ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE POST GRADUATE PROGRAM

EFFECT OF PERFORMANCE APPRAISAL QUALITY ON EMPLOYEE PERFORMANCE

(THE CASE OF ETHIOPIAN AIRLINES)

BY: TEKEBA BEKELE

In Partial fulfillment of the requirement for degree of MA
In Human Resource Management

Advisors: Dr. Mengistu Bogale

June, 2016
Addis Ababa, Ethiopia

EFFECT OF PERFORMANCE APPRAISAL QUALITY ON EMPLOYEE PERFORMANCE

(THE CASE OF ETHIOPIAN AIRLINES)

PREPARED BY: TEKEBA BEKELE (ID. NO GSE/0727/06)

In Partial fulfillment of the requirement for degree of MA
In Human Resource Management

Advisors: Dr. Mengistu Bogale

EFFECT OF PERFORMANCE APPRAISAL QUALITY ON EMPLOYEE PERFORMANCE

(THE CASE OF ETHIOPIAN AIRLINES)

BY: TEKEBA BEKELE

Approved by:

Advisor	**Signature**	**Date**
Internal Examiner	**Signature**	**Date**
External Examiner	**Signature**	**Date**

Declaration

I certify that this research paper entitled Effect of Performance Appraisal Quality on Employee Performance: the case of Ethiopian Airlines" has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree.

I also certify that the thesis/project has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Declared by:

Name: ____

Date: ____

Signature: ____

Confirmed by Advisor:

Name: ____

Date: ____

Signature: ____

Approved by Examiner:

Name: ____

Date: ____

Signature: ____

Table of Contents

Acknowledgment

First of all, I express my deep gratitude to the Almighty God for giving me the strength, patience and guidance to endure and complete this project. I would also like to express my appreciation to Dr. Mengistu Bogale my advisor, for his invaluable comments, encouragement, and expert guidance during the whole process of research writing.

I also wish to thank all my instructors who have been incredibly supportive and collaborative over the last few years.

Last but not the least, my special thanks goes to Ethiopian Airlines staff at all levels that assisted me in doing the research. Especial thanks to Ethiopian Airlines customer service and corporate human resource management staffs at Addis Ababa Bole international airport for their respective cooperation during questionnaire distribution and collection.

List of tables

List of Figures

Acronyms

EP: Employee Performance

HR: Human Resource

HRM: Human Resource management

Q: Quality

PA: Performance Appraisal

PAQ: Performance Appraisal Quality

PM: Performance Management

ABSTRACT

The main purpose of this study was to evaluate the effect of performance appraisal quality on employee performance in case of Ethiopian airlines. Explanatory research design was used. As a result to analyze this relationship the researcher mainly deployed quantitative type of research design. 200 respondents were selected representing a population of 2180 using stratified random sampling in each stratum (Business units). Self-Administer Drop off survey data collection technique was used and Statistical Package for Social Science (SPSS) software version 20.0 was employed to analyze and present the data through the statistical tools, namely descriptive and inferential analysis. The study found that 88.1% of the changes in the employee performance variables could be attributed to the combined effect of performance appraisal quality predictor variables. In general this research revealed that high quality performance appraisal had likely to generate higher level of employee performance, 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 employee performance.

Keywords: Performance Appraisal, Quality, Performance of Employee

CHAPTER-ONE: INTRODUCTION

1.1. Background of the study

Performance appraisal has increasingly become part of a more strategic approach to integrating HR activities and business policies and may now be seen as a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. Performance appraisal is an extensively used formal assessment in many organizations to determine employees' performance in relation to the achievement of organizational goals, and to settle on ways for future improvements. A performance appraisal system embodies the tools and procedures/guidelines used by trained assessors in conducting the assessment of employees (Fletcher, 2001).

Performance Appraisal is defined by different scholars of human resource management in different time. Therefore, some theories of those scholars have been discussed as follows. Performance appraisal has been synonymous with performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personnel review, staff assessment, service rating, etc. Employee performance appraisal has two forms – formal (systematic) and informal (non-systematic) appraisal. Informal appraisal means continuous evaluation of an employee by her/his superior during the work process. Formal employee appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Giangreco et al, 2012).

Performance appraisal plays a key role to measure the employee's performance and help the organization to check the progress towards the desired goals and objectives (Ijbmr, 2012). Now organizations are using performance appraisal as a strategic approach by coordinating the human resource functions and business policies. Performance appraisal help aligns individual goals and objectives with the organization goals.

They are focuses on it as it is a broad term that covering number of activities like examines employees, improve abilities, maintain performance and allocate rewards (Fakharyan,Jalilvand, and Dini, 2012). Performance appraisals are used for a variety of reasons such as promotions, pay rises, detailed and valuable feedback, and career progression. They frequently consist of both a developmental and an evaluative dimension (Boswell & Boudreau, 2002). Developmental use focuses on experiences and skills that employees should acquire and which are identified by the use of performance appraisals (e.g., training and development needs). The goal of performance appraisal is to improve employees' contribution to organizational goals and work performance. The appraisal is also designed to support and improve employee development and eliminate performance barriers (Dusterhoff, Cunningham &MacGregor, 2014).

Furthermore, performance appraisals are well suited to detect strengths and weaknesses, i.e. room for improvement of employees, and help to set objectives and to improve employee performance. Especially poor performers can be identified and may receive feedback on how to improve in the longer run. With regard to this literature, this study, will, examine effect of performance appraisal quality on employee performance the case of Ethiopian airlines.

1.2. Background of the Company

Ethiopian Airlines (Ethiopian) is the fastest growing Airline in Africa. In its operations in the past close to seven decades, Ethiopian has become one of the continent's leading carriers, unrivalled in efficiency and operational success. Ethiopian commands the lion share of the pan-African passenger and cargo network operating the youngest and most modern fleet to more than 92 international destinations across five continents.

Ethiopian is currently implementing a 15-year strategic plan called Vision 2025 that will see it become the leading aviation group in Africa with seven business centers: Ethiopian Domestic and Regional Airline; Ethiopian International Passenger Airline; Ethiopian Cargo; Ethiopian MRO; Ethiopian Aviation Academy; Ethiopian In-flight Catering Services; and Ethiopian Ground Service. Ethiopian is a multi-award winning airline registering an average growth of 25% in the past seven years.

1.3. Statement of problem

The performance appraisal process is one of the human resource activities in government and private organizations of Ethiopia. Most organizations throughout the world regardless of whether they are large or small, public or private, service or manufacturing, use performance appraisal, with varying degrees of success, as a tool to achieve a variety of human resource management objectives (Armstrong, 2009).

Very few organizations are putting increased emphasize on performance appraisal to identify the strength and weakness of their employees to improve their productivity, which in turn helps the organizations to gain competitive advantage with human resources. These organizations have realized that a well-developed performance appraisal process can be useful for assessment of employee training needs, employee merit appraisal, determining of employee salary, feedback and suggestion for performance development (Levin, 1986).

Walters (1995) outlines the main Performance Appraisal challenges in the performance appraisal process: Some of the most common challenges are, determining the evaluation criteria which should be in quantifiable or measurable terms, create a rating instrument, lack of competence of rater or evaluators, errors in rating and evaluation, employees are not provided with performance feedback on time, it is difficult to identify employee training needs, there is less communication between the employees and administration and the degree of openness and trust between manager and subordinate.

According to Lloyd K (2014), if performance appraisal systems are well-designed and well-executed, they have strong motivational impact on the staff indicating that effective appraisal systems have the power to motivate staff to perform better. Currently, employees of the organization are informally raising some of the problems like: bias of the raters, lack of continuous communication, lack of trust in the supervisor, lack of clear performance expectations, and inability to provide on time feedback. This study therefore, seeks to fill this gap by investigating the effect of performance appraisal quality on employee performance the case of Ethiopian airlines and gives answer to the following basic questions.

The main research question: How performance appraisals Quality affect employee performance in the organization? And the sub questions of the research include:

- ✓ Does clarity of performance expectations affect employee performance in the organization?
- ✓ How the levels of communication affect employee performance in the organization?
- ✓ Does the fairness of the performance appraisal process affect employee performance in the organization?
- ✓ How the levels of trust in the supervisor influence employee performance in the organization?

1.4. Objective of the study

The main objective of the study is to answer how performance appraisal Quality affects employee performance in the case of Ethiopian airlines. To this end the study address the following specific objectives include:-

- ✓ To examine the effect of clarity of performance expectations on performance of employees in the organization.
- ✓ To analyze how the level of communication affect performance of employees in the organization.
- ✓ To investigate the effect of fairness of the performance appraisal process on performance of employees in the organization.
- ✓ To determine the influence of the level of trust in the supervisor on performance of employees in the organization.

1.5. Significance of the study

This study focused on the effect of performance appraisal quality on employee performance the case of Ethiopian airlines. The stated below are some of the benefits that are drawn from this study:

- ✓ It helps the organization to pin point the important challenges that exist currently and take remedial actions for suitable positive results.

- ✓ It serves us a reference material for both human resource Practitioners and academicians.
- ✓ Ethiopian airlines will directly benefit as the findings when implemented will result in the improvement of performance appraisal thus improved performance.
- ✓ All respective organizations can use the result of this study as a bench mark in measuring their performance against the dimensions used in this study and helps to reassess the existing performance appraisal practices.
- ✓ It initiates other researchers who might be interested in pursuing research in the same area.

1.6. Scope and limitation of the study

The study is limited to address the effect of performance appraisal Quality on employee performance. It covers performance appraisal Quality and the problems associated with the evaluation of employee's performance in Ethiopian airlines head office Addis Ababa bole international airport.

Nevertheless, due to limited monetary and Time to undertake such a wide job research the researcher has limited the scope to the topic under discussion, with time frame work from July 2015 up to December 2015, and sampling frame in the company's population. The sample size was limited, and, thereby, could not take into account all the employees in the organization into the study. This study employed the cross sectional data and it is difficult to determine the time series link across variables. Hence, the research result may differ if it is conducted in other time. Therefore, future researchers have option of expanding the scope of study by using the large and diverse sample.

1.7. Organization of the study

The research consists of five chapters. Chapter one the introductory part contains background of the study, statement of the problem, research questions, research objectives, significance of the study, limitation and scope of the study and Organization of the study.

Chapter two provides a literature review informing the reader of what is already known in this area of study. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four describe the result and discussion containing the introductory, details of the respondent profile, result presentations, description and analyses of data collected via proposed instruments, Finally, chapter five contains conclusions and recommendations.

1.8. 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).
- ✓ **Performance:** is about behavior or what employees do, not about what employees produce or the outcomes of their work (Aguinis, 2009, P.171**).**

CHAPTER -TWO: LITERATURE REVIEW

Introduction

Performance appraisal is an extensively used formal assessment in many organizations to determine employees' performance in relation to the achievement of organizational goals, and to settle on ways for future improvements. A performance appraisal system embodies the tools and procedures/guidelines used by trained assessors in conducting the assessment of employees (Fletcher, 2001). In this chapter theoretical and empirical literatures are reviewed with the purpose of providing readers with scientifically proven information about the performance appraisal, Historical overview, its Benefits, Purpose, process, methods and findings of the previous studies in the area, and also related theoretical framework underlying the study.

2.1. Historical Overview of Performance Appraisal.

Performance appraisal of employees has existed for centuries. In the 3rd century A.D., emperors of Wei Dynasty in China employed an imperial rater to rate the performance of official family members. Further, that in 1648 it was reported that the Dublin (Ireland) Evening Post evaluated legislators by using a rating scale based upon personal qualities (Hackett, 1928).

In the early 1800s, Robert Owen of Scotland hang different colors of wood blocks with each color denoting different grade of behavior in his cotton mill (white for excellent, yellow for good, blue for indifferent and black for bad).He was especially impressed with the way colored blocks improved worker behavior (French, 1987). Also, In 1800s the New York City Civil Service in USA introduced a formal appraisal program shortly before First World War.

However, formal appraisal of employee's performance is believed to have been started for the first time during the First World War, when at the instance of Walter Dill Scatt, the US Army: adopted the "Man-to-man" rating system for evaluating military personnel (Oberg, 1972). The performance appraisal process is one of the human resource activities in government and private organizations of Ethiopia.

The practice and process of the performance appraisal in any government employees under Federal Civil Service is according to the proclamation No. 262/2002 declared in chapter four, stating that the federal civil servants proclamation performance evaluation purpose is to enable civil servants

(a) effectively discharge their duties in accordance with the expected level quality standard time; (b)- identify their strengths and weaknesses: (c) improve their "future performances and develop self-initiative. Performance evaluation shall be transparent and shall be carried out with the collective participation of-civil servants working together.

2.2. Definition of Performance appraisal

Performance Appraisal is defined by different scholars of human resource management in different time. Therefore, some theories of those scholars have been discussed as follows. Performance appraisal has been synonymous with performance review, performance evaluation, performance assessment, performance measurement, employee evaluation, personnel review, staff assessment, service rating, etc.

Performance appraisal is the systematic evaluation of a particular function on the basis of prescribed performance indicators and highlighting the areas for further development and growth of an individual employee (Armstrong 2009; Stone 2010).

Dessler (2008) states that it is any procedure that involves setting work standards, assessing employee`s actual performance relative to standards set, providing feedback with the aim of motivating, eliminating performance deficits and reinforcing exceptional performance. It is a crucial activity of the personnel function and management of the human resources and has roots in three well substantiated psychological principles:-people work, learn and achieve more when they are given adequate feedback as to how they are performing (the feedback being either negative or positive thus reinforcing expected behavior and performance), having clear attainable goals which should be measurable and quantifiable and involvement in the setting of tasks.

Employee performance appraisal has two forms – formal (systematic) and informal (non-systematic) appraisal. Informal appraisal means continuous evaluation of an employee by her/his superior during the work process (Dědina & Cejthamr, 2005).

Formal employee appraisal is a formal organizational process conducted on a systematic basis in order to enable a comparison between the expected individual (group) and real performance (Giangreco et al, 2012). According to Kondrasuk (2011) formal appraisal may be defined as follows:

- ✓ A tool or a mode that evaluates the work performance of an employee.
- ✓ An interview in the course of which an employee's work performance is evaluated and the employee is given feedback.
- ✓ A system of determining an employee's work prospects/current work performance evaluated
- ✓ Performance/feedback provided to employees through performance appraisal and the possibilities of its future improvement/determining new goals and expectations for another period and part of performance management.

2.3. Benefits of Performance Appraisals

According to Lloyd 2014, if performance appraisal systems are well-designed and well-executed, they have strong motivational impact on the staff indicating that effective appraisal systems have the power to motivate staff to perform better. Citing examples of the benefits, Lloyd and other HR practitioners observe that through effective appraisals, top performers can tell that they are valued; effective communication is encouraged between managers and employees; employees are made aware of how their performance compare with organization's standards and areas where they need training; skills deficiencies are identified and addressed appropriately; employees' future career development are directed and uniform standards for evaluating employees are established. In addition, organizations are able to make decisions on promotions, compensations, dismissals or termination of appointments and link performance to rewards. Employees are encouraged to corporate and companies are enabled to focus on smooth operations and customer loyalty.

2.4. Characteristics of an Effective Appraisal System

The basic purpose of a performance appraisal system is to improve performance of individuals, teams, and the entire organization. The system may also serve to assist in making administrative decisions concerning pay increases, promotions, transfers, or terminations. In addition, the appraisal system must be legally defensible. Although a perfect system does not exist, every system should possess certain characteristics. Organizations should seek an accurate assessment of performance that permits the development of a plan to improve individual and group performance. The system must honestly inform people of how they stand with the organization.

The following factors assist in accomplishing these purposes. (Sources: www.what is human resource.com).

2.4.1. Job-Related Criteria

Job-relatedness is perhaps the most basic criterion needed in employee performance appraisals. The Uniform Guidelines on Employee Selection Procedures and court decisions are quite clear on this point. More specifically, evaluation criteria should be determined through job analysis. Subjective factors, such as initiative, enthusiasm, loyalty, and cooperation may be important; however, unless clearly shown to be job-related, they should not be used.

2.4.2. Performance Expectations

Managers and subordinates must agree on performance expectations in advance of the appraisal period. How can employees function effectively if they do not know what they are being measured against? On the other hand, if employees clearly understand the expectations, they can evaluate their own performance and make timely adjustments as they perform their jobs, without having to wait for the formal evaluation review. The establishment of highly objective work standards is relatively simple in many areas, such as manufacturing, assembly, and sales. For numerous other types of jobs, however, this task is more difficult. Still, evaluation must take place based on clearly understood performance expectations.

2.4.3. Standardization

Firms should use the same evaluation instrument for all employees in the same job category who work for the same supervisor. Supervisors should also conduct appraisals covering similar periods for these employees. Regularly scheduled feedback sessions and appraisal interviews for all employees are essential. Formal documentation of appraisal data serves several purposes, including protection against possible legal action. Employees should sign their evaluations. If the employee refuses to sign, the manager should document this behavior.

Records should also include a description of employee responsibilities, expected performance results, and the role these data play in making appraisal decisions. Although performance appraisal is important for small firms, they are not expected to maintain performance appraisal systems that are as formal as those used by large organizations.

2.4.4. Trained Appraisers

A common deficiency in appraisal systems is that the evaluators seldom receive training on how to conduct effective evaluations. Unless everyone evaluating performance receives training in the art of giving and receiving feedback, the process can lead to uncertainty and conflict. The training should be an ongoing process in order to ensure accuracy and consistency. The training should cover how to rate employees and how to conduct appraisal interviews. Instructions should be rather detailed and the importance of making objective and unbiased ratings should be emphasized. An e-learning training module may serve to provide information for managers as needed.

2.4.5. Continuous Open Communication

Most employees have a strong need to know how well they are performing. A good appraisal system provides highly desired feedback on a continuing basis. There should be few surprises in the performance review. Managers should handle daily performance problems as they occur and not allow them to pile up for six months or a year and then address them during the performance appraisal interview. Continuous feedback is vitally important to help direct, coach, and teach employees to grow and improve performance.

When something new surfaces during the appraisal interview, the manager probably did not do a good enough job communicating with the employee throughout the appraisal period?Even though the interview presents an excellent opportunity for both parties to exchange ideas, it should never serve as a substitute for the day to- day communication and coaching required by performance management.

2.4.6. Conduct Performance Reviews

In addition to the need for continuous communication between managers and their employees, a special time should be set for a formal discussion of an employee's performance. Since improved performance is a common goal of appraisal systems, withholding appraisal results is absurd. Employees are severely handicapped in their developmental efforts if denied access to this information. A performance review allows them to detect any errors or omissions in the appraisal, or an employee may disagree with the evaluation and want to challenge it. Constant employee performance documentation is vitally important for accurate performance appraisals. Although the task can be tedious and boring for managers, maintaining a continuous record of observed and reported incidents is essential in building a useful appraisal.

2.4.7. Due Process

Ensuring due process is vital. If the company does not have a formal grievance procedure, it should develop one to provide employees an opportunity to appeal appraisal results that they consider inaccurate or unfair. They must have a procedure for pursuing their grievances and having them addressed objectively.

2.5. Techniques / Methods of Performance Appraisals.

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee. Broadly all methods of appraisals can be divided into two different categories as: past Oriented Methods and future Oriented Methods

1) Past Oriented Methods- Rating Scales, Checklist, Forced Choice Method, Forced Distribution Method, Critical Incidents Method, Behaviorally Anchored Rating Scales, Field Review Method, Performance Tests & Observations, Confidential Records, Essay Method, Cost Accounting Method, Comparative Evaluation Method (Ranking & Paired Comparisons), Ranking Methods, Paired Comparison Methods.

2) Future Oriented Methods- Management by Objectives, Psychological Appraisals, Assessment Centers, 360-Degree Feedback. (www.hrwale.com/performance-appraisal-methods/ January 2015).

2.6. Problems in Performance Appraisal

Performance appraisal is done by the managers or supervisors. They do this job under different situation, at different place and different state of mind and at different time. Their judgments are likely to be affected. They are human being. Their psychology, liking, disliking, preference, judgment etc. are likely to affect the appraisal of employees. There are chances that errors are likely to take place. But efforts should be there so that these can be minimized. Proper care should be taken to give fair and impartial assessment (Bratton, 2012; Dessler, 2012). Generally the following errors are likely to take place in assessment:

A. Appraiser Discomfort

Conducting performance appraisals is often a frustrating human resource management task. If a performance appraisal system has a faulty design, or improper administration, employees will dread receiving appraisals and the managers will despise giving them.

In fact, some managers have always loathed the time, paperwork, difficult choices, and discomfort that often accompanies the appraisal process. Going through the procedure cuts into a manager's high-priority workload and the experience can be especially unpleasant when the employee in question has not performed well.

B. Lack of Objectivity

A potential weakness of traditional performance appraisal methods is that they lack objectivity. In the rating scales method, for example, commonly used factors such as attitude, appearance, and personality are difficult to measure. In addition, these factors may have little to do with an employee's job performance. Although subjectivity will always exist in appraisal methods, employee appraisal based primarily on personal characteristics may place the evaluator and the company in untenable positions with the employee and equal employment opportunity guidelines. The firm may be hard-pressed to show that these factors are job-related.

C. Halo/Horn

A halo error occurs when a manager generalizes one positive performance feature or incident to all aspects of employee performance, resulting in a higher rating. Horn error is Evaluation error that occurs when a manager generalizes one negative performance feature or incident to all aspects of employee performance, resulting in a lower rating.

D. Leniency/Strictness

Some managers are too generous with praise or too hard on a person. Giving undeserved high ratings to an employee is referred to as leniency. This behavior is often motivated by a desire to avoid controversy over the appraisal. It is most prevalent when highly subjective (and difficult to defend) performance criteria are used, and the rater is required to discuss evaluation results with employees. When managers know they are evaluating employees for administrative purposes, such as pay increases, they are likely to be more lenient than when evaluating performance to achieve employee development.

Leniency, however, may result in failure to recognize correctable deficiencies. The practice may also deplete the merit budget and reduce the rewards available for superior employees. In addition, an organization will find it difficult to terminate poor-performing employees who continuously receive positive evaluations.

Being unduly critical of an employee's work performance is referred to as strictness. Although leniency is usually more prevalent than strictness, some managers, on their own initiative, apply an evaluation more rigorously than the company standard. This behavior may be due to a lack of understanding of various evaluation factors. The worst situation is when a firm has both lenient and strict managers and does nothing to level the inequities. Here, the weak performers get relatively high pay increases and promotions from a lenient boss, whereas the strict manager shortchanges the stronger employees. This can have a demoralizing effect on the morale and motivation of the top-performing people.

E. Central Tendency

Central tendency error is an evaluation appraisal error that occurs when employees are incorrectly rated near the average or middle of a scale. This practice may be encouraged by some rating scale systems that require the evaluator to justify in writing extremely high or extremely low ratings.

With such a system, the rater may avoid possible controversy or criticism by giving only average ratings. However, since these ratings tend to cluster in the fully satisfactory range, employees do not often complain. Nevertheless, this error does exist and it influences the accuracy of evaluations. Typically, when pay raises are given, they will be based on an employee's performance. When a manager gives an underachiever or overachiever, an average rating, it undermines the compensation system.

F. Recent Behavior Bias

It is only natural for a rater to remember recent behavior more clearly than actions from the more distant past. However, formal performance appraisals generally cover a specified time, and an individual's performance over the entire period should be considered. Maintaining records of performance throughout the appraisal period helps avoid this problem.

G. Personal Bias (Stereotyping)

This pitfall occurs when managers allow individual differences to affect the ratings they give. If these are factors to avoid such as gender, race, or age, not only is this problem detrimental to employee morale, but it is blatantly illegal and can result in costly litigation. The effects of cultural bias, or stereotyping, can definitely influence appraisals. Managers establish mental pictures of what are considered ideal typical workers, and employees who do not match this picture may be unfairly judged. Discrimination in appraisal can be based on other factors as well. For example, mild mannered employees may be appraised more harshly because they do not seriously object to the results. This type of behavior is in sharp contrast to the more outspoken employee, who often confirms the adage: the squeaky wheel gets the grease.

H. Manipulating the Evaluation

In some instances, managers control virtually every aspect of the appraisal process and are therefore in a position to manipulate the system. For example, a supervisor may want to give a pay raise to a certain employee or the supervisor may just "favor" one worker more than another. In order to justify this action, the supervisor may give the employee an undeserved high performance evaluation and perhaps a less favored, but productive, employee a lower rating. Or, the supervisor may want to get rid of an employee and so may give the individual an undeserved low rating. In either instance, the system is distorted and the goals of performance appraisal cannot be achieved. In addition, in the latter example, if the employee is a member of a protected group, the firm may wind up in court. If the organization cannot adequately support the evaluation, it may suffer significant financial loss.

I. Employee Anxiety

The evaluation process may also create anxiety for the appraised employee. This may take the form of discontent, apathy, and turnover. In a worst-case scenario, a lawsuit is filed based on real or perceived unfairness. Opportunities for promotion, better work assignments, and increased compensation may hinge on the results. This could cause not only apprehension, but also outright resistance. One opinion is that if you surveyed typical employees, they would tell you performance appraisal is management's way of highlighting all the bad things they did all year.

2.7. Performance Appraisal Quality

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 expectation, level of communication, trust, and fairness of performance appraisal as indicators of quality performance appraisal process (Brown M. H., 2010). Each of these indicators is briefly explained as follows: Based on Brown and et al., (2010) research;

2.7.1. Clarity of Performance Expectations

Clarity of Performance Expectations– refers to the scope to which employees are familiar with the purpose and role of the performance appraisal. This will involve precision and clearness of the role of performance appraisal that will play in shaping an employee's fate within the organization and the performance appraisal process (Brown et al. 2010). According to Aguinis (2009:2), managers and employees should agree on performance expectations in advance of the performance appraisal period. Employees cannot function effectively if they do not know what they are being measured against. On the other hand, if employees clearly understand the expectations, they can evaluate their performance and make timely adjustments as they perform their jobs without having to wait for the formal evaluation review (Robbins and Coulter, 2002:350).

If the expectations are not clear, they may ultimately affect the employee outcome i.e. motivation and satisfaction of the performance appraisal. Clarity of performance expectations affect the job performance by motivating staff by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective (Brown et al. 2010). Clarifying employee performance expectations is one step to creating an effective performance appraisal quality. As a result of non-awareness of the employee performance expectations, employee efforts could be wasted or unrecognized (Robbins and Coulter, 2002:250).

2.7.2. Level of Communication

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. According to Kuvaas (2006:510), communication and motivation are key elements to employee performance. Moreover, performance appraisal quality creates a learning experience that motivates employees to develop themselves and improve their performance. Robbins and Coulter (2002:36) highlight that performance appraisal fulfills an important communicative function by reinforcing and entrenching the organization's core values and competencies. According to Mani (2002:141), performance appraisal policy should constitute an open communication, where both manager and employee state what is done well and what needs improvement.

Tyson and York (2000:115) state that performance appraisal forms a vehicle for management and employees to develop a mutual understanding of responsibilities and goals. Level of communication changes the attitudes and behaviors of employees. Therefore, it is of essence to identify and measure factors for instance what was changed, was there more or less behavior, what is different after the communication and so on (Weick, 2001).

2.7.3. Fairness of Performance Appraisal Process

Employees want to be treated fairly throughout the performance appraisal process as this is considered to have an effect on the quality of the results of the process (Fortin, 2008). Employee perceptions of the fairness of various organizational decision making processes such as performance appraisal have been shown to be related to individual and organizational outcomes (Colquitt et al. 2005).

2.7.4. Trust in the Supervisor

Trust is the perception of one about others, decision to act based on speech, behavior and their decision (Hassan et al, 2010). Also it is the level of trust the employees have on their supervisor. This refers to their supervisor's competency, knowledge, etc about the job. Mani's (2002) study suggests that trust in supervisors is important for determining satisfaction with the appraisal system. When employees trust their supervisor, they grasp positive outlooks about their supervisor's motives, judging that their manager will act in their finest attention.

The degree to which employees trust their direct supervisor is correlatedWith job satisfaction, job performance, and exercising discretionary effort (Dirks &Ferrin, 2002). Jawahar (2007) notes that supervisors play a crucial role in the success or failure of the performance appraisal system.

In this regard, Boachie-Mensah & Seidou (2012) argue that trust is a key factor in the management of the supervisor-employee relationship. Trust includes expectations that the parties with an ethical sense and involved in the relationship demonstrate by treating the other equitably (Pichler, 2012).

2.8. Concept of Performance appraisal Quality and Employee Performance

According to Anderson (2002:2), for an organization to be effective for its goals, it is very important to monitor or measure its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews of the employees for their work and performance according to the pre-determined goals and solving the problems faced (Mani, 2002:142). Rudman (2003:12) highlights that timely recognition of the accomplishment also motivates and helps to improve the performance of employees.

The Performance appraisal seeks to improve performance from individuals, groups, teams and the entire company. Ideally, an efficient Performance appraisalprocess should provide enough information to managers for them to know what to do to ensure the desired performance on behalf of employees (Armstrong & Baron, 2004, in Khan, 2013).

According to Kuvaas (2006:510), communication and motivation are key elements to employee performance. Moreover, performance appraisal policy creates a learning experience that motivates employees to develop themselves and improve their performance. Robbins and Coulter (2002:36) highlight that performance appraisal fulfills an important communicative function by reinforcing and entrenching the organization's core values and competencies. According to Mani (2002:141), performance appraisal policy should constitute an open communication, where both manager and employee state what is done well and what needs improvement.

Tyson and York (2000:115) state that performance appraisal forms a vehicle for management and employees to develop a mutual understanding of responsibilities and goals. Rudman (2003:13) highlights that performance appraisal frequently have performance goals (e.g. to motivate or improve employee performance) and interpersonal goals (e.g. to maintain a workgroup climate) as specific performance appraisal policy objectives.

In general, the above mentioned theories and others have explained the stronger influence that a high quality Performance appraisal can have on employee performance. Therefore, we can say that enhancing the quality of performance appraisal is highly likely to enhance employee's performance. High Quality performance appraisal is therefore likely to generate higher level of employee performance. 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 employee performance. 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 (Lorna, N., & James, M., 2014).

2.8.1. How to Measure Employee Performance

The most difficult part of the performance appraisal policy is to accurately and objectively measure the employee performance (Bond and Fox, 2007:5). Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period (Rudman, 2003:4). According to Kuvaas (2006:508), measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results. Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential (Fletcher and Bailey, 2003:360).

For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the supervisor, peers and the employee (Markle, 2000:7).

According to Rudman (2003:4), all the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees' performance. Bond and Fox (2007:128) state that some suggestions and tips for measuring employee performance are:

- ✓ Organizational outcomes or the achievement of organizational goals should also be kept in mind;
- ✓ If possible, collect the feedback about the performance of the employees through multi point feedback and self-assessments; and
- ✓ Also take note of the skills, knowledge and competencies and behaviors of the employees that help the organization to achieve its goals.

According to Aguinis (2009:2), measuring the performance of the employees based only on one or some factors can provide with inaccurate results and leave a bad impression on the employees as well as the organization.

For example, by measuring only the activities in employee's performance, an organization might rate most of its employees as outstanding, even when the organization as a whole might have failed to meet the goals and objectives. Therefore, a balanced set of measures should be used for measuring the performance of the employees (Kuvaas, 2006:509).

2.9. Empirical Literature Review

Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005).For example, studies were done using a direct effects model to investigate communication openness based on different samples, such as perceptions of 229 workers of public listed companies in Klang Valley, Malaysia (Sudin, 2011) and perceptions of 133 employees of multinational companies in Malaysia (Darehzereshki, 2013). Outcomes of these studies found that perceived value of outcome and perceived fair treatment had increased when the appraisers able to clearly giving explanations about the appraisal system goals, policies and procedures, as well as adequately providing feedback in determining employee performance scores.

Also another research has broadly analyzed the impact of the social context of performance appraisals on employee reactions to these appraisals (Pichler, 2012). For instance, employees' satisfaction with the performance appraisal process as a whole, the performance appraisal feedback, or employees' evaluations of the perceived quality, justice, and fairness of the performance appraisal regime (Greenberg, 1986; Sommer & Kulkarni, 2012: Gupta & Kumar, 2013).Furthermore, employee participation in the performance appraisal process is positively related to the satisfaction with the performance appraisal system, perceived fairness, and acceptance of such a practice (Cawley et al., 1998).

Brown et al. (2010) analyze the relationship between performance appraisal quality measured by clarity, communication, trust, and fairness of the performance appraisal process and job satisfaction and commitment based on a sample of more than 2,300 Australian non-managerial employees of a large public sector organization. They find that employees who report a low performance appraisal quality (lowest levels of trust in supervisor, poor communication, and lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment.

Furthermore**,** (Lorna and James, 2014) found that clarity of performance expectations affected the job performance to a great extent. Feedback mechanism and open door policy affected job perform to a great extent. Integrity and reliability/dependability affected job perform to a great extent. In addition, distributive fairness affected job performance to a moderate extent. The study found that ideas and innovations, absenteeism/tardiness and timeliness had improved for the last five years. The study found that appraisal motivates staff by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective. Communication provides employees with the chance of exercising a level of process control. Trust in supervisors is important for determining satisfaction with the appraisal system. Appraisals based on personal traits have little value for providing diagnostic feedback to employees or for designing training and development programs to ameliorate identified skill deficiencies.

Contemporary research studies have also linked performance appraisal to performance of employees as Resella, 2011; RosemondBoohene, 2011; Liza Daoanis, 2012; Warokka, Gallato&Moorthy, 2012) revealed that performance evaluation practices have a significant and positive impact on the performance of employees. Najeeb (2011) studied Performance Appraisal in Habib Bank Limited and concluded that transparent appraisal system is vital to an organization and the results of the appraisal affect the performance of any employee heavily.

2.10. Conceptual Framework:

The independent variable is Performance Appraisal Quality. The indicators 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 variable is Employee performance.

Performance Appraisal Quality

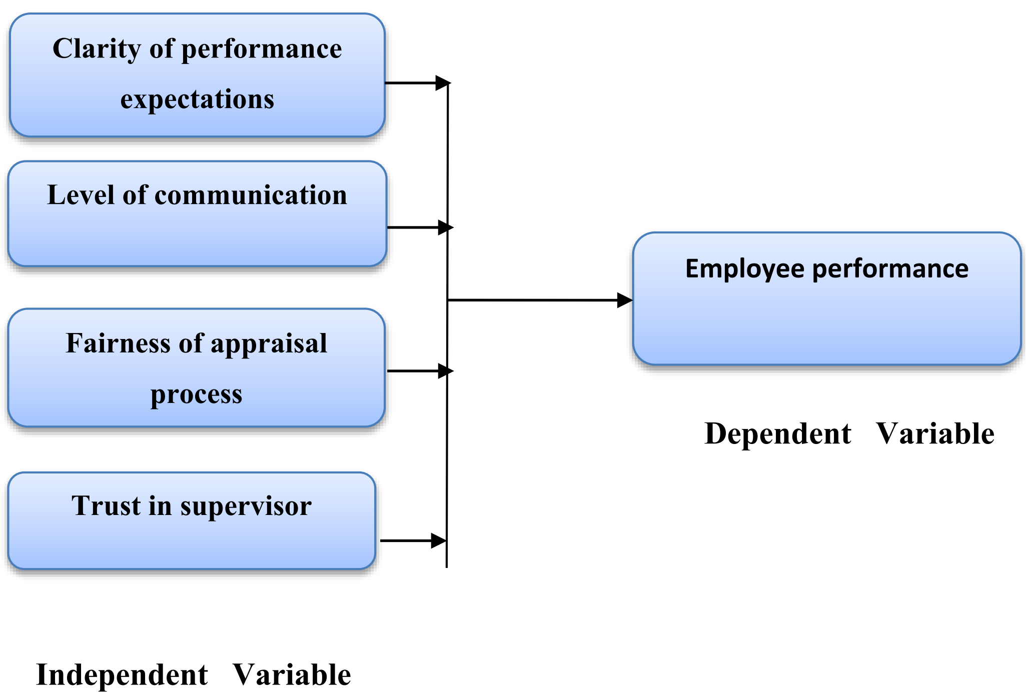

Fig 2.10.1 Conceptual Framework
***Source**: - Lorna, N., & James, M. (2014).*

CHAPTER –THREE: RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter discusses the research design and methodology used the study. This includes the research design, sample size and sampling technique, data source and collection method, procedure for data collection and questionnaire. At the end the method of data analysis is presented.

3.1. Research Design

Since the main objective of the researcher is to analyze the Effect of Performance Appraisal quality on Employee Performance. Explanatory research design was used. As a result to analyze this relationship the researcher mainly deployed quantitative type of research design. Quantitative research design allows the researcher in order to use objective measurement, to quantifying the relationships between variables, Collect data in the form of numbers and use statistical tools for data analysis. The study is cross-sectional in the sense that relevant data was collected at one point in time.

3.2. Sample size and Sampling technique

The study used stratified random sampling appropriate for selecting samples from the population. A stratified random sampling allows us to take into account the different subgroups of people in the population (such as different divisions & departments) and helps guarantee that the sample accurately represents the population on specific characteristics. The researcher started by dividing the population into subsamples or strata and in this study cases the criteria of strata identification is business units. Then sample was randomly selected from each stratum or business units. Each business unit employees was accessed in headquarters at Addis Ababa.

The sampling frame or Target population taken is employees working under Business units of Ethiopian Airlines company namely, Customer Services (1600 employees) and Corporate HRM (580 employees) selected on the assumption that they could represent other business units and ensuring of the highest response rate. Total number of employees working in two business units is 2180.

As to the sample size determination, from the different methods available, the one, which was developed by J Carvalho, archival application of mathematical sampling techniques records management quarterly 18:63(1984), was used in this study. This sampling determination is appropriate for this study because, firstly, it is industrially adopted sampling standard, secondly, it trade off the resource required in terms of effort and storage precision , thirdly, it avoids percentage sample determination. It is shown as follows:

Table.3.1: Sample Size Determination

Population Size	Sample Size		
	Low	Medium	High
51-91	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Source: J Carvalho, 2005)

According to J Carvalho, sample determination table above the sample selected from 2180 total target population of the study is 200.

3.3. Data Source

In order to answer the proposed research questions, Primary and secondary data are examined to understand the relationship between the independent i.e. Performance appraisal quality and dependent variable which is employee performance. The primary data is obtained through questionnaire. Secondary data undertaken by reviewing documents such as books, journals and magazines referring to relevant published and unpublished materials that relate to Performance appraisal Quality and employee performance.

3.4. Data Collection Method

The researcher used a questionnaire as primary data collection instrument. The purpose of using questionnaire is because of the direct response and feedback from the respondents in an easy manner and short period of time. The questionnaire had closed-ended or structured questions which eased the processes of analyzing data from the respondents. Thus, the results gathered from respondents increased the speed and accuracy of recording, as well as more comparable.

The questionnaire is developed in English language using five point scales: - Strongly agree (5), Agree (4), Uncertain (3), Disagree (2) and Strongly Disagree (1). Mean and standard deviation has been used to analyze the result. Readers should note that as the lickeret scale used ranges from 5 being strongly agree to 1 being strongly disagree a mean of a value less than 3 will show negative response and vice versa.

Self-Administer Drop off survey data collection technique was used. Research Questionnaire prepared for the study will contains three parts. These are: -

- ✓ Employee performance appraisal Quality Questionnaire.

This part of questionnaire measures performance appraisal practices on five point likert scales and this aspect is measured from performance appraisal Quality in terms of clarity of performance expectations, level of communication, trust in the supervisor and fairness about performance appraisal process.

- ✓ Employee performance Questionnaire

This part of the questionnaire measures effect of performance appraisal quality on employee performance on five point likert scale.

- ✓ General information of respondents

This part of the questionnaires asks for the demographic information of the respondents like their age, sex, experience and educational background.

3.5. Method of Data Analysis

Statistical Package for Social Science (SPSS) software version 20.0 was employed to analyze and present the data through the statistical tools, namely descriptive and inferential analysis.

Descriptive analysis

The descriptive statistical results were presented by tables, frequency distributions and percentages to give a condensed picture of the data. This was achieved through summary statistics, which includes the means, standard deviations values.

Inferential analysis.

Pearson's correlation coefficient was used to determine the relationships between performance appraisal quality indicators and employee performance.

Regression analysis was used to investigate the effect of performance appraisal quality on employee performance.

3.6. Reliability and Validity

A standard questioner on performance appraisal quality by Tang and Sarsfield - Baldwin's 1996), and employee performance by (Lorna, N., & James M, 2014) 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 (Mugenda and Mugenda, 2003).

However, to confirm whether the adapted instrument is understood by the respondents or not and ensure if it works in this research context a pilot test was conducted. A total of 20 questionnaires were distributed to the respondents from customer service, based on their easily accessibility. Then the returned 20 pilot instrument questioners are coded, analyzed, and a Cronobach's Alpha test is identified by SPSS IBM version 20.00.

Table 3.2 Reliability Statistics

	Cronbach's Alpha	N of Items
Clarity of performance expectations	.858	4
Level of communication	.861	5
fairness about performance appraisal process	.922	4
Trust in the supervisor	.893	3
Employee performance	.897	5

Source: Own survey, 2016

The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Cronbach's Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. The findings of the pilot study shows that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2003).

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004).In order to ensure the validness of this study the instruments were checked and evaluated by professionals in the subject matter area. Moreover my advisor had evaluated and commented on the instruments before they are distributed to the respondents.

3.7. Ethical Issues

Before the research is conducted, permission from Ethiopian airlines was obtained to conduct the study in the organizations. The Addis Ababa University also introduced the researcher to conduct this research in organizations. The Ethiopian airlines also approved their acceptance. No name of the source of information was mentioned within the research. There was no victimization in the process of data collection.

CHAPTER –FOUR: DATA PRESENTATION AND ANALYSIS

Introduction

This part provides with the discussion of the final results and the process through which the results were obtained. This includes background information of respondents, the statistical methods of analysis i.e. descriptive analysis, correlation analysis, and regression analysis. The study targeted a total of 200 respondents. However, only 180 respondents responded and returned their questionnaires contributing to 90% response rate. According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate is adequate for analysis and reporting.

4.1. Descriptive Analysis

4.2.1. Background Information of Respondents

This aspect of the analysis deals with the personal data of the study participants which include: gender, age, level of education and year of working experience. The table below shows the details of background information of the respondents.

Table 4.1 Background information of respondents

Employees		
Demographic Variables	**Frequency**	**Percentage**
Gender		
Male	103	57.2
Female	77	42.8
Total	180	100
Age		
18-25	58	32.2
26-35	122	67.8
Total	180	100.0
Educational Background		
Diploma	22	12.2

BA/BSC	149	82.8
MA/MSC	9	5.0
Total	180	100.0
Year of Experience		
Less than 1	22	12.2
1-5	105	58.3
6-10	49	27.2
11-15	4	2.2
Total	180	100.0

Source: own survey, 2016

Analyzing the data obtained from the questionnaire, table 4.1 reveals that most of the sample employees who had participated in this study are male with total of 103(57.2%) while the remaining 77(42.8%) were female. Table 4.1 also shows the age composition of the respondents. One hundred twenty two sample participant of employee were between 26-35 years representing the majority which is 67.8%. While the remaining 58 employee were in the category of 18-25 which represents 32.2% from the total employee participant of this study.

This implies that Employees are mature enough to provide accurate data which improve the quality of the study and it is possible to say that respondents from different age group have participated in this study. As shown in the above table it is evident that respondents hold a range of educational qualifications. Majority of the employee sample group were BA/BSC holders with total number of 149 which represents 82.8% from the total employee participant of this study. While 22 of the sample employee respondents were Diploma graduates. The remaining 9 have MA/MSC. With regard to the respondents educational background it shows that majority of them are literate enough in order to understand and answer the research instruments correctly and respondents with different educational background are represented in the study.

Out of the total sample of Employees, 105 of them have an experience from 1-5 years. While 49 of them have an experience from 6-10yeras, 22 of them have less than one year experiences and the remaining four of they have an experience in between 11-15 years. Most of the respondents have a lot of working experience which provides them with the ability to view the subject matter under consideration in detailed and elaborated manner.

4.2.2. Mean and Standard Deviation of performance appraisal quality indicators and Employee performance

The objective of this study is to point out the effect of Performance appraisal quality on employee performance in the case of Ethiopian Airlines Company. In order to measure the extent of actual practices 21 items were provided for employees that were selected. Table summarizes the data collected from employees with regard to their Performance appraisal quality and employee performance.

Table 4.2 Mean and Standard Deviation of performance appraisal quality indicators and Employee performance

№	**Performance Appraisal Quality Indicators and Employee performance**	N	Mean	Std. Deviation
Clarity of performance expectations				
1	The objective and process of Performance appraisal were described clearly to you.	180	2.72	.916
2	Employees take part in the formulation of the performance appraisal system.	180	2.88	1.183
3	Your Manager/team leader set targets more clearly?	180	2.61	1.257
4	When I took up my current position I knew how my performance would be periodically evaluated.	180	2.93	.989

Level of communication				
5	Your Manager/team leader communicates with you frequently about your performance?	176	2.99	1.077
6	The result of the evaluation are openly explained and discussed to the employee concerned.	179	2.88	1.183
7	When your performance has not met minimum standards, your manager/team leader discusses with you the reasons?	180	2.94	.993
8	Do you have opportunity to express your feelings when your performance is evaluated?	180	2.72	.916
9	Do you get feedback of your evaluation to enhance performance?	180	3.04	1.163
Fairness of appraisal process				
10	The performance appraisal system recognizes employee achievement and Performance objectively.	179	2.88	1.183
11	The performance appraisal of the company is fair and objective.	178	2.80	1.244
12	Appraisers treat you fairly during Performance appraisal process.	180	2.63	1.264
13	My last performance appraisal was fair.	180	2.64	1.199
Trust in supervisor				
14	I have confidence and trust in my immediate manger/team leader regarding his/her general fairness.	180	3.08	1.189
15	All the information obtained from Performance appraisal is confidential.	180	3.09	1.090
16	Do you feel your manger/team leader is competent to evaluate your job?	180	3.21	1.127

Employee performance				
17	Performance appraisal has provided opportunity to improve your performance.	180	2.74	0.934
18	Performance appraisal is used in assessing employees‟ commitment to organizational goals and objectives.	180	2.93	1.231
19	The performance appraisal has provided Opportunity to improve personnel skill.	180	3.01	1.036
20	The appraisal system is effective in encouraging employees to work hard.	179	2.88	1.183
21	Appraisal outcomes have given you opportunity to eliminate weak areas in performance.	180	2.60	1.258

Source: Own Survey, 2016

Table 4.3 summary of Mean and Standard Deviation Performance Appraisal Quality Indicators and Employee performance

	N	Mean	Std. Deviation
Clarity of Performance Expectations	180	2.78	.960
Level of communication	180	2.82	.965
Fairness of appraisal process	180	2.73	1.193
Trust in supervisors	180	3.13	1.121
Employee performance	180	2.77	1.108

Source: Own Survey, 2016

The above descriptive statistics clearly indicates the corresponding arithmetic mean and standard deviation of every construct totals (total of every individual categorical construct). Thus, Clarity of Performance Expectations categorical total has a mean of 2.78 and a standard deviation of .960, Level of communication categorical total has a mean of 2.82 and a standard deviation of 0.965, Fairness of appraisal process categorical total has a mean of 2.73 and a standard deviation of 1.193 and finally Trust in supervisors categorical total has a mean of 3.13 and a standard deviation of 1.121 which shows that employees level of Trust in supervisors of Ethiopian airlines is above the average cut-off point of three.

This analysis of mean of categorical constructs showed that with the exception of Trust in supervisors, all other constructs such us, Clarity of Performance expectations; Level of communication between employees and supervisors in performance appraisal process and Fairness of appraisal process has a mean value less than the average standard. This implies that the Clarity of Performance expectations, Level of communication between employees and supervisors in performance appraisal process and Fairness of appraisal process is weak and employees are moderately satisfied with performance appraisal quality indicators in the organization. While employee performance categorical total has a mean of 2.82 and a standard deviation of 0.965, this implies that the performance appraisal quality affected employee performance in the organization and it is revealed that clarity of performance expectations in performance appraisal, Level of communication between employees and supervisors in performance appraisal process, Fairness of appraisal process and Trust in supervisors had a greater influence on employee performance.

4.2. Correlation between variables

According to Pallant (2010), correlation analysis is used to describe the strength and direction of the linear relationship between two variables. In this analysis, Bivariate Pearson Product- Moment Coefficient (r) has been used to see the relationship between the dependent and independent variables. Correlation analysis, in this study determines the strengths of relationship between (Performance appraisal quality and Employee Performance).

In the hypothesis testing, the item that should be noticed is the probability (p) value. If $p>0.05$, it means that independent variable does not influence the dependent variable. If $p<0.05$ it means that independent variable influences the dependent variable (Pallant, 2010). The test also indicates the strength of a relationship between variables by a value that can range from -1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation (Pallant, 2010). For the rest of the values is used the following guideline: small correlation for value 0.1 to 0.29; medium for 0.3 to 0.49; and large for 0.50 to 1.0 (Pallant, 2010). All basic construct were included into the correlation analysis. The result tabulated in Table 4.4.

Table 4.4: Pearson Correlation between Performance Appraisal Quality Indicators and Employee performance

Performance appraisal Quality indicators		**Employee performance**
The clarity of performance expectation	Pearson Correlation	.914**
	Sig. (2-tailed)	.000
	N	180
Level of communication	Pearson Correlation	.738**
	Sig. (2-tailed)	.000
	N	180
Fairness in appraisal process	Pearson Correlation	.835**
	Sig. (2-tailed)	.000
	N	180
Trust in supervisors	Pearson Correlation	.542**
	Sig. (2-tailed)	.000
	N	180
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Own Survey, 2016.

Correlation results presented in Table 4.4 show that there is significant positive relation between clarity of performance expectation in performance appraisal process and employee's performance (sig=.000, r= .914).

There is significant positive relation between level of communication and employee performance (sig=.000, r= .738).

There is significant positive relation between Fairness in appraisal process and employee performance (sig=.000, r= .835).

There is significant and positive relation between trust in supervisors and employee performance (sig=.000, r=.542).

Table 4.5: Pearson Correlation between Performance appraisal Quality and Employee performance

		Employee performance
Average Performance appraisal Quality indicators	Pearson Correlation	.881**
	Sig. (2-tailed)	.000
	N	180
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Own Survey, 2016.

Table 4.5 respectively illustrates that The Pearson correlation between five statements of employee performance with performance appraisal quality of four indicators that contain 16 statements is measured and indicates inter- correlations between employee performance and the total four indicators of performance appraisal quality indicators. This implies that performance appraisal quality has high correlations with employee performance. According to Coetzee, (2009) when taking into account the correlation between the independent variable (performance appraisal quality) and the dependent variable (employee performance), the more the degree of the correlation, the stronger linear relationship between them would be.

From the analysis, it is noted that Performance appraisal quality is positively correlated (r = 0.881, P. value .000) with Employee performance.

4.3. Regression analysis

To analyze the conceptual framework several independent variables were entered into the multiple regression equation. This section reports the results of multiple regressions conducted. multiple regression analysis is “an analysis of association in which the effects of two or more independent variables on a single, interval scaled dependent variable are investigated simultaneously” (Zikmund et al., 2010, p.584).

According to Hair Jr. et al. (2007), Multiple Regression Analysis, a form of general linear modeling, is an appropriate statistical technique when examining the relationship between a single dependent (criterion) variable and several independent (predictor) variables. They explained that idea of using multiple regression analysis is to use the independent variable whose values are known to predict the single dependent value selected by the researcher.

In this study step-wise multiple regressions were conducted in order to examine the relationship between Clarity of performance expectations, Level of communication, Fairness of appraisal process and Trust in supervisors with another constructs of the conceptual framework; employee performance. Here, the regression between the components of performance appraisal quality and employee performance in the form of stepwise is analyzed.

Table 4.6 Results of multiple regressions between Employee performance and the combined effect of performance appraisal quality predictors.

Model Summary[b]

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	.940[a]	.884	.881	.381	.884	333.865	4	175	.000

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Trust in supervisors, Level of communication, Fairness of appraisal process, Clarity of performance expectations

Source: Own Survey, 2016.

According to Table 4.6, R-Square (coefficient of determination) is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R^2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. From the analysis, it is noted that 88.1% of the changes in the employee performance variables could be attributed to the combined effect of the predictor variables or there is 88.1% of variation in employee performance due to performance appraisal quality.

Table 4.7 Analysis of variance results of the regression analysis between employee performance and predictor Variables

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.(p-value)
1	Regression	194.211	4	48.553	333.865	.000[b]
	Residual	25.450	175	.145		
	Total	219.661	179			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Trust in supervisors, Level of communication, Fairness of appraisal process, Clarity of performance expectations

Source: Own Survey, 2016.

From the analysis, it is noted that the probability value of 0.000 ($p<0.05$) indicates that the regression relationship was highly significant in predicting how clarity of performance expectations, level of communication, fairness of performance appraisal process, and trust in the supervisor influenced employee performance. Further, the findings show that the overall model was significant.

Table 4.8: Regression coefficients of the relationship between Employee performance and the four predictive variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig(p-value)
		B	Std. Error	Beta		
1	(Constant)	-.086	.102		-.850	.396
	Clarity of performance	.912	.066	.791	13.792	.000
	Level of communication	-.171	.056	-.149	-3.054	.003
	Fairness of appraisal	.310	.041	.334	7.557	.000
	Trust in supervisors	-.013	.033	-.013	-.401	.689
a. Dependent Variable: Employee Performance						

Source: Own Survey, 2016.

The regression coefficient explain the average amount of change in dependent variable that caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

The finding of the regression analysis result shows that clarity of performance expectation and fairness of appraisal process had a positive influence to the enhancement of employee performance. Contrary to this, trust in supervisors and level of communication had showed a negative impact on employee performance in the study organization. Specifically, when the clarity of performance expectation increase by a level the employee performance will increase by around 91 percent, keeping other factors constant.

This means that clarity of performance expectation had a great influence on increasing the employee performance in the study organization. The statically significance level of this variable is 0.000; this is at 95 percent confidence interval.

The study also found that when fairness in appraisal process increase by a level the employee performance will increase by around 31 percent, keeping other factors constant. This implies that fairness in appraisal process had a significant effect on increasing employee performance in the study organization. The statically significance level of this variable is 0.000; this is at 95 percent confidence interval.

Furthermore, the level of communication had influenced the outcome variable in a negative way. This means that a level increase in communication will decrease the employment performance in the study organization by around 17 percent, keeping other factors constant. The variable is also found to be statically significant at 95 percent confidence interval, which means that the variable is significantly affecting the employee performance. Similar to this finding, most researchers done on the same research area find that the variables affecting the outcome variable positively and significantly. But the magnitude of the variable affecting the outcome variable is different. This mainly explained by the difference between the working environments and the study organization.

According to, (Lorna and James, 2014) findings presented that taking all other independent variables at constant, a unit increase in clarity of performance expectations would lead to a 0.631 increase in employee performance(β=0.631, $P<0.05$; 0.032). Further, the findings shows that a unit increases in fairness of performance appraisal process would lead to a 0.748 increase in employee performance (β=0.748, $P<0.05$; 0.025). In addition, the findings show that a unit increase in level of communication would lead to a 0.822 increase in the employee performance (β=0.822, $P<0.05$; 0.005).

Furthermore, the regression result shows that variable trust in supervisor has negatively affected the employee performance. But the covariate has statically insignificant, at 95 percent significant level. Hence, the variable is statically insignificant explaining the variation of employee performance.

Opposite to the study, (Lorna and James, 2014) found that the variable trust in supervisor has a statically significant and positive effect in improving the performance of employees in the study sector and found that a unit increase in the scores of trust in the supervisor would lead to a 0.471 increase in employee performance (β=0.471, $P<0.05$; 0.056).

Moreover, the value of $p < 0.05$ for the Clarity of performance expectations (P=.000), Level of communication (P=.003), and Fairness of appraisal process (P=.000). From the analysis, it is noted that that Clarity of performance expectations, Level of communication and Fairness of appraisal process have significant effect on employee performance and can be considered as good predictors. Contemporary research studies have also linked performance appraisal to performance of employees as Resella, 2011; Liza Daoanis, 2012; Warokka, Gallato&Moorthy, 2012) revealed that performance evaluation practices have a significant and positive impact on the performance of employees. Najeeb (2011) studied Performance Appraisal in Habib Bank Limited and concluded that transparent appraisal system is vital to an organization and the results of the appraisal affect the performance of any employee heavily.

Furthermore, (Lorna and James, 2014) found that clarity of performance expectations affected the job performance to a great extent. Feedback mechanism and open door policy affected job perform to a great extent. Integrity and reliability/dependability affected job perform to a great extent. In addition, distributive fairness affected job performance to a moderate extent. The, study revealed that there is significant and positive relationship between performance appraisal quality and employee performance (r = 0.806, P. value .000).

CHAPTER –FIVE: CONCLUSION AND RECOMMENDATIONS

5.1. CONCLUSION

The primary objective of this research was to examine the effect of performance appraisal quality on employee performance in the case of Ethiopian Airlines Company. The study targeted a total of 200 respondents. However, only 180 respondents responded and returned their questionnaires contributing to 90% response rate. Respondent from different age group, educational background, and year of experience are represented in the data collected.

The result of background of respondents indicated that majority of the total respondents are male with total of 103(57.2%) while the remaining 77(42.8%) were female. with regard to age and highest educational level of the respondents most of them are in the age range of 26-35 (67.8%) and Majority of the employee sample group were BA/BSC holders with total number of 149 which represents 82.8% from the total employee participant of this study. Also majority of respondents have a working experience from 1-5 years with total number of 105 which represent 58.3% from employee participant of this study .While 49 of them have an experience from 6-10yeras. 22 of them have less than one year experiences and the remaining four of they have an experience in between 11-15 years.

The result obtained with descriptive statics show that majority of respondents are moderately satisfied with clarity of performance expectations in performance appraisal process, level communication between employees and supervisors, fair ness of performance appraisal process and trust in supervisors. Furthermore majority of respondents (39.5%) agree that the appraisal system is not effective in encouraging employees to work hard.

The correlation analysis result is used to understand the degree of relationship between the independent variable (Performance Appraisal Quality) and dependent variables (Employee Performance). From the analysis, it is noted that performance appraisal quality is positively correlated (r = 0.881, P. value .000) with Employee performance.

Consequently, there is a significant and positive relationship between the performance appraisal quality and employee performance.

Multiple regression analysis was conducted to test the influence among predictor variables. The regression analysis results showed that, 88.1% of the changes in the employee performance variables could be attributed to the combined effect of the predictor variables and probability value of 0.000 ($p<0.05$) indicates that the regression relationship was highly significant in predicting how clarity of performance expectations, level of communication and fairness of performance appraisal process influenced employee performance.

Moreover, the value of $p < 0.05$ for the Clarity of performance expectations (P=.000), Level of communication (P=.003), and Fairness of appraisal process (P=.000). From the analysis, it is noted that that Clarity of performance expectations, Level of communication and Fairness of appraisal process have significant effect on employee performance and can be considered as good predictors. Also, the regression result shows that variable trust in supervisor has negatively affected the employee performance and statically insignificant, at 95 percent significant level. Hence, the variable is statically insignificant explaining the variation of employee performance. Finally, the study concludes that high quality performance appraisal had likely to generate higher level of employee performance, 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 employee performance.

5.2. RECOMMENDATIONS

The basic purpose of an appraisal system should be to improve the employee performance that will leads towards the organization success. According to Lloyd K (2014), if performance appraisal systems are well-designed and well-executed, they have strong motivational impact on the staff indicating that effective appraisal systems have the power to motivate staff to perform better. Based on the results of the study, the following recommendations have been drawn.

- The study recommends organizations to put in place quality performance appraisal process. They need to establish objectives at the beginning of the assessment cycle which brings employees with obvious performance goals view, also the supervising of performance during the assessment cycle. Employees need to be familiar with the purpose and role of the performance appraisal process and Appraisal should be set in a way that it clarifies objectives and sets clear future objectives with provision for training and development needs to establish the performance objective.

- Performance appraisal policy should constitute an open communication, where both manager and employee state what is done well and what needs improvement. It has to provide employees with the chance to express his or her opinion is appreciated in it and certifies his or her belongings in the organization.

- Continuous feedback is vitally important to help direct, coach, and teach employees to grow and improve performance.

- Fairness in performance appraisal has emerged as an important predictor of employee performance so fair appraisal practices should be adopted by the management of Ethiopian airlines in order to raise the performance of its employees.

- Finally, Appraisal system must not only evaluate what has been accomplished, but also guide future development, leverage existing strengths, and address skill deficiencies and Training is has to done to supervisors and Employees for performance appraisal process to be effective.

References.

Armstrong, M. (2006). A Handbook of Human Resource Management Practice. (10thed.). U.K: Kogan Page Ltd.

Armstrong Michael (2009). 4TH e. HANDBOOK OF PERFORMANCE MANAGEMENT: An evidence-based guide to delivering high performance. Kogan Page Limited, London and Philadelphia

Armstrong, M. (2012). Armstrong´s Handbook of Human Resource Management Practice. London: Kogan Page.

Aguinis, H. (2009). Performance Management. 2nd Edition. Upper Saddle River, NJ: Pearson Prentice Hall.

Aguinis, H. (2007). Performance management. Pearson Prentice Hall; Upper Saddle River, New Jersey ent, London.

Anderson, J.R. (2002). Measuring Human Capital: Performance Appraisal Effectiveness. Paper presented at the Human Resource Track Midwest Academy of Management Conference. Kansas City: Missouri.

Bond, T. & Fox, C. (2007). Applying the Rasch Model: Fundamental Measurement in Human Sciences. 2nd Edition.New Jersey: Lawrence Album Associates.

Bratton, J. (2012). Human resource management: Theory and practice. New York, NY: Palgrave Macmillan.

Brown, M., Hyatt, D., & Benson, J. (2010). Consequences of the performance appraisal experience. Personnel Review, 39(3):375-396.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2005). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. Journal of Applied Psychology, 86: 425-445.

Cawley, B. D., Keeping, L. M., & Levy, P. E. (1998). Participation in the performance appraisal process and employee reactions: A meta-analytic review of field investigations. Journal of Applied Psychology, 83(4):615-633.

Dessler, G. (2012). Human resource management. Upper Saddle River, NJ: Prentice Hall.

Dessler G. (2008), Human Resources Management, 8th edition, London, Prentice hall.

Ethiopian airlines website (www.ethioipian airlines.com).

Fletcher, C. & Bailey, C. (2003). Assessing Self-awareness: Some Issues and Methods. Journal of Managerial Psychology. 18(5): 395-404.

French N.I. (1987), The Personnel Management Process, USA, Houghton Miffin Company.

Giangreco, A., Carugati, A., Sabastino, A., & Al Tamini, H. (2012). War outside, ceasefire inside: An analysis of the performance appraisal system of a public hospital in a zone of conflict. Evaluation and Program Planning, 35(1), 161-170.

Greenberg, J. (1986). Determinants of perceived fairness of performance evaluations. Journal of Applied Psychology, 71(2):340-342.

Gupta, V., & Kumar, S. (2013). Impact of performance appraisal justice on employee engagement: a study of Indian professionals. Employee Relations, 35(1):61-78.

Hair Jr., J. F., Money, A. H., Samouel, P. & Page, M., (2007), Research methods for business, California.

Hackett, Rating Legislator, Personnel, 7(2), 1928, 130-31.

J Carvalho, archival application of mathematical sampling techniques records management quarterly 18:63(1984),

Kuvaas, B. (2006). Performance Appraisal Satisfaction and Employee outcomes; mediating and Moderating roles of work motivation. International Journal of Human Resources Management. 17(3): 504-522.

John W. Creswell (2003).Research Design USA: Sage Publication, Inc.

Lloyd, K. (2014) How to Use Performance Appraisals to Motivate Employees.

Kondrasuk, J. N. (2011). The ideal performance appraisal is a format, not a form. Allied Academies International Conference, 10(1), 61-75. 2005).

Mugenda, O. M., & Mugenda, A. G. (2003). Research methods; Qualitative and quantitative aproaches. Nairobi: Kenya ACTS Press.

Oberg Wonston, Making Performance Relevant, Harward Business Review, 50(1), 1972.

Pallant, J. (2010). SPSS Survival Manual. 4th edition, McGraw Hill

Pichler, S. (2012). The social context of performance appraisal and appraisal reactions: A metaanalysis. Human Resource Management, 51(5):709-732

Rothwell, W. J. Roberts, H., & and Sergesketter, B. (1993). Quality Is Personal: A Foundation for Total Quality Management. The Free Press, New York, NY. (2012). Encyclopedia of human resource management set-3 volumes. New York, NY: Wiley.

Rudman, R. (2003). Human Resources Management in New Zealand. Auckland: Pearson Education New Zealand Limited.

Stone, R. (2002). Human Resources Management. 4th Edition. Brisbane: Wiley.

Stone, RJ 2010, Managing Human Resources, 3rd edn, John Wiley and Sons, Sydney, Australia.

Sommer, K. L., & Kulkarni, M. (2012). Does constructive performance feedback improve? citizenship intentions and job satisfaction? The roles of perceived opportunities for advancement, respect, and mood. Human Resource Development Quarterly,:177-201.

Tyson, S. & York, A. (2000). Essentials of Human Resources Management, 4th Edition. Oxford: Jordan Hill.

Zikmund, W. Babin, B., Carr, J., Griffin, M. (2010). Business Research Methods. 8th edition, South-Westrn, Cengage Learning

Walters, M (1995) “The Performance Management Handbook (Developing Practice)” Chartered Institute of Personnel.

Appendix. A

Questionnaire
Addis Ababa University School of Commerce
Post Graduate Program
Department of Human Resource Management

Dear Respondents

Dear Participants, I am student of MA (HRM) at Addis Ababa University, School of Commerce. I am conducting a research on **"Effect of Performance Appraisal quality on Employee Performance the case of Ethiopian Airlines Company.**

Confidentiality: I want to assure you that, this research is only for academic purpose authorized by AAU, Thus your ideas and comments are highly honored and kept confidential. To create conducive environment for your free and genuine responses you are not required to write your name. To the end, I would like to forward my deepest gratitude for your unreserved cooperation in filling the questionnaire.

General Guideline: Please put **a tick "√" mark** for your choices.

The response scale for the questions is as below:

5= Strongly Agree, 4= Agree, 3= Uncertain, 2= Disagree, 1= Strongly Disagree

№	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
Clarity of performance expectations						
1	The objective and process of Performance appraisal were described clearly to you.					
2	Employees take part in the formulation of the performance appraisal system.					
3	Your Manager/team leader set targets more clearly?					
4	When I took up my current position I knew how my performance would be periodically evaluated.					
Level of communication						
5	Your Manager/team leader communicates with you frequently about your performance?					
6	The result of the evaluation are openly explained and discussed to the employee concerned.					
7	When your performance has not met minimum standards, your manager/team leader discusses with you the reasons?					
8	Do you have opportunity to express your feelings when your performance is evaluated?					
9	Do you get feedback of your evaluation to enhance performance?					
Fairness of appraisal process						
10	The performance appraisal system recognizes employee achievement and Performance objectively.					
11	The performance appraisal of the company is fair and objective.					
12	Appraisers treat you fairly during Performance appraisal process.					

13	My last performance appraisal was fair.					
		Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Trust in supervisor						
14	I have confidence and trust in my immediate manger/team leader regarding his/her general fairness.					
15	All the information obtained from Performance appraisal is confidential.					
16	Do you feel your manger/team leader is competent to evaluate your job?					
Employee Performance						
17	Performance appraisal has provided opportunity to improve your performance.					
18	Performance appraisal is used in assessing employees‟ commitment to organizational goals and objectives.					
19	The performance appraisal has provided Opportunity to improve personnel skill.					
20	The appraisal system is effective in encouraging employees to work hard.					
21	Appraisal outcomes have given you opportunity to eliminate weak areas in performance.					

Part II: General Information

22. Gender

Male ☐ Female ☐

23. In which age Group you belong

18-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56-65 ☐ 66 and above ☐

24. Educational Background

High school complete ☐ Certificate ☐ Diploma ☐

BA/BSC ☐ MA/MSC ☐ PHD ☐

25. Year of Experience

<1 ☐ 1-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ >20 ☐

Suggestion if any:-

This is End of the Questionnaire

Thank you again for your genuine and honest response

Appendix. B

Results of Descriptive Statistics, of Performance appraisal quality and Employee Performance

No	Scale	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
	Elements of Performance appraisal quality	Frequency (Percent)	Frequency (Percent)	Frequenc y (Percent)	Frequency (Percent)	Frequency (Percent)	Frequency (Percent)
1	The objective and process of Performance appraisal were described clearly to you	10(5.6)	74(41.1)	55(30.6)	38(21.1)	3(1.7)	180(100)
2	Employees take part in the formulation of the performance appraisal system.	28(15.6)	43(23.9)	41(22.8)	57(31.7)	10(5.6)	180(100)
3	Your Manager/team leader set targets more clearly?	43(23.9)	50(27.8)	32(17.8)	44(24.4)	11(6.1)	180(100)
4	When I took up my current position I knew how my performance would be periodically evaluated.	10(5.6)	54(30.0)	64(35.6)	42(23.3)	10(5.6)	180(100)
5	Your Manager/team leader communicates with you frequently about your performance?	17(9.4)	44(24.4)	45(25.0)	63(35.0)	7(3.9)	176(100)
6	The result of the evaluation are openly explained and discussed to the employee concerned.	28(15.6)	43(23.9)	41(22.8)	57(31.7)	10(5.6)	179(100)
7	When your performance has not met minimum standards, your manager/team leader discusses with you the reasons?	10(5.6)	54(30.0)	63(35.0)	43(23.9)	10(5.6)	180(100)
8	Do you have opportunity to express your feelings when your performance is evaluated?	10(5.6)	74(41.1)	55(30.6)	38(21.1)	3(1.7)	180(100)

9	Do you get feedback of your evaluation to enhance performance?	16(8.9)	53(29.4)	35(19.4)	58(32.2)	16(8.9)	180(100)
10	The performance appraisal system recognizes employee achievement and Performance objectively.	28(15.6)	43(23.9)	41(22.8)	57(31.7)	10(5.6)	179(100)
11	The performance appraisal of the company is fair and objective.	34(18.9)	47(26.1)	30(16.7)	57(31.7)	10(5.6)	178(100)
12	Appraisers treat you fairly during Performance appraisal process.	43(23.9)	47(26.1)	35(19.4)	43(23.9)	12(6.7)	180(100)
13	My last performance appraisal was fair.	36(20.0)	57(31.7)	31(17.2)	48(26.7)	8(4.4)	180(100)
14	I have confidence and trust in my immediate manger/team leader regarding his/her general fairness.	25(13.9)	36(20.0)	31(17.2)	78(43.3)	10(5.6)	180(100)
15	All the information obtained from Performance appraisal is confidential.	18(10.0)	38(21.1)	41(22.8)	76(42.2)	7(3.9)	180(100)
16	Do you feel your manger/team leader is competent to evaluate your job?	15(8.3)	41(22.8)	28(15.6)	83(46.1)	13(7.2)	180(100)
17	Performance appraisal has provided opportunity to improve your performance.	10(5.6)	74(41.1)	51(28.3)	42(23.3)	3(1.7)	180(100)
18	Performance appraisal is used in assessing employees‟ commitment to organizational goals and objectives.	29(16.1)	44(24.4)	28(15.6)	42(23.3)	3(1.7)	180(100)
19	The performance appraisal has provided Opportunity to improve personnel skill.	10(5.6)	55(30.6)	48(26.7)	57(31.7)	10(5.6)	180(100)
20	The appraisal system is effective in encouraging employees to work hard.	28(15.6)	43(23.9)	41(22.8)	57(31.7)	10(5.6)	179(100)
21	Appraisal outcomes have given you opportunity to eliminate weak areas in performance.	43(23.9)	51(28.3)	33(18.3)	41(22.8)	12(6.7)	180(100)

Appendix. C

Results of Correlations and Regression analysis

		Employee Performance	Clarity of performance expectations	Level of communication	Fairness of appraisal process	Trust in supervisors
Employee Performance	Pearson Correlation	1	.914**	.738**	.835**	.542**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	180	180	180	180	180
Clarityof performance expectations	Pearson Correlation	.914**	1	.850**	.769**	.523**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	180	180	180	180	180
Level of communication	Pearson Correlation	.738**	.850**	1	.662**	.458**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	180	180	180	180	180
Fairnessof appraisal process	Pearson Correlation	.835**	.769**	.662**	1	.629**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	180	180	180	180	180
Trustin supervisors	Pearson Correlation	.542**	.523**	.458**	.629**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	180	180	180	180	180

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

Model Summary[b]

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	.940[a]	.884	.881	.381	.884	333.865	4	175	.000

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Trust in supervisors, Level of communication, Fairness of appraisal process, Clarity of performance expectations

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.(p-value)
1	Regression	194.211	4	48.553	333.865	.000[b]
	Residual	25.450	175	.145		
	Total	219.661	179			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Trust in supervisors, Level of communication, Fairness of appraisal process, Clarity of performance expectations

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig(p-value)
		B	Std. Error	Beta		
1	(Constant)	-.086	.102		-.850	.396
	Clarity of performance expectations	.912	.066	.791	13.792	.000
	Level of communication	-.171	.056	-.149	-3.054	.003
	Fairness of appraisal process	.310	.041	.334	7.557	.000
	Trust in supervisors	-.013	.033	-.013	-.401	.689
a. Dependent Variable: Employee Performance						

Coefficients[a]

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)					
	Clarity of performance expectations	.914	.722	.355	.201	4.966
	Level of communication	.738	-.225	-.079	.277	3.616
	Fairness of appraisal process	.835	.496	.194	.338	2.956
	Trust in supervisors	.542	-.030	-.010	.600	1.665

Source: Own Survey, 2016.