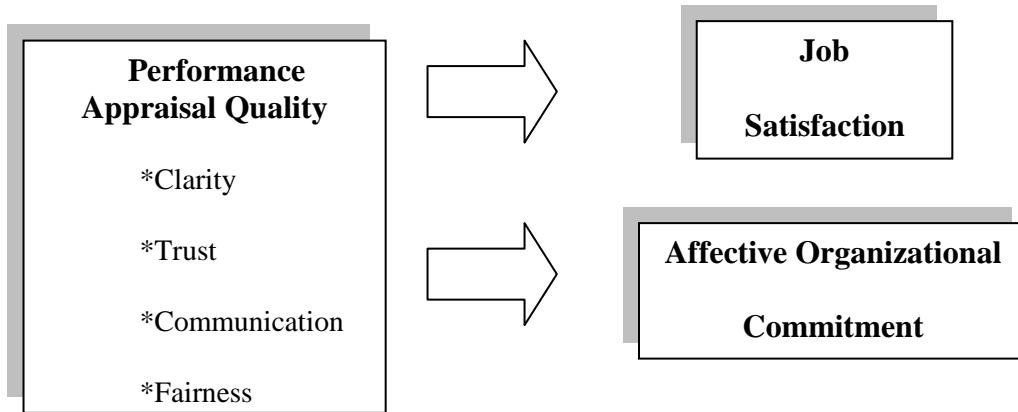
#### ***2.3.3.1 Affective Commitment***

Affective commitment is the individual’s psychological or emotional connection to, identification with and participation in the organization (Meyer J., 1997). Employees who are affectively committed to the organization will probably carry on working for it because they want to (Meyer J. P., 1991). Individuals who are dedicated at an emotional level usually remain with the organization because they see their individual employment relationship as being in harmony with the goals and values of the organization for which they are currently working.

Affective commitment development involves identification with the organization and internalization of organizational principles and standards (Beck, 2000).

In general we can say organizational commitment has to do with the strength of the employee's attachment to the organization. This sense of attachment may be conscious and rational, or subconscious, non-rational and deeply emotional, or a mixture of both. Organizational commitment covers one or more of the following: a sense of shared goals and values with the organization; a feeling of organizational belongingness; and an intention to remain with the organization.

Organizational commitment is dependent on maintaining a relationship of consistency and good faith, which can be affected by the quality performance appraisal. A high quality performance appraisal experience should lead employees to feel respected by and be proud of the organization. In turn they are more likely to identify with and internalize the values of the organization. A high quality performance appraisal is capable of providing information on organizational goals and values. A high quality performance appraisal also increases the acceptance of the organization in the eye of employees and helps to enhance employees' willingness and commitment. In general, a high quality performance appraisal will force employees' to have trust in the system that in turn result in increased organizational commitment. If the organization is not able to provide a high quality appraisal experience, employees are less likely to know of, internalize, and be committed to the goals and values of their employing organization. Further, employees are less likely to have faith in the performance appraisal or regard it as a legitimate tool of HR management, both of which are likely to contribute to lower levels of organizational commitment. When an organization fails to have a high quality performance appraisal, employees will not understand organizational goals and values, lack trust in the performance appraisal that finally leads to lower level of organizational commitment.



Source: Affective Organizational Commitment as outlined by Meyer & Allen (1997), Performance Appraisal Quality by Tang and Sarsfield - Baldwin's (1996), and Job Satisfaction by Cook and Crossman (2004).

## 2.4 Summary of Literature

According to Locke (1976) job satisfaction is the perception of an employee how well their job provided those things that are viewed as important to them. In this regard a high quality performance appraisal can contribute to enhance employees' feeling of self worth, attitudes about the job, positive feeling, and achievement. Further it will help to increase employees' confidence in the performance appraisal process. This leads to creating a higher level of job satisfaction (Fried and Ferris, 1987).

Also organizational commitment is attitude of an employee's toward the organization. The quality of performance appraisal helps to increase employees' perceived obligations to the employer that directly affects attitudes and behaviors of employees (Hendrix, 1998). This happens through creating consistency and good faith (Robinson, 1994). Therefore a quality performance appraisal creates a sense of being respected in the employees mind and become proud of their organization. Finally, this leads employees to identify themselves with the organization and adhere to the values and principles.

## **Chapter Three**

### **3. Research Design and Methodology**

In this chapter the research design, sampling technique, data collection method, method analysis, validity and reliability of instruments employed, and other important elements are discussed.

#### **3.1 Research Design**

The research is a quantitative research as a result data is gathered and analyzed using quantitative technique. For this purpose two of the major bilateral donors are selected.

#### **3.2 Population and Sampling Technique**

In this part the target population and the reason for selecting the target population is explained. Further, the logic used in selecting the sampling technique sample size form each bilateral donor is discussed.

##### **3.2.1 Population**

The two major bilateral donors in Ethiopia are selected for this study, which are USAID and UKAID/DFID Ethiopia. These major bilateral donors together have employed significant number of staff (3,351) and commute a huge amount of resource (more than 50 percent of the total bilateral donation) for the last three years when compared to other similar bilateral donors in the country (Development Assistance Group ETHIOPIA, 2014).

Also these donors are the primary partners in supporting the poverty alleviation and development endeavors of Ethiopia. The long year success on this mainly lies in their value for their human resource and also their ability to manage it systematically. Therefore, the researcher believes the study and findings with regard to their human resource practices specifically on their performance management process of these donors can give a lesson to other similar organizations operating in the country.

### 3.2.2. Sampling Technique

In determining the sample size, stratified sampling technique is employed, which is a form of simple random sampling. This technique is selected as there is no difference in each stratum (no stratum variance) and employees working in each of the bilateral organizations are heterogeneous. The two bilateral organizations (UKAID/DFID E and USAID) have different policies of human resource management including performance management. It is clear that most of the indicators of quality performance appraisal practices originate from the performance management policy that in turn has impact on job satisfaction and organizational commitment. Also as the purpose of this sampling is to estimate the population perception this technique is the most appropriate technique.

The stratum is represented by the name of the bilateral organizations selected for this study, which are UKAID/DFID E and USAID. Therefore, each stratum is formed on the basis of common characteristic(s) that will represent staff most homogeneous within each stratum and most heterogeneous between the different strata. The homogeneity within each stratum and also the heterogeneity between the different strata come from the human resource management (performance management principle) that the two bilateral organizations adopt.

The sample size is determined based on the total number of employees working in each of the two selected bilateral donors. The preferred method for selecting the sample from each stratum is simple random sampling using the method of proportional allocation under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata (each bilateral organization – UKAID/DFID E & USAID). This proportional allocation is most efficient and an optimal design when the purpose of sampling is to estimate the population value (Kotari, 2004).

- Staff size of UKAID/DFID Ethiopia ( $S_1$ ) = 521
- Staff size of USAID ( $S_2$ ) = 2,830

Sample size determination (Kothari, 2004):

$$N = \frac{z^2 * p * q * N}{e^2 (N - 1) + z^2 * p * q}$$

$N = 3351$ ;

$e = 0.02$  (estimate within 2% of true value);

$z = 2.005$  (as per the table of area under normal curve for the given confidence level of 95.5%)

$p =$  the estimate proportion of defectives in the population 0.02

$q =$  sample proportion,  $q = 1 - p$

Proportional sample determination formula from each stratum:

- Sample size from each stratum =  $186(S_n / (S_1 + S_2))$

Therefore, the sample size for the strata is:

- Sample size from UKAID/DFID Ethiopia =  $186(521/3351) = 29$
- Sample size from USAID =  $186(2830/3351) = 157$

### **3.3. Data Collection**

Both primary and secondary data are examined to understand the relationship between the independent i.e. quality performance management process and dependent variables which are job satisfaction and affective organizational commitment. The primary data is obtained through questionnaire.

#### **3.3.1 Instrument for Data Collection**

The primary data is collected using pre-designed and tested closed ended questioner by Tang and Sarsfield - Baldwin's (1996) – on quality performance appraisal, Cook and Crossman (2004) – on job satisfaction, and Meyer, J. & P. (1990 & 1997) – on organizational commitment.

Questioner is selected because it is critical and easy to get direct response and feedback from the respondents and also as the respondents are the main actors in the performance management process. The questionnaires are closed ended. As a secondary source, materials from the official site of the selected organizations including publications, periodicals, etc are also referred. The data collected in this manner is analyzed, interpreted, and presented.

### **3.3.2 Procedure for Data Collection**

The questionnaire is administered using a drop and pick method to the sampled respondents. Care and control is exercised to ensure all questionnaires issued to the respondents are received. To achieve this, a register of questionnaires sent, and received is maintained.

### **3.3.3 Method of Data Analysis**

IBM SPSS Statistics Version 20 is used to analyze the data. The data analysis involves both descriptive and inferential statistics.

#### ***3.3.3.1 Descriptive Statistics***

Descriptive statistics like mean, frequency, and percentage is used to profile sample characteristics and major patterns emerging from the data. As a result the demographic characteristics of the respondents are easily visible to the reader.

#### ***3.3.3.2 Inferential Statistics***

Inferential statistics is used to identify the degree of correlation between the variables using Pearson's Product – Moment Correlation. Further regression analysis is done to determine the degree of relationship between the independent variable (performance appraisal quality) and dependent variables (job satisfaction and affective organizational commitment). In addition, analysis of variance on demographic variables with regard to the two donors under consideration is done.

### **3.4 Reliability and Validity**

A standard questioner on quality performance appraisal by Tang and Sarsfield - Baldwin's (1996), job satisfaction (Cook and Crossman, 2004), and organizational commitment (Allen and Meyer, 1990 & 1997) is used to gather the data. These standard questioners proved to be valid and reliable in measuring the variables intended to measure with a Chronbach's alpha above 0.7.

However, to confirm whether the adapted instrument is understood by the respondents or not by and also to ensure if it works in this research context a pilot test was conducted. A total of 30 questionnaires were distributed to the respondents from both organizations, based on their easily accessibility. Then the returned 30 pilot instrument questioners are coded, analyzed, and a Cronobach's Alpha test is identified by SPSS IBM version 20.00. The pilot test result of reliability and validity was strong. However, during the main study a few number of the question in the scale found to be less reliable and weakly correlated. As a result those questions that are found to be less reliable and weakly correlated are removed from the scale. Finally, the overall reliability of the scale used is enhanced to Cronobach's Alpha .919.

### **3.5 Measurement Instruments**

The independent variable in the study is quality performance appraisal and dependent variables are job satisfaction and affective organizational commitment. The independent variable is measured using the four quality indicators (clarity, trust, communication, and fairness) of Tang and Sarsfield - Baldwin's (1996) 14 items standard questioners with 7 – point Likert Scale. The dependent variable i.e. job satisfaction is measured with a standard questioner of 24 items and 7 – point Liket Scale of Cook and Crossman (2004). The other dependent variable i.e. affective organizational commitment is measured with 6 items and 7 – point Likert scale of Allen and Meyer (1990 & 1997).

Before proceeding to the analysis of the data collected, the overall reliability of the measurement scales employed is assessed. The reliability measure of the Cook and Crossman (2004) – job satisfaction measurement scale, Allen and Meyer's (1990) – affective organizational measurement scale, and Tang and Sarsfield - Baldwin's (1996) – measure of performance appraisal quality found to be with a Cronobach's Alpha .734, .943, and .879 respectively which is above the minimum 0.7. The overall reliability of the scales used is .919 Cronobach's Alpha which is also above the minimum 0.7.

**Table 3.1 Cronobach’s Alpha for the entire scale**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.919	.944	44

**Source: Own data**

The overall and inter item Cronobach’s Alpha value of the entire dependent and independent variables in the study has fulfilled the minimum requirement of a reliability indicator (i.e. Cronobach’s Alpha > .70). Thus, based on this finding it is concluded that the scale used in the study is reliable.

### **3.5.1 Independent Variable**

Four indicators of quality performance management appraisal are identified in the literature part above: clarity, trust, communication, and fairness. Each of them is measured using the standard questioner developed by Tang and Sarsfield - Baldwin’s (1996).

- i. **Clarity** will be measured in terms three items like “when you took up your current position how clear was it that your performance would be periodically evaluated?”
- ii. The extent of **communications** between the employee and the supervisor was measured by six items with a representative item like “How often is the progress toward your goals set in previous meetings reviewed by your supervisor with you”.
- iii. The level of **trust** in the supervisor will be measured by four items with a representative item like “To what extent do you have confidence and trust in your immediate supervisor regarding his/her general fairness?”
- iv. The **fairness** of the performance management process measured by six items with a representative item like “My last performance appraisal was fair”.

The reliability statistics for the quality performance appraisal is as follows:

**Table 3.2 Reliability Statistics for the Performance Appraisal Quality Measure**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.879	.912	14

**Source: Own data**

### 3.5.2 Measuring the Dependent Variables

#### *i. Job satisfaction*

The job satisfaction from the performance management process is measured using the 24 item scale by Cook and Crossman (2004). It measures how satisfied the employees/respondents are with the performance appraisal system with a 7 Likert Scale (from Strongly Disagree to Strongly Agree). Cook and Crossman reported the Chronbach's alpha for this measure as 0.734 which is above the minimum acceptable standard. A representative question from this standard questioner is: "The regular performance appraisal meetings I have with my manager include a discussion about the things my manager could do to help me in performing better."

**Table 3.3 Reliability Statistics for Job Satisfaction Scale**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.734	.965	24

**Source: Own data**

#### *ii. Organizational Commitment*

Organizational commitment will be measured using Allen and Meyer's (1990) organizational commitment questionnaire. It was developed with the aim of measuring three components of organizational commitment: affective, continuance and normative commitment independently. However, only the affective scale is selected for this study. A 7 - point Likert is used to rate respondents' response. The ratings are defined as (Allen & Meyer, 1997): 1 = strongly disagree,

2 = moderately disagree, 3 = slightly disagree, 4 = neither agree nor disagree, 5 = slightly agree, 6 = moderately agree, and 7 = strongly agree. The reliability estimates of this scale by Meyer and Allen (1997) found to be internally consistent. The overall reliability estimates for Meyer and Allen's (1997) scale exceed 0.943 Chronbach's alpha coefficient.

**Table 3.4 Reliability Statistics for Affective Organizational Commitment Scale**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.943	.945	6

**Source: Own data**

The questionnaire was self-explanatory and easy to be completed individually by the respondents i.e. no need of supervision. From this standardized questioner the affective commitment dimension is measured using a representative question like "I would be happy to stay with this organization for the foreseeable future".

### **3.6 Control Variables**

These demographic characteristics of the employees' age; education; gender; income, etc are the control variables. All controls are used in the correlation analysis and those proved to be correlated to the dependent variables are used in the regression analysis with affective organizational commitment and job satisfaction as dependent variable (Green & Heywood, 2008).

## Chapter Four

### 4. Data Analysis, Interpretation, and Discussion of Results

This chapter covers all the analysis undertaken with the data collected. Both descriptive and inferential techniques of data analysis are employed to see characteristics of the sample and also identify and discuss the relationship between the independent and dependent variables.

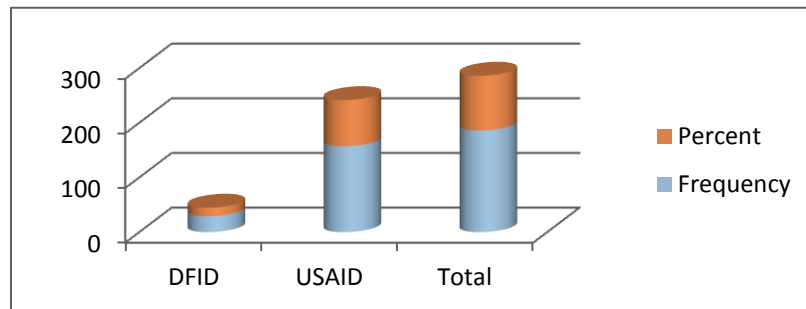
#### 4.1 Demographic and Personal Information of the Respondents

The questioner has four parts and the first part is focused on demographic and other information of the respondents. In the first part gender, income level, age, and other particulars of the respondents are asked. All information gathered on this part is summarized, analyzed and presented below.

##### 4.1.1 Sample Size from each Donor

Using stratified sampling technique followed by proportional sampling, about 15.59 percent of the respondents are from DFID Ethiopia. The remaining 84.41 percent are from USAID Ethiopia.

**Figure 4.1 Sample size per donor**

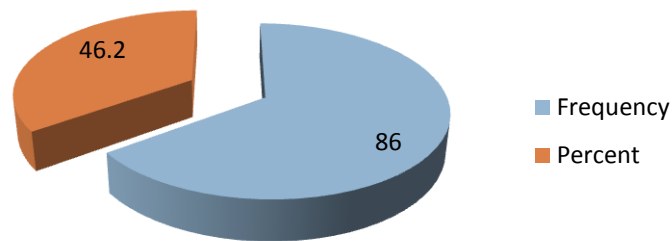


**Source: own data**

### 4.1.2 Respondents' Gender Composition

About 46.2 percent (i.e. N = 86) of the respondents are female. The remaining 53.8 percent (i.e. N = 100) of the respondents are male. The gender representation of the respondents is nearly equal.

**Figure 4.2 Gender representation of respondents**

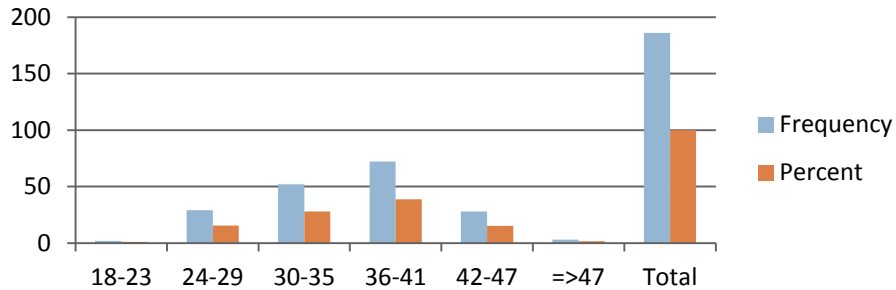


**Source: own data**

### 4.1.3 Age Composition of the Respondents

Regarding the age composition of the respondents, the largest number of the respondents i.e. 72 in number (38.7 percent) are within the age group of 36 to 41 years; the second largest group consists of 52 respondents (28 percent) and they are between 30 and 35 years, of the total respondents 29 (15.6 percent) indicated that they are in the age group between 24 and 29 years followed by those between the age group 41 and 47 years (15.1 percent) and a very small proportion of the respondents each with 1.1 percent and 1.6 percent comprise below 23 and above 47 years respectively. Therefore it is possible to say respondents from different age group have participated in this study.

**Figure 4.3 Age Composition of the Respondents'**

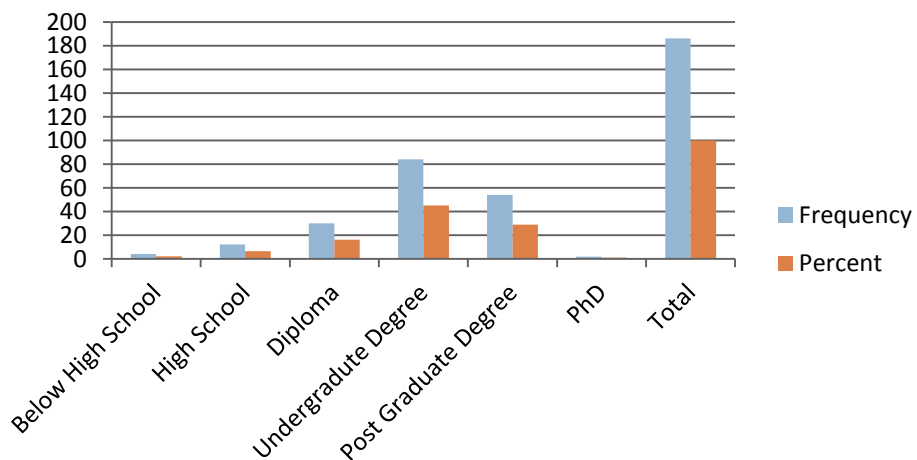


**Source: Own data**

#### 4.1.4 Educational Qualification of the Respondents

With regard to educational background, the largest group of respondents 84 in number (i.e. 45.2 percent) are Bachelor Degree holders, the next largest group is 54 in number (i.e. 29 percent) comprise the Master’s Degree holders followed by holders of a College Diploma with 30 in number (i.e. 16.1percent) and PhD holders 2 in number (i.e. 1.1percent). Those in High School and below High School constitute about a total number of 16 (i.e. 8.7 percent). Therefore, views from respondents with different educational background are represented in the study.

**Figure 4.4 Educational Levels of the Respondents**



**Source: own data**

#### 4.1.5 Primary vs Secondary Income Earner Respondents

About 142 (76.3 percent) of the respondents are primary income earners for their family. While the remaining 44 (23.7 percent) are not.

**Table 4.1 Primary vs Secondary Income Earner Classification of Respondents**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Yes</b>	142	76.3	76.3	76.3
<b>No</b>	44	23.7	23.7	100.0
<b>Total</b>	<b>186</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Own data**

#### 4.1.6 Labor Union Membership

Out of the 186 respondents 159 of them (i.e. 85.5 percent) are members of labor union, the rest 27 (i.e. 14.5 percent) are not. Both labor union members and non labor union members are included in this study.

**Table 4.2 If the Respondent is a Union Member**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Yes</b>	159	85.5	85.5	85.5
<b>No</b>	27	14.5	14.5	100.0
<b>Total</b>	<b>186</b>	<b>100.0</b>	<b>100.0</b>	

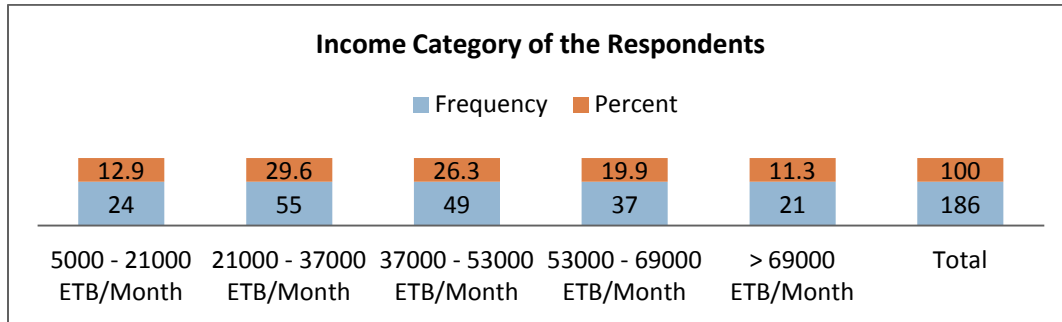
**Source: Own data**

#### 4.1.7 Income Category of the Respondents

About 104 (i.e. 45.9 percent) of the respondents earn a month income between 21,000 – 53000 ETB/Month. This income group is followed by 58 respondents (i.e. 31.2 percent) who have a monthly income of above 53,000 ETB/Month. The remaining 24 respondents (i.e. 12.9 percent)

earn below 21,000 ETB/Month. Therefore, it is possible to conclude respondents from different income category are included in this study.

**Figure 4.5 Income Categories of the Respondents**

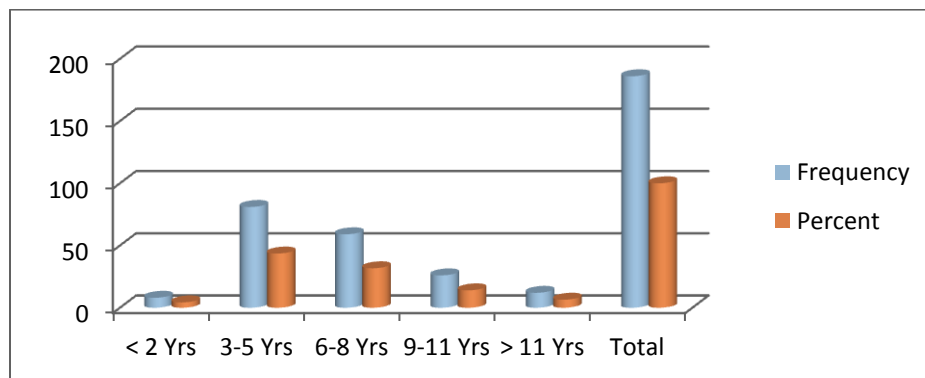


Source: Own data

#### 4.1.8 Service Year of the Respondents

Most of the respondents have served between 3 and 5 years that comprise 43.5 percent of the respondents. This group is followed by those who have served between 6 and 8 years with 31.7 percent. Those who have served between 9 and 11 years stood third with 14 percent share of the total sample. Other who have served below 2 years and above 11 years each constitute 4.3 percent and 6.5 percent respectively.

**Figure 4.6 Service Years of the Respondents**



Source: Own data

## 4.2 Descriptive Analysis

### 4.2.1 Results of the Performance Appraisal Quality

Summary of responses of all the respondents to the questions on the performance appraisal quality is summarized below. Analysis in this respect is helpful to identify the strongest and weakest contributors of the performance appraisal quality indicators. There by helps to review the performance appraisal system and enhance its contribution.

**Table 4.3 Statistical Summary of Responses on the Performance Appraisal Quality Indicators**

Performance Appraisal Quality Indicators	Percentage Distribution of the Response		
	Below Average	Average	Above Average
I was clear when hired that the results of my performance evaluation would be tied to certain personnel actions. (Clarity)	1.6	1.1	97.3
When I was hired I was clear about the performance management process. (Clarity)	3.3	7	89.8
When I took up my current position I was clear that my performance would be periodically evaluated.(Clarity)	3.3	7	89.8
My progress toward my goal set in previous appraisal meeting often reviewed by my supervisor with me.(Communication)	22	9.7	67.3
I was asked for input during the appraisal process by my supervisor. (Communication)	3.3	7	89.8
My supervisor sits down and discuss on the result of my performance evaluation. (Communication)	23.1	9.7	67.2
The performance appraisal process in my organization often results in specifications of new goals. (Communication)	23.1	9.7	67.3
I have got the opportunity to express my feelings often when my performance is evaluated. (Communication)	3.3	7	89.8
I feel my supervisor is competent to evaluate my job. (Trust)	5.3	10.2	84.4
I trust my supervisor to accurately report my performance to his/her supervisor. (Trust)	3.3	7	89.8
I feel my last performance rating truly represented how well I have performed in my job. (Fairness)	41.1	3.2	59.7
I feel my last performance appraisal was fair. (Fairness)	1.6	2.7	95.7
I feel my performance has been evaluated accurately. (Fairness)	3.3	7	89.8

Performance Appraisal Quality Indicators	Percentage Distribution of the Response		
If I have been evaluating my own performance, the rating would have been similar to the last one that my supervisor gave me. (Fairness)	23.1	8.6	68.3

**Source: Own data**

More than 59.7 percent of the respondents gave above average response i.e. above 4 in a scale of 7. This shows the high quality of performance appraisal in all the responses received. The relative weak responses are witnessed only on four of the questions i.e. also between 59.7 and 67.3 percent. These relative weaknesses on the responses focused on the fairness in the performance appraisal process and communication between the line manager and the employee. Focus on these areas can increase the quality of the performance appraisal further.

Literatures increasing reveal the relationship between effective communication and fairness on organizational commitment and job satisfaction. Locke and Dr. Gary Latham (1990s) on their work of “A Theory of Goal Setting and Task Performance” mentioned feedback as one of the five factors that motivates employees. On the same work of Locke and Dr. Gary Latham, feedback is mentioned as a tool to have a formal discussion and identify what went well and what improvements are needed in the future.

Feedback helps to focus attention on performance goals that are important, discover errors, influences new goals, provide information on capabilities and what is needed more, and provides positive reinforcement (London M. &., 2002).

**4.2.2 Results of the Affective Organizational Commitment**

Responses on the affective organization commitment that comes from the performance appraisal quality are summarized below. Not to mislead the readers of this thesis, the negatively worded questions in the scale are reversed and marked.

**Table 4.4 Statistical Summary of Responses on the Affective Organizational Commitment Indicators**

Affective Organizational Indicators	Percentage Distribution of the Response		
	Below Average	Average	Above Average
I am very happy being a member of this organization.	1	0.5	98.4
I enjoy discussing my organization with people outside it.	1	0.5	98.4
I really feel as if this organization's problems are my own.	1	0.5	98.4
I do not feel like part of the family at my organization.(Reversed)	1	0.5	98.4
This organization has a great deal of personal meaning for me.	1	2.2	96.8
I do not feel a strong sense of belonging to my organization.(Reversed)	1	2.2	96.8

**Source: Own data**

For all the affective organizational commitment questions the response obtained shows above average i.e. 4 in a scale of seven. This shows above average response on the affective organizational commitment scale. Therefore, it is possible to take the response as indicator of a strong affective organizational commitment of the respondents.

### **4.2.3 Results of Job Satisfaction**

Summary of the responses on the job satisfaction that is coming from the performance appraisal quality is summarized and presented below. As noted above in the case of affective organizational commitment, negatively worded questions in this scale are also reversed and marked.

**Table 4.5 Statistical Summary of Responses on the Job Satisfaction Indicators**

S.No.	Job Satisfaction Quality Indicators	Percentage Distribution of the Response		
		Below Average	Average	Above Average
1	The regular performance appraisal meetings I have with my manager include a discussion about the things my manager could do to help me in performing better.	37.1	3.2	59.7
2	The current performance appraisal system is fair and unbiased.	5.3	10.2	84.4
3	My last annual performance appraisal review conflicted significantly with the feedback I received in my regular reviews throughout the year.	54.8	39.2	5.9
4	My view of my performance was taken into account by my manager when assessing my performance appraisal result of last year.	34.9	14	51.1
5	The result I receive at my annual performance appraisal review determines my pay at my organization.	6.4	29	64.6
6	I understand through my performance appraisal review how my job helps my organization to achieve its strategic goals.	1.6	25.3	73.1
7	As part of my organization's performance appraisal system, I receive regular feedback about my performance.	2.7	11.3	86.1
8	My manager is fully committed to my performance appraisal reviews.	3.2	18.3	78.5
9	The overall performance appraisal system helps me to identify areas to improve my work performance.	1.6	0	98.4
10	The result I receive at my annual performance appraisal review determines my bonus/incentive.	6.4	29	64.6
11	I decided upon the goals I had to achieve as part of my last performance appraisal, in consultation with my manager.	1.6	0	98.3
12	My end of year performance appraisal review is the only time I get feedback about my performance.	100	0	0
13	Everyone who is involved in the performance appraisal system should receive training in how to do it, even if they are not a manager.	1.6	0.5	97.8
14	If I do not agree with the final result of my performance appraisal, there is a clear appeals process for me to use.	1.6	0.5	97.9
15	Overall, I am satisfied with the way in which my manager uses the performance appraisal system.	1.6	23.1	75.3
16	Overall, I am satisfied with the performance appraisal	1.6	0	98.4

S.No.	Job Satisfaction Quality Indicators	Percentage Distribution of the Response		
	system.			
17	When I do a good job I receive positive feedback from my manager.	1.6	1.1	97.3
18	I believe that the goals I had to achieve as part of my last performance appraisal were fair and achievable.	1.6	1	97.3
19	The performance appraisal system that my organization uses allows input from other sources, such as work colleagues, about my performance.	1.6	0	98.4
20	As part of my performance appraisal system there was discussion about what training I need to improve my performance.	1.6	0	98.4
21	My manager does not know enough about my work to give me a fair performance appraisal result.(Reversed)	0	0	100
22	The performance appraisal system that my organization uses to allocate performance appraisal bonuses/incentive is faire.	100	0	0
23	As part of my last performance appraisal there was a discussion about my career and personal development.	100	0	0
24	My organization's performance appraisal process is not a fair assessment of my performance in relation to other staff at my organization.(Reversed)	0	0	100

**Source: Own data**

Many employees gave more than average response in many aspects of the performance appraisal quality. Among these the relative weak responses are observed on question no 1 (The regular performance appraisal meetings I have with my manager include a discussion about the thing my manager could do to help me in performing better), on question number 3 (My last annual performance appraisal review conflicted significantly with the feedback I received in my regular reviews throughout the year), question no 4 ( My view of my performance was taken into account by my manager when assessing my performance appraisal result of last year, and question number 23 (As part of my last performance appraisal there was a discussion about my career and personal development). On the other hand very strong positive responses are observed on question number 9 (The overall performance appraisal system helps me to identify areas to improve my work performance), question number 11 (I decided upon the goals I had to achieve as part of my last performance appraisal, in consultation with my manager), question number 13

(Everyone who is involved in the performance appraisal system should receive training in how to do it, even if they are not a manager), question number 14 (If I do not agree with the final result of my performance appraisal, there is a clear appeals process for me to use), question number 16 (Overall, I am satisfied with the performance appraisal system), questioner number 17 (When I do a good job I receive positive feedback from my manager), questioner number 18 (I believe that the goals I had to achieve as part of my last performance appraisal were fair and achievable), question number 19 (The performance appraisal system that my organization uses allows input from other sources, such as work colleagues, about my performance), question number 20 (As part of my performance appraisal system there was discussion about what training I need to improve my performance), and question number 21 (My manager know enough about my work to give me a fair performance appraisal result). Question number 22 (The performance appraisal system that my organization uses to allocate performance appraisal bonuses/incentive is faire), and question number 24 (My organization's performance appraisal process is nor a faire assessment of my performance in relation to other staff at my organization).

### **4.3 Interential Analysis**

Before deciding which statistical techniques to use; parametric or non-parametric, the basic characteristics of the data is analyzed. All the tests refer to various aspects of the distribution of scores and the nature of the underlying relationship between the variables. Therefore, the basic assumptions that are important to conduct a parametric test, which the researcher prefers to use due to its powerfulness, are tested and presented as follows.

#### **4.3.1 Checking for Data Completeness**

The data collected is checked for any possible encoding errors and it is free. The data has been checked if information is obtained for every case and to avoid the possibility of missing values. As a result it is possible to ensure the quality of the data collected and the quality of the analysis to follow.

### 4.3.2. Checking the Basic Assumptions

#### 4.3.2.1 Sample Size

Tabachnick and Fidell (2001) recommend 15 subjects per predictor for a reliable regression analysis. In this case the sample size is 186 and it is possible to say that the sample size is big enough to conduct a regression analysis. Also it should be noted that the purpose of this research is not to generalize about the entire bilateral organizations operating in Ethiopia, rather to show the effect of performance appraisal quality on affective organizational commitment and job satisfaction. There by it will be possible to magnify the importance of performance appraisal quality.

#### 4.3.2.2 Check for Normality of the Data

Normality is used to describe a symmetrical, bell-shaped curve, which has the greatest frequency of scores in the middle, with smaller frequencies towards the extremes. Normality is one of the assumptions is the parametric test; as a test for normality of the data the Kolmogorov-Smirnov statistics is calculated. This helps to identify the normality of the distribution of scores and the significance value of i.e. .000 below .015, which is an indicator of being abnormal by a bit. However, this is quite common in large samples.

**Table 4.6 Tests of Normality**

	<b>Kolmogorov-Smirnov<sup>a</sup></b>		
	Statistic	df	Sig.
Job Satisfaction (JS)	.171	186	.000
Affective Organizational Commitment (APC)	.192	186	.000
Performance Appraisal Quality (PAQ)	.225	186	.000

**Source: Own data**

To make sure this small deviation of normality will not affect the analysis to follow the P-P Plots is referred and it has confirmed that the distribution is reasonably normal. The P-P Normal Probability Plot shows residuals (differences between obtained and predicted dependent

variables) located in a reasonably straight diagonal line from bottom left to top right. Even if the residual data don't concede the straight diagonal line; most of points are regressed along the line. This shows the tendency of the data towards normality. Therefore, it is possible to conclude that the actual shape of the distribution of the residual data closer to be normal.

#### 4.3.2.3 Multicollinearity and Singularity

This is a check for high inter-correlations among the predictor (independent variables) i.e. indicators of the performance appraisal quality. The predictor variables can be strongly related to the dependent variables but not strongly related to each other. However, the correlation between the independent variables (clarity, communication, trust and fairness) should show at least some relationship (preferably above .3) with the dependent variables; affective organizational commitment and job satisfaction. Different scholars put different limit to determine the limit and Studenmund and Cassidy (1987) insist as it should not be too high i.e. above 0.8. Therefore, there is no multicollinearity or high correlation within the indicators of the independent variables; Clarity, Communication, Trust, and Fairness. Multicollinearity is unlikely to be a problem if the correlations between predictor variables are less than 0.8 (Studenmund and Cassidy, 1987). Also there is singularity on the independent variable, as each of the independent variable is not a combination of the other independent variables.

**Table 4.7 Correlations between the independent variables and Affective Organizational Commitment – AOC**

		1	2	3	4	5
Pearson Correlation	1. AOC	1.000				
	2. Clarity	.341	1.000			
	3. Trust	.272	.449	1.000		
	4. Fairness	.368	.525	.557	1.000	
	5. Communication	.328	.426	.462	.653	1.000
Sig. (1-tailed)	1. AOC		.000	.000	.000	.000
	2. Clarity	.000		.000	.000	.000
	3. Trust	.000	.000		.000	.000
	4. Fairness	.000	.000	.000		.000
	5. Communication	.000	.000	.000	.000	
N		186	186	186	186	186

Source: Own data

**Table 4.8 Correlations between independent variables and job satisfaction - JS**

		1	2	3	4	5
Pearson Correlation	1.JS	1.000				
	2.Clarity	.055	1.000			
	3.Trust	.666	.449	1.000		
	4.Fairness	.536	.525	.557	1.000	
	5.Communication	.337	.426	.462	.653	1.000
Sig. (1-tailed)	1.JS		.227	.000	.000	.000
	2.Clarity	.227		.000	.000	.000
	3.Trust	.000	.000		.000	.000
	4.Fairness	.000	.000	.000		.000
	5.Communication	.000	.000	.000	.000	.000
N		186	186	186	186	186

**Source: Own Data**

The other common cut-off points for determining the presence of multicollinearity are tolerance value that is less than .10, or a VIF (Variance Inflation Factor) value of above 10. The tolerance value and VIF (Variance Inflation Factor) values for the independent variables are not violating this standard. Therefore, we can say there is no a problem of multicollinearity and the assumption is not violated.

**Table 4.9 Coefficients Table for Performance Appraisal Quality (PAQ) and Job Satisfaction (JS)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	40.61	5.827		6.969	0	29.11	52.11					
Clarity	2.5	0.277	-0.461	-9.04	0	-3.05	-1.96	0.06	-0.56	-0.38	0.687	1.5
Trust	4.177	0.347	0.629	12.03	0	3.492	4.862	0.67	0.666	0.51	0.655	1.5
Fairness	2.629	0.292	0.808	9.004	0	2.053	3.206	0.54	0.556	0.38	0.223	4.5
Communication	0.82	0.149	-0.446	-5.49	0	-1.112	-0.52	0.34	-0.38	-0.23	0.272	3.7

a. Dependent Variable: Job Satisfaction (JS)

**Source : Own data**

From the Table 4.9 we can see how each of the independent variables contributed to the prediction of the dependent variable. Accordingly from the standardized coefficients column - Beta, the strongest unique contributor variable in the relationship between performance appraisal quality and job satisfaction is Fairness (Total) with beta value  $B = 0.808$ . Following fairness and trust (both total) the other strong predictor of relationship between the two variables is Trust (total) with  $B = 0.629$ . Clarity and communication (both total) are the relatively weak predictors of the relationship between performance appraisal quality and job satisfaction each with  $B$  values of 0.461 and 0.446 respectively. All of them make a statistically significant unique contribution to the regression equation with  $p < .05$ .

#### 4.3.2.4 Checking for Outliers

Outliers are values that are substantially lower or higher than the other values in the data set and can have a dramatic effect on the correlation coefficient. As outliers affect the correlation and regression analysis significantly, this analysis is undertaken on the dependent and independent variables. Comparing the 5% Trimmed Mean (120.8005) for Job Satisfaction, Affective Organizational Commitment (36.8805), and the Performance Appraisal Quality (93.0585) against the original mean of Job Satisfaction (119.7903), of Affective Organizational Commitment (36.6452), and of Performance Appraisal Quality (91.8333), the values are not very different. Therefore it is possible to conclude that the more extreme scores/outliers don't have a significance influence on the mean. Due to this fact there is no need to investigate these data points further.

**Table 4.10 Checking for Outliers**

Descriptive Statistics		Job Satisfaction		AOC		PAQ	
		Statistic	Std. Error	Statistic	Std. Error	Statistic	Std. Error
Mean		119.7903	.91541	36.6452	.26170	91.8333	.93101
95% Confidence Interval for Mean	Lower Bound	117.9843		36.1289		89.9966	
	Upper Bound	121.5963		37.1615		93.6701	
5% Trimmed Mean		120.8005		36.8805		93.0585	

**Source : Own Data**

### **4.3.3 Pearson Product - Moment Correlation Outcome**

In this section the correlation coefficient between the independent variable (performance appraisal quality) the dependent variables (affective organizational commitment and job satisfaction) and also the dependent variables and the demographic variables are calculated and the results are discussed.

#### ***4.3.3.1 Correlation Outcome of the Performance Appraisal Quality and the affective organizational commitment and job satisfaction***

To have one measure representing the variables; performance appraisal quality, jobs satisfaction, and organizational commitment, a common total variable is computed for each. Based on this figure a regression analysis is conducted. The common variable is created by simply adding horizontally all the responses of a respondent on the same variable. To reduce the effect of negatively coded variable which are too few, a reversal of those negatively worded questions has been done.

A preliminary analysis was done to ensure no violation of assumptions of normality, linearity and others. Consequently the relationship between performance appraisal quality, job satisfaction, and affective organizational commitment is investigated and summarized using Pearson product-moment correlation coefficient. It is evident that there is a significant relationship between the independent variable (performance appraisal quality) and dependent variables (job satisfaction and affective organizational commitment) i.e. a positive correlation between the performance appraisal quality the two dependent variables;  $r = .386$ ,  $n = 186$ ,  $p < .05$  with affective organizational commitment and  $r = .541$ ,  $n = 186$ ,  $p < .05$  with job satisfaction.

**Table 4.11 Correlations between Performance Appraisal Quality (PAQ) and the Dependent Variables**

		1	2	3
Performance Appraisal Quality	Pearson Correlation	1	.386**	.541**
	Sig. (2-tailed)		.000	.000
	N	186	186	186
Affective Organizational Commitment (AOC)	Pearson Correlation	.386**	1	.211**
	Sig. (2-tailed)	.000		.004
	N	186	186	186
Job Satisfaction (JS)	Pearson Correlation	.541**	.211**	1
	Sig. (2-tailed)	.000	.004	
	N	186	186	186

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

**Source: Own Data**

Also a strong correlation is observed among each of the variables representing the independent variable (Clarity of the performance appraisal process, Trust in the performance appraisal process, Fairness in the performance appraisal process, and Communication in the performance appraisal process) and the two independent variables (affective organizational scale and job satisfaction). This is witnessed in the Pearson’s Product –Moment Correlation table outlined below.

**Table 4.12 Pearson Product – Moment Correlations between the independent variables and Job Satisfaction**

	1	2	3	4	5	6
1.Clarity of the Performance Appraisal	1					
2.Trust in the Performance Appraisal	.449**	1				
3.Fairness in the Performance Appraisal	.525**	.557**	1			
4.Communication in the Performance Appraisal	.426**	.462**	.653**	1		
5.Affective Organizational Commitment	.341**	.272**	.368**	.328**	1	
6.Job Satisfaction	.055	.666**	.536**	.337**	.211**	1

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

**Source: Own data**

The Pearson's correlation coefficient should be between -1 and 1. The proximity to 1 despite the sign showed the strength of the relationship. Coming to the variables in this study the correlation coefficient between performance appraisal quality and job satisfaction is  $r = .541$  that falls within the range  $r = .50$  to 1.0, a sign of strong relationship. The correlation between performance appraisal quality and affective organizational commitment is  $.386$  and this is between  $r = .30$  and  $r = .49$  which indicates medium relationship. With regard to the direction of the relationship both variables have a positive sign that dictates a positive change in the independent variable can result in a positive change in the dependent variables.

When we assess the level of significance, there is significant relationship between the independent variable and dependent variables. This is witnessed by  $p$  values and  $p = 0.01$  level (2-tailed).

**4.3.3.2 Correlation Outcome of the affective organizational commitment and the Demographic Variables.**

The correlation outcome tables below showed that there is no significant correlation between the demographic variables and the dependent variables (affective organizational commitment and job satisfaction). Therefore, there is no need of including these demographic variables in the regression analysis.

**Table 4.13 Correlation Matrix of Affective Organizational Commitment (AOC) and Demographic Variables**

Variables		Affective Organizational Commitment
Name of the Bilateral Donor	Pearson Correlation	.015
	Sig. (2-tailed)	.840
	N	186
Age of Respondents	Pearson Correlation	.256*
	Sig. (2-tailed)	.000
	N	186
Gender of the Respondents	Pearson Correlation	.011
	Sig. (2-tailed)	.886
	N	186
Educational Level of the	Pearson Correlation	.038

Variables		Affective Organizational Commitment
Respondents	Sig. (2-tailed)	.801
	N	186
Position Category of the Respondents	Pearson Correlation	.053
	Sig. (2-tailed)	.470
	N	186
Service Year of the Respondents	Pearson Correlation	.286*
	Sig. (2-tailed)	.000
	N	186
Income Level of the Respondents	Pearson Correlation	.150
	Sig. (2-tailed)	.123
	N	186
If the Respondent is a Primary Income Earner	Pearson Correlation	.002
	Sig. (2-tailed)	.976
	N	186
If the Respondent is a Union Member	Pearson Correlation	.053
	Sig. (2-tailed)	.470
	N	186

\* Correlation is significant at the 0.05 level (2-tailed).

**Source: Own data**

From the above correlation matrix between affective organizational commitment and the demographic variables, it is possible to say that the affective organizational commitment has showed certain degree of correlation with age and service years of the respondents each with  $r = .256$  and  $r = .286$  respectively.

**4.3.3.3 Correlation Outcome of the Job Satisfaction and the Demographic Variables**

**Table 4.14 Correlation Matrix of Job Satisfaction (JS) and Demographic Variables**

Variables		Job Satisfaction
Name of the Bilateral Donor	Pearson Correlation	.133
	Sig. (2-tailed)	.070
	N	186
Age of Respondents	Pearson Correlation	.159
	Sig. (2-tailed)	.207
	N	186

Variables		Job Satisfaction
Gender of the Respondents	Pearson Correlation	.044
	Sig. (2-tailed)	.550
	N	186
Educational Level of the Respondents	Pearson Correlation	-.033
	Sig. (2-tailed)	.778
	N	186
Position Category of the Respondents	Pearson Correlation	-.068
	Sig. (2-tailed)	.355
	N	186
Service Year of the Respondents	Pearson Correlation	.297*
	Sig. (2-tailed)	.000
	N	186
Income Level of the Respondents	Pearson Correlation	.039
	Sig. (2-tailed)	.007
	N	186
If the Respondent is a Primary Income Earner	Pearson Correlation	-.040
	Sig. (2-tailed)	.584
	N	186
If the Respondent is a Union Member	Pearson Correlation	.068
	Sig. (2-tailed)	.355
	N	186

\*Correlation is significant at the 0.05 level (2-tailed).

**Source : Own data**

Referring the table above, from the demographic variable it is only the service year that has a significant correlation with the job satisfaction with  $r = .297$ .

#### **4.4 Regression Analysis**

Through a correlation analysis it is identified that there is a significant relationship between the performance appraisal quality and the dependent variables (affective organizational commitment and job satisfaction). To what extent the variance in the dependent variables (affective organizational commitment and job satisfaction) will be explained by the independent variable i.e. performance appraisal quality is discussed here.

#### **4.4.1 Significance of quality performance appraisal for affective organizational commitment**

##### ***Hypothesis1:***

*H1:* The performance appraisal quality has a significant effect on affective organizational commitment of the selected bilateral donors.

The correlation coefficient (e.g., Pearson product-moment correlation) is identified to provide a numerical summary of the direction and the strength of the linear relationship between the two variables. The correlation coefficient for these two variables is  $r = .386$  which is between 0.3 and 0.7, and it is an indicator of a moderate relationship between the two variables. The relationship is significant at .001 level or  $(F (1,184)) = .386, p < .001$ . With regard to the direction of the relationship the two variables are positively related. This means an increase in one of the variable can result in an increase on the other variable. In order to judge how much variance in the independent variable i.e. performance appraisal quality is shared by the dependent variables; job satisfaction and affective organizational commitment, R Square is referred.

In the model Table 4.15 the value of R Square is .149 and it tells how much the variance in the affective organizational commitment is explained by the model. This means 14.9 per cent (.149 X 100) of the variance in the affective organizational commitment is the effect of variance in the performance appraisal quality. The demographic variables which are age of the respondent and service year of the respondent totally explain about 0.6 percent of the variance in the affective organizational commitment, which is not statistically significant.

Even if the demographic variables proved to be correlated to the affective organizational commitment, the significance is not witnessed in the regression model. As a result only Model one that has the independent variable (performance appraisal quality) as influencing factor is selected to represent the relationship. It explains about 14.9 per cent of the variance in the affective organizational commitment. To identify how much of the overall variance is caused by the variable of interest i.e. performance appraisal quality after other demographic variables (age

and service year) are removed or statistically controlled is answered by the R Square i.e. 14.9 per cent.

A measure of dispersion for the prediction equation can be obtained from the standard error of estimate below (Table 4.15). When the prediction equation is used, 93.4 % of the estimate fall within one standard error of estimate (predicted) value.

**Table 4.15 Model Summary of Performance Appraisal Quality (PAQ) and Affective Organizational Commitment (AOC)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.386 <sup>a</sup>	.149	.144	3.30124	.149	32.236	1	184	.000
2	.390 <sup>b</sup>	.152	.143	3.30483	.003	.601	1	183	.439
3	.394 <sup>c</sup>	.155	.141	3.30769	.003	.683	1	182	.410

a. Predictors: (Constant), PAQ\_Total

b. Predictors: (Constant), PAQ\_Total, Age of Respondents

c. Predictors: (Constant), PAQ\_Total, Age of Respondents, Service Year of the Respondents

d. Dependent Variable: AOC\_Total

**Source: Own data**

Referring the ANOVA table below it is possible to judge if the above mentioned effect of performance appraisal quality on affective organizational commitment has a statistical significance i.e.  $p < .005$ ; and it shows significant at (F (1,184)).

**Table 4.16 ANOVA on Performance Appraisal Quality and Affective Organizational Commitment**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	351.312	1	351.312	32.236	.000 <sup>b</sup>
	Residual	2005.269	184	10.898		
	Total	2356.581	185			

a. Dependent Variable: AOC\_Total

b. Predictors: (Constant), PAQ\_Total

**Source: Own data**

The coefficient table below shows the coefficient matrix that helps to predict the regression equation in the form of  $y = a + bx$ . The value of both a and b are outlined in the column B under unstandardized coefficients. The first value, 26.678 is the value of a and the second value is .109 = b. Y is the dependent variable and represents the affective organizational commitment and X is the independent variable representing the quality of performance appraisal. Therefore, the prediction equation for the relationship will be:

$$y = 26.678 + .109x$$

$$y = a + b_1x_1 + b_2x_2 + b_3x_3$$

$$\text{Model 1: } y = 26.678 + .019 (\text{PAQ})$$

A simple linear regression equation  $y = 26.678 + .109x$  with  $F(1, 184) = 32.236$  with 1 and 184 degrees of freedom. The F is significant at less than .001 level. A significant regression equation was found ( $F(1, 14) = 32.236, p < .001$ ), with an R Square of .149.

**Table 4.17 Coefficients of Performance Appraisal Quality (PAQ) and Affective Organizational Commitment (AOC)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	26.678	1.772		15.055	.000			
	PAQ_Total	.109	.019	.386	5.678	.000	.386	.386	.386
2	(Constant)	27.414	2.012		13.625	.000			
	PAQ_Total	.108	.019	.383	5.622	.000	.386	.384	.383
	Age of Respondents	-.186	.240	-.053	-.775	.439	-.073	-.057	-.053
3	(Constant)	26.925	2.099		12.828	.000			
	PAQ_Total	.109	.019	.387	5.657	.000	.386	.387	.385
	Age of Respondents	-.239	.249	-.068	-.960	.338	-.073	-.071	-.065
	Service Year of the Respondents	.214	.259	.058	.827	.410	.013	.061	.056

a. Dependent Variable: AOC\_Total

Source: Own data

To find out how well each of the variables contributes to the equation the Coefficients Table 4.17 is referred. In the Model 3 of the same table all the variables are entered in to the equation. Reading the significance for each of the variables (performance appraisal quality, age, and service year), only one of the variable’s contribution (performance appraisal quality) has a statistical significance ( $p < 0.05$ ). To measure the unique contribution of the performance appraisal quality, beta value is referred and performance appraisal quality has  $B = .109$  when the overlapping effects of all other variables are statistically removed. The other variables unique contribution; age and service year don’t have statistical significance in the regression model.

#### 4.4.2 Significance of Quality Performance Appraisal for Job Satisfaction

##### *Hypothesis 2:*

*H1:* Performance appraisal quality has a significant positive effect on job satisfaction of the selected bilateral donors.

The Pearson’s correlation coefficient between performance appraisal quality and job satisfaction is  $r = .541$  which is a sign of strong positive relationship. The relationship between the two variables (performance appraisal quality and job satisfaction) is significant at .001 level or ( $F(1,184) = .541, p < .001$ ). Therefore this positive strong relationship means a strong change in the performance appraisal quality can result in a strong positive change on jobs satisfaction.

**Table 4.18 Correlations between Performance Appraisal Quality and Job Satisfaction**

		1	2
Pearson Correlation	Job Satisfaction	1.000	.541
	Performance Appraisal Quality	.541	1.000
Sig. (1-tailed)	Job Satisfaction	.	.000
	Performance Appraisal Quality	.000	.
N	Job Satisfaction	186	186
	Performance Appraisal Quality	186	186

**Source: Own data**

In the Table 14.7 Model Summary below under the heading R Square it is mentioned that about 29.3 percent (.293 \* 100) of the variance in the job satisfaction is explained by the model. The standard error of estimate for measuring the dispersion for the prediction equation of the job satisfaction is 10.525. When the prediction equation is used, 79.5 percent of the estimate will fall within one standard error of estimate (predicted) value. Even if the demographic variable, service year of the respondents, proved to be correlated and explains about .017 percent of the variance in the job satisfaction it is not statistically significant in predicting the effect.

As a result Model one with the variable performance appraisal quality that explains about 29.3 percent of the variance in the job satisfaction is selected. To identify how much of the overall variance is caused by the variable of interest i.e. performance appraisal quality after other demographic variables (age and service year) are removed or statistically controlled the R Square is referred i.e. also 29.3 percent.

**Table 4.19 Model Summary of Performance Appraisal Quality and Job Satisfaction**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.541 <sup>a</sup>	.293	.289	10.52524	.293	76.287	1	184	.000
2	.557 <sup>b</sup>	.310	.303	10.42661	.017	4.498	1	183	.075

a. Predictors: (Constant), PAQ\_Total

b. Predictors: (Constant), PAQ\_Total, Service Year of the Respondents

c. Dependent Variable: JS\_Total

**Source: Own data**

To assess the statistical significance of this result or relationship i.e. the 29.3 percent variance in the job satisfaction as a result of performance appraisal quality, it is necessary to look in the ANOVA Table 4.20. In the ANOVA table the significance level is .000 that means  $p < .005$ .

**Table 4.20 ANOVA for Performance Appraisal Quality (PAQ) and Job Satisfaction (JS)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8451.172	1	8451.17	76.287	.000 <sup>b</sup>
	Residual	20383.65	184	110.781		
	Total	28834.823	185			

a. Dependent Variable: JS\_Total

b. Predictors: (Constant), PAQ\_Total

**Source: Own data**

The regression equation that predicts the relationship between the performance appraisal quality and job satisfaction is in the form of  $y = a + bx$ . The value of both a and b are outlined in the B column under unstandardized coefficients. The value of a is 70.907, the value of b is .532, y is the dependent variable and represents job satisfaction, and x is the independent variable representing the performance appraisal quality (PAQ). Therefore, the prediction equation for the relationship will be;  $y = 70.907 + .532x$ .

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

$$\text{Model 1: } Y = 70.907 + .532 (\text{PAQ})$$

A simple linear regression equation  $y = 70.907 + .532x$  with  $F(1, 184) = 76.287$  with 1 and 184 degrees of freedom. The value of F is significant at less than .001 level. A significant regression equation was found ( $F(1, 14) = 76.287, p < .001$ ), with an R Square of .293. Using the prediction equation about 78.95% of the result will fall within one standard error of estimate (predicted) value. And 95% of the time, our estimated variation in the affective organizational commitment will be within 11% of being correct i.e.  $2 \times 10.52524 = 21.05$ .

To find out how well each of the variables contributes to the equation the Coefficients Table 4.21 is referred. In the Model 3 of this table all the variables are entered in to the regression equation. Reading the significance for each of the variables (performance appraisal quality, age, and service year) included in the equation, only one of the variables; performance appraisal quality has a statistical significance contribution ( $p < 0.005$ ). To measure the unique contribution

of each variable beta value is referred and performance appraisal quality has  $B = .518$  when the overlapping effects of all other variables are statistically removed. The other variables' (age and service year) contributions don't have statistical significance.

**Table 4.21 Coefficients of Performance Appraisal Quality (PAQ) and Job Satisfaction(JS)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	70.907	5.650		12.551	.000			
	PAQ_Total	.532	.061	.541	8.734	.000	.541	.541	.541
2	(Constant)	77.259	6.348		12.171	.000			
	PAQ_Total	.525	.060	.534	8.690	.000	.541	.540	.534
	Age of Respondents	-1.607	.758	-.130	-2.121	.035	-.159	-.155	-.130
3	(Constant)	80.838	6.567		12.309	.000			
	PAQ_Total	.518	.060	.527	8.623	.000	.541	.539	.526
	Age of Respondents	-1.221	.778	-.099	-1.569	.118	-.159	-.116	-.096
	Service Year of the Respondents	-1.568	.811	-.122	-1.933	.055	-.186	-.142	-.118

a. Dependent Variable: JS\_Total

**Source: Own data**

## Chapter Five

### 5. Summary Conclusion and Recommendation

#### 5.1 Summary

The data gathered from two major bilateral donors (USAID and UKAID) analyzed with the purpose of identifying the effect of performance appraisal quality on job satisfaction and affective organizational commitment. In doing this analysis standard questioner developed by different scholars is used. In order to ensure the reliability and validity of these standard scales in the target population context pilot test is conducted.

Before analyzing the data, missing values and irregularities in the data collected is checked. Further to determine the appropriate statistical procedure in analyzing the data, the normality, multicollinearity, outliers, and collinearity of the data are verified. This has proved that the parametric test is the most suitable technique to analyze the data.

A total of 186 respondents are contacted for the study, of which 15.59 percent are from DFID and the rest 84.41 percent are from USAID. From this number of respondents about 53.8 percent are male and the remaining 46.2 percent are female. Respondent from all income group, educational background, and age group are represented in the data collected.

The correlation analysis result is used to understand the degree of relationship between the independent (performance appraisal quality) and dependent variables (job satisfaction and affective organizational commitment). From this analysis a strong ( $r = .541$ ) and medium ( $r = .386$ ) strength of correlation is observed between performance appraisal and job satisfaction, and performance appraisal and affective organizational commitment respectively. These confirm the initial assumption that there is a positive relationship between the performance appraisal quality and the dependent variables (job satisfaction and affective organizational commitment). Both relationships are also significant at  $p < 0.01$  level (2-tailed). The same analysis is conducted to identify if any of the demographic variables are correlated to the affective organizational commitment and job satisfaction. The results showed that affective organizational commitment

is somehow correlated to age and service year of the respondents. On the other hand job satisfaction showed a weak correlation only to service year of the respondents. The finding with regard to the relationship between the performance appraisal quality and affective organizational commitment, and job satisfaction Brown (2010) reached on the same conclusion. Brown (2010) on his study in public sector in Australia found out a significant positive relationship between the quality of performance appraisal and organizational commitment (with  $b = -0.0979$ ,  $p < 0.01$ ), job satisfaction (with  $b = -0.1050$ ,  $p < 0.01$ ), and intention to quit (with  $b = 0.1999$ ,  $p < 0.01$ ). However on this research Brown used Porter's (1974) standard scale of organizational commitment measure, Price and Mueller's (1981) standard measure of job satisfaction. Also his measure of organizational commitment incorporates all dimensions of organizational commitment i.e. beyond affective organizational commitment. This research differs from Brown's (2010) in the instruments used and also the scope of the independent variables considered.

Regression analysis is also done in order to identify the extent to which the quality of performance appraisal can influence job satisfaction and affective organizational commitment. Consequently, the initial hypothesis that states a significant relationship between the performance appraisal quality and affective organizational commitment is confirmed. The relationship (between performance appraisal quality and affective organizational commitment) is moderately significant with  $r = .386$  and at  $p < .001$  level or  $F(1,184)$ . Also the direction of the relationship is positive. As a result a 14.89 percent variance in affective organizational commitment is explained by the variance in the performance appraisal quality. Therefore, the initial hypothesis is accepted.

Also the significance of quality performance appraisal for job satisfaction is analyzed and this relationship found to be significant at  $r = .541$ . This is an indicator of a strong positive relationship between the two variables with  $p < .001$ . From the regression model it is identified that the 29.3 percent of the variance in job satisfaction is a result of variance in the performance appraisal quality. Therefore, the null hypothesis that states a significant positive effect of performance appraisal quality on job satisfaction is confirmed.

In addition a correlation analysis is undertaken between the dependent variables (affective organizational commitment and job satisfaction) and the demographic variables. Consequently, a weak correlation is observed between the affective organizational commitment and age, and service year of the respondents'. With a similar analysis between job satisfaction and the demographic variables, only service year showed a bit correlation. A regression analysis on these variables is also conducted to see if there is significant variance in job satisfaction and affective organizational commitment as a result of the demographic factors (age and service year of the respondents). The resulted showed that both demographic variables don't have significance in the regression model developed and used to predict the relationship between the performance appraisal quality and the dependent variables (affective organizational commitment and job satisfaction).

Further analysis has been done on the participants' response for the performance appraisal quality, affective organizational commitment, and job satisfaction questions asked. Consequently, more than 59.7 percent of the respondents' reflection on the performance appraisal was above average. The respondents' weak response was witnessed only on four of the questions (representing fairness of the appraisal process and communication between the line manager and the employee) i.e. also between 59.7 and 67.3 percent above the average expected.

With regard to respondents' reaction to the affective organizational commitment, all the responses were near to perfection. This is an indicator for the presence of affective organizational commitment that is resulted from performance appraisal quality.

Also summary of the responses on the job satisfaction questions indicated that many responses are above the average response rate. However, weak responses are also observed on some of the questions like : 'The regular performance appraisal meetings I have with my manager include a discussion about the thing my manager could do to help me in performing better', 'My last annual performance appraisal review conflicted significantly with the feedback I received in my regular reviews throughout the year', 'My view of my performance was taken into account by my manager when assessing my performance appraisal result of last year', and 'As part of my last performance appraisal there was a discussion about my career and personal development'.

These weaknesses can be summarized as ineffective feedback, poor communication, and also lack of trust between the line manager and the employee.

From the overall analysis, it is possible to summarize as there is a strong practice of joint performance planning, developing realistic objectives, using input from different sources in the process, identification of training needed to do one's job, trust on the professional capacity of the line manager, and sound understanding of the grievance procedure with regard to performance rating are the major areas. However, the performance appraisal's poor linkage to the quality and regularity of performance feedback, lack of quality discussion in areas of support available to the employee, inability to incorporate employees' view in the performance appraisal, and the attention given to the individual employee career aspiration and personal development need are areas that need further improvement.

## **5.2 Conclusion**

The purpose of this study was to show the effect of performance appraisal quality on affective organizational commitment and job satisfaction of employees. To this end data from the two major bilateral donors is collected and analyzed. Based on the analysis and the subsequent empirical findings the following points are concluded.

- Performance appraisal quality has a significant positive effect on affective organizational commitment of employees working in the selected bilateral donors; DFID Ethiopia and USAID.
- Performance appraisal quality has a significant positive effect on the job satisfaction of employees in the selected bilateral donors; working in DFID Ethiopia and USAID.
- Strong effects of the performance appraisal quality are witnessed in the area of joint performance planning, developing realistic objectives, using input from different sources in the process, identification of training needed to do one's job, trust on the professional capacity of the line manager, and also sound understanding of the grievance procedure.

- The performance appraisal's relative weakest linkage is observed in the area of quality and regularity of performance feedback, quality discussion on support available to the employees, also incorporating employees' view in the performance appraisal process.

### **5.3 Recommendation**

A significant positive effect of the performance appraisal quality is observed on affective organizational commitment and job satisfaction. To enhance this positive effect and ripe the maximum benefit focus on the following points is suggested:

- Even if all the responses on the performance appraisal quality indicators are above average, response on some of the questions looks relatively weak. These weaknesses are observed in the areas of having an effective communication between the line manager and the employee and also on the fairness in the performance appraisal process. The specific communication problems are raised in line with the poor attention given to the review and discussion of employees' progress, weak alignment of the specification of new goals to the result of the review and discussion, employees' lack of feeling that their performance is fairly evaluated.

Therefore, effective communication between supervisors and employees should be promoted, as it is important in informing employees about their objectives and job expectations under existing or, particularly, new scenario. As employee feeling of fairness of performance appraisal has impact on job satisfaction and affective organizational commitment, significant attention should be given to enhance the performance appraisal's contribution in this area. A performance appraisal system will not be effective unless it is perceived to be fair by all those involved in the process Cook and Crossman (2004). Also it should be noted that employees are satisfied with their performance appraisal systems when the supervisors are supportive of the subordinate's feedback.

- Efforts in joint performance planning, developing realistic objectives, incorporating inputs from different sources during performance evaluation, identification of training need for job performance, trust on the line managers' capacity, and also sound understanding of the system should continue with its strength.

Armstrong (2009) explains performance as a process of establishing agreed goals at the beginning, monitoring performance regularly, evaluating performance, and rewarding the good performance. Plachy (1988) mentioned performance review as a stocktaking opportunity where performance and development issues on employees' are discussed and the bases for performance planning, agreement, and development are established. This provides a focal point for the consideration of key performance, motivational, and developmental issues. Diane Arthur (2008) also insisted that an effective scheme embeds a culture that focuses on performance improvement, learning and development, enhanced trust between the line manager and the employee, and also helps to produce existing skill inventory that is needed for future organizational needs. Therefore, strengthening the performance appraisal quality in the mentioned areas will help to enhance the feelings of employees' self-worth, confidence, achievement, attitudes about their work, and also improve their positive feeling about their organization. This in turn leads to improved affective organizational commitment and job satisfaction and continued focus in these areas will continue to be beneficial.

In general, strengthening the performance appraisal quality and the practice in the above mentioned areas will help to enhance its positive effect on the affective organizational commitment and jobs satisfaction in the future. This encourages other organizations to enhance the attention they have given to their performance appraisal quality. As focus on these areas will help to ensure learning and development culture, create workforce flexibility, and deliver the highest individual and organizational performance possible.

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## **Appendix**

- Questioners used to measure performance appraisal quality, affective organizational commitment, and job satisfaction.
- Reliability and validity test for the pilot study

## Appendix No.1

### Addis Ababa University School of Commerce

#### Questioner on the Effect of Performance Appraisal Quality on Affective Organizational Commitment and Job Satisfaction

##### Purpose of the Questioner

The purpose of this questioner is to conduct a research in partial fulfillment of Master of Art in Human Resource Management. The questioner measures the quality of the performance appraisal and its effect on job satisfaction and affective organizational commitment of employees.

The questioner has four parts; Part - One: General information about the respondent, Part – Two: Question selected to measure the performance appraisal quality, Part – Three: Questions designed to measure job satisfaction, and Part - Four: Questions designed to measure affective commitment.

Therefore you are kindly asked to indicate your level of agreement with each statement. For this purpose you are provided with a box to check (✓) for the general information (about yourself) and a seven-point Likert-scale ranging from 1 - 7 for other specific questions, ranging from “I Strongly Disagree” to “I Strongly Agree” again to check (✓) for your preference.

I highly appreciate your participation and prompt response on this!

Bruk Leyikun

Student at the Addis Ababa University School of Commerce

Cell Phone : 0921-017501

##### I. General

###### 1. Age of the respondent

- |               |                          |                |                          |
|---------------|--------------------------|----------------|--------------------------|
| 18 – 23 years | <input type="checkbox"/> | 36 – 41 years  | <input type="checkbox"/> |
| 24 – 29 years | <input type="checkbox"/> | 41 – 47 years  | <input type="checkbox"/> |
| 30 – 36 years | <input type="checkbox"/> | Above 47 years | <input type="checkbox"/> |

###### 2. Gender of the respondent

- |        |                          |      |                          |
|--------|--------------------------|------|--------------------------|
| Female | <input type="checkbox"/> | Male | <input type="checkbox"/> |
|--------|--------------------------|------|--------------------------|

3. Educational level of the respondent

- |                      |                          |                      |                          |
|----------------------|--------------------------|----------------------|--------------------------|
| Below High School    | <input type="checkbox"/> | Undergraduate Degree | <input type="checkbox"/> |
| High School Complete | <input type="checkbox"/> | Post Graduate Degree | <input type="checkbox"/> |
| Diploma              | <input type="checkbox"/> | PhD                  | <input type="checkbox"/> |

4. Current Job Position of the respondent

- Managerial  Non Managerial

5. How many years have you worked for your current employer?

- |                   |                          |                |                          |
|-------------------|--------------------------|----------------|--------------------------|
| Less than 2 years | <input type="checkbox"/> | 9 - 11 years   | <input type="checkbox"/> |
| 3 - 5 years       | <input type="checkbox"/> | Above 11 years | <input type="checkbox"/> |
| 6 - 8 years       | <input type="checkbox"/> |                |                          |

6. Please indicate your income level

- |                                   |                          |                                   |                          |
|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
| 5,000 – 21,000 ETH<br>Birr/Month  | <input type="checkbox"/> | 53,000 – 69,000 ETH<br>Birr/Month | <input type="checkbox"/> |
| 21,000 – 37,000 ETH<br>Birr/Month | <input type="checkbox"/> | Above 69,000 ETH<br>Birr/Month    | <input type="checkbox"/> |
| 37,000 – 53,000 ETH<br>Birr/Month | <input type="checkbox"/> |                                   |                          |

7. Are you a primary household income earner?

- Yes  No

8. Are you a member of labor union?

- Yes  No

**II. Measuring Quality of Performance Appraisal:** (1=Strongly Disagree, 2=Disagree, 3=Slightly Disagree, 4= Neither Agree Nor Disagree, 5=Slightly Agree, 6=Agree, 7= Strongly Agree)

Questions	1	2	3	4	5	6	7
<b>Clarity</b>							
1. I was clear when hired that the results of my performance evaluation would be tied to certain personnel actions like bonus, salary increment, etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. When I was hired I was clear about the performance management process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. When I took up my current position I was clear that my performance would be periodically evaluated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Communication</b>							
1. My progress toward my goals set in previous appraisal meetings often reviewed by my supervisor with me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I have received guidance to improve my performance often.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I was asked for input during the appraisal process by my supervisor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My supervisor sits down and discuss on the results of my performance evaluation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The performance appraisal process in my organization often results in specifications of new goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I have got the opportunity to express my feelings often when my performance is evaluated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Trust</b>							
1. I feel my supervisor is competent to evaluate my job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My supervisor is familiar with the details and responsibilities that my job entails.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I have confidence and trust in my immediate supervisor regarding his/her general fairness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I trust my supervisor to accurately report my performance to his/her supervisor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fairness</b>							
1. I feel my last performance rating truly represented how well I have performed in my job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I feel my last performance appraisal was fair.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I feel my performance has been evaluated accurately.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I feel my supervisor was justified in his/her last rating of my performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I feel that my last performance rating was free from bias.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Questions	1	2	3	4	5	6	7
6. If I have been evaluating my own performance, the rating would have been similar to the last one that my supervisor gave me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**III. Job Satisfaction (arising out of the performance appraisal):** measures using the 25-item scale by Cook and Crossman (2004). Please indicate your response on the following five Likert Scale (Strongly Agree to Strongly Disagree). The purpose is to measure how satisfied you are with aspects of their performance appraisal system. (1=Strongly Disagree, 2=Disagree, 3=Slightly Disagree, 4= Neither Agree Nor Disagree, 5=Slightly Agree, 6=Agree, 7= Strongly Agree).

Questions	1	2	3	4	5	6	7
1.The regular performance appraisal meetings I have with my manager include a discussion about the things my manager could do to help me in performing better.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.The current performance appraisal system is fair and unbiased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.My last annual performance appraisal review conflicted significantly with the feedback I received in my regular reviews throughout the year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.My view of my performance was taken into account by my manager when assessing my performance appraisal result for last year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.The result I receive at my annual performance appraisal review determines my pay at my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.I understand through my performance appraisal review how my job helps my organization to achieve its strategic goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.As part of my organization’s performance appraisal system, I receive regular feedback about my performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.My manager is fully committed to my performance appraisal reviews.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.The overall performance appraisal system helps me to identify areas to improve my work performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. The result I receive at my annual performance appraisal review determines my bonus/incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. I decided upon the goals I had to achieve as part of my last performance appraisal, in consultation with my	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Questions	1	2	3	4	5	6	7
manager.							
12. My end of year performance appraisal review is the only time I get feedback about my performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Everyone who is involved in the performance appraisal system should receive training in how to do it, even if they are not a manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. If I do not agree with the final result of my performance appraisal, there is a clear appeals process for me to use.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Overall, I am satisfied with the way in which my manager uses the performance appraisal system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Overall, I am satisfied with the performance appraisal system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. When I do a good job I receive positive feedback from my manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. I believe that the goals I had to achieve as part of my last performance appraisal were fair and achievable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. The performance appraisal system that my organization uses allows input from other sources, such as work colleagues, about my performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. As part of my performance appraisal system there is a discussion about what training I need to improve my performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. I do not believe that the performance appraisal system takes account of all work achievements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. My manager does not know enough about my work to give me a fair performance appraisal result.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. The system that my organization uses to allocate performance appraisal bonuses/incentives is fair.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. As part of my last performance appraisal there was a discussion about my career and personal development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. My organization's performance appraisal process is a fair assessment of my performance in relation to other staff at my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**IV. Measure of Affective Organizational Commitment:** Affective organizational commitment is a strong belief in and acceptance of the organization’s goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization. (1=Strongly Disagree, 2=Disagree, 3=Slightly Disagree, 4= Neither Agree Nor Disagree, 5=Slightly Agree, 6=Agree, 7= Strongly Agree).

Questions	1	2	3	4	5	6	7
1. I am very happy being a member of this organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I enjoy discussing my organization with people outside it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I really feel as if this organization’s problems are my own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I think that I could easily become as attached to another organization as I am to this one.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I do not feel like part of the family at my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I do not feel like I am emotionally attached to this organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. This organization has a great deal of personal meaning for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I do not feel a strong sense of belonging to my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Thank you for your participation!**

## Appendix No.2

### Pilot Study Validity and Reliability Statistics

**Case Processing Summary**

		N	%
Cases	Valid	30	100.0
	Excluded <sup>a</sup>	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.971	.973	50

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
Clarity_PAQ1_V9	247.10	229.253	.805	.970
Clarity_PAQ2_V10	247.15	232.555	.754	.971
Clarity_PAQ3_V11	247.10	229.253	.805	.970
Communication_PAQ1_V12	247.15	232.555	.754	.971
Communication_PAQ2_V13	247.30	232.958	.827	.970
Communication_PAQ3_V14	247.30	232.958	.827	.970
Communication_PAQ4_V15	247.30	232.958	.827	.970
Communication_PAQ5_V16	247.15	232.555	.754	.971
Communication_PAQ6_V17	247.20	231.853	.824	.970
Trust_PAR1_V18	247.40	235.832	.747	.971
Trust_PAQ2_V19	247.15	232.029	.789	.970
Trust_PAQ3_V20	247.15	232.029	.789	.970
Trust_PAQ4_V21	247.15	232.029	.789	.970
Fairness_PAQ1_V22	247.20	231.853	.824	.970
Fairness_PAQ2_V23	247.25	231.987	.849	.970
Fairness_PAQ3_V24	247.20	231.853	.824	.970
Fairness_PAQ4_V25	247.15	228.555	.854	.970
Fainress_PAQ5_V26	247.20	231.853	.824	.970
Fairness_PAQ6_V27	247.20	231.853	.824	.970

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
Job_Satisfaction_Q1_V28	247.90	257.358	-.843	.975
Job_Satisfaction_Q2_V29	247.35	232.450	.939	.970
Job_Satisfaction_Q4_V31	247.25	233.566	.736	.971
Job_Satisfaction_Q5_V32	247.30	232.642	.851	.970
Job_Satisfaction_Q6_V33	247.30	232.642	.851	.970
Job_Satisfaction_Q7_V34	247.30	232.642	.851	.970
Job_Satisfaction_Q8_V35	247.25	233.566	.736	.971
Job_Satisfaction_Q9_V36	247.30	232.642	.851	.970
Job_Satisfaction_Q10_V37	247.30	232.642	.851	.970
Job_Satisfaction_Q11_V38	247.30	232.642	.851	.970
Job_Satisfaction_Q12_V39	247.25	233.566	.736	.971
Job_Satisfaction_Q13_V40	247.30	232.642	.851	.970
Job_Satisfaction_Q14_V41	247.35	232.450	.939	.970
Job_Satisfaction_Q15_V42	247.30	232.642	.851	.970
Job_Satisfaction_Q16_V43	247.30	232.642	.851	.970
Job_Satisfaction_Q17_V44	247.25	233.566	.736	.971
Job_Satisfaction_Q18_V45	247.35	232.450	.939	.970
Job_Satisfaction_Q19_V46	247.25	233.566	.736	.971
Job_Satisfaction_Q20_V47	247.25	233.566	.736	.971
Job_Satisfaction_Q21_V48	250.40	234.568	.455	.972
Job_Satisfaction_Q23_V50	247.25	233.566	.736	.971
Job_Satisfaction_Q24_V51	247.25	233.566	.736	.971
Job_Satisfaction_Q25_V52	247.30	232.642	.851	.970
Aff_Orga_Comm_Q1_V53	247.05	234.155	.634	.971
Aff_Orga_Comm_Q2_V54	247.05	234.155	.634	.971
Aff_Orga_Comm_Q3_V55	247.05	234.155	.634	.971
Aff_Orga_Comm_Q4_V56	248.30	248.958	-.342	.974
Aff_Orga_Comm_Q5_V57	250.10	254.621	-.646	.975
Aff_Orga_Comm_Q6_V58	250.10	255.463	-.696	.975
Aff_Orga_Comm_Q7_V59	247.05	234.155	.634	.971
Aff_Orga_Comm_Q8_V60	250.10	254.621	-.646	.975